COPE examine whether W.M. Mendis & Co Ltd has obtained loans by mortgaging the same property in two banks

Date : 24-05-2022

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The following was observed when the Auditor General's Reports for the Fiscal Year 2018, 2019 and the current performance of the Bank of Ceylon was taken into discussion at the Committee on Public Enterprises chaired by Hon. (Prof.) Charitha Herath which met today (24) in Parliament.

The attention of the Committee was brought to the W.M. Mendis & Co Ltd while certain companies with the highest non-performing loans (NPLs) for the past five years were taken into consideration the meeting held. Thus, Members of Parliament inquired from officials of the Bank of Ceylon about the Property mortgaged on credit by W.M. Mendis & Co Ltd for the purpose of obtaining loans in 2021. The Members of Parliament Hon. Patali Champika Ranawaka, and Hon. S.M. Marikkar said that when People's Bank was summoned before the COPE recently, the officials said that the company had mortgaged the same property and obtained a loan from People's Bank as well. Accordingly, it was revealed that approximately Rs. 7 billion has been obtained from these two banks as loans for the same property. Therefore, the Parliamentarians pointed out that a special investigation be conducted by the CID to inquire into the incident.

The COPE Chairman also pointed out the need to take necessary action in this regard and said that more attention should be paid to such serious matters. Accordingly, the two banks will be summoned before COPE in the future to prepare a report on the matter and to take necessary legal action in this regard, the COPE Chairman said.

Also in the year 2020, as per a decision of the Board of Directors, the Bank has made a pre-mature retirement benefit to the former General Manager which is a controversial payment of Rs. 32,039,733 which was discussed at COPE. The Chairman of the Bank of Ceylon stated that the trade union had launched a strike against the General Manager's retirement and that the daily loss due to the strike was Rs. 75 million. Therefore, the decision had to be taken with the intention of ending the strike soon. However, the Minister in charge of the subject was informed about this, he said. He further said that this decision was taken as the huge loss incurred by the bank in one day could occur in a few days.

The COPE also discussed the total balance deficit of loans and advances of state-owned enterprises. Hon. (Dr.) Harsha de Silva, Member of Parliament stated that it is not advisable to give loans to government owned enterprises which are unable to repay their loans.

The Bank of Ceylon's capabilities and future steps in obtaining essential food items and services were also discussed.

COPE Chairman Hon. (Prof.) Charitha Herath finally recommended that a situation report be submitted to the COPE within a month, including other non-compliant sectors. He further said that the Bank of Ceylon as the leading bank in the country appreciates the right decisions taken and if there is

anything wrong it should be rectified.

Members of Parliament Hon. Mahindananda Aluthgamage, Hon. Rauff Hakeem, Hon. Patali Champika Ranawaka, Hon. Eran Wickramaratne, Hon. (Dr.) Harsha de Silva, Hon. (Dr.) Sarath Weerasekera and Hon. S.M. Marikkar were present at the meeting.

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