

Collaboration with EOCO in the resolution of Banks and Special Deposit-Taking Institutions

Joint Receivers of UT and Capital Bank

Receiver of 347 Microfinance Companies and 23 Savings and Loans and Finance House Companies

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Background

With clearance from BoG, the JRs collaborated with EOCO to investigate suspicious transactions relating to UT Bank and Capital Bank (In Receivership) in 2017

1 Background

- The Joint Receivers (“JRs”) in the course of discharging their duties in the receiverships of UT Bank Ghana Limited (“UT”) and Capital Bank Limited uncovered transactions that required further investigations.
- Based on relevant sections of Act 930, the JRs under the instructions of BoG, referred these transactions to EOCO to conduct additional investigations into the findings of the JR’s initial work.

2 Work done

- A number of these transactions were referred to the Attorney General’s Department (“AG”) by the Economic and Organised Crime Office (“EOCO”) for criminal prosecution.
- Some Directors/Key Management staff of UT and Capital Bank were charged by the State for various criminal offences.
- EOCO also assisted the JRs to take control of landed properties of Capital Bank in Dansoman and Cantonments.

3 Current status

- The JRs were key prosecution witnesses for the State in ongoing criminal proceedings in court.
- The JRs were cross examined by the Counsel for the defendants between 2020 and 2022.
- The status of the two cases as at August 2022 :
 - Capital Bank - the accused persons are currently being cross examined by the State.
 - UT Bank - the prosecution witnesses are currently being cross examined by the defendants’ counsels.

4 Next Steps

- The JRs will continue to assist the prosecution team in the ongoing cases.
- A representative for EOCO will be cross examined as a Prosecution witness following their investigation of UT and Capital Bank.
- The JRs will provide further additional documentation to the prosecution team as required.

With BoG's clearance, the Receiver collaborated with EOCO to investigate certain transactions relating to the 347 Microfinance Companies and 23 Savings and Loans and Finance House Companies in 2019

Collaborative Efforts
 The Receiver noted some irregularities in the course of his work



- In the course of assessing the financial position of the defunct Microfinance Finance Companies (“MFCs”) and Savings and Loans and Finance House Companies (“S&Ls”), it was noted that there was a mismatch in the assets and liabilities as reported by these institutions. In addition, there were transactions that required further investigation to determine their legitimacy.
- The Receiver engaged EOCO’s assistance to jointly investigate the operators of the resolved Special Deposit-Taking Institutions (“SDIs”), following clearance by BoG.

Priority List
 With BoG's clearance, the Receiver has referred some matters to EOCO for criminal investigations

- Key issues submitted to EOCO are as follows:
- Hidden assets and/or assets in books not found by the Receiver
 - Related party transactions
 - Untraceable investments

Prosecution Process
 Dockets Prepared

- Dockets have been prepared on the following SDIs (13) by EOCO**
- CDH S&L
 - IFS FS
 - Midland S&L
 - Goldman Capital MFC
 - GN S&L
 - Legacy Capital S&L
 - Express S&L
 - UniCredit S&L
 - Dream Finance Limited
 - FTS Capital MFC
 - Cypress MFC
 - DPF MFC
 - Adom Sika MFC

Next Steps:

- Continue collaborative efforts with EOCO towards investigating transactions relating to the SDIs as well as other matters that will result in maximising the realisation of assets of these SDIs.
- Finalise investigations into the related party transactions of these SDIs.
- Dockets have been forwarded by EOCO to AG for advise and prosecution. EOCO has been following up with AG.
- EOCO and the Receiver to act as prosecution witnesses in the event the cases go for trial.

Details of Issues on the SDIs

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Tracing of Properties

1

With clearance from BoG, the Receiver has referred 100 properties to EOCO to be investigated in order to ascertain their ownership status

Tracing of Properties

Table 1.1: List of properties according to their freezing status

Ref#	Name_SDI/MFI	Properties identified	Frozen	Not frozen
1	First Trust S&L	1	1	0
2	ASN S&L	7	3	4
3	Dream Finance	1	0	1
4	Express S&L	2	2	0
5	First Allied S&L	8	8	0
6	FTS Capital MFI	9	9	0
7	Goldman Capital MFI	12	12	0
8	Ideal Finance	6	5	1
9	IFS S&L	1	1	0
10	Jorbies Microfinance MFI	6	0	6
11	Legacy S&L	2	2	0
12	Nationwide MFI	1	1	0
13	Noble Dream MFI	40	40	0
14	Unicredit S&L	4	4	0
Total		100	88	12

Table 1.2: Count of properties according to Institutions

	Microfinance	Savings and Loans	Total
Number of institutions	5	9	14
Number of properties	68	32	100

Internal Analysis

- The Receiver in collaboration with EOCO has so far identified 100 landed properties for further investigations to ascertain their ownership status. This comprises 68 landed properties relating to five MFCs and 32 relating to nine S&Ls.
- EOCO advised that freezing orders are obtained while they conduct their investigations.

The purpose of obtaining freezing orders is for EOCO and the Receiver to;

- Ascertain the ownership status of the properties
- Ascertain whether the properties were acquired with resources of the defunct institutions
- Obtain all relevant documents for the said properties
- Conduct searches at the Lands Commission to aid potential transfer of the assets to the Receiver.
- To prevent owners from dissipating the assets before the Receiver starts the realisation process.

Related Party Transactions

2

The Receiver has reported approx. GHS1.09bn of Related Party transactions to BoG and has requested for assistance from EOCO for further investigations to aid recovery

Table 2.1: Savings and Loans Institutions Related Borrowings

Name of Institution	Total Loan Portfolio GHS'000	Related Party Loan Total Amount GHS'000	% of Related Loans to Total Loans
GN	900,285.88	767,479.40	85%
Accent	75,879.40	62,704.51	83%
First Allied	241,292.80	153,515.00	64%
CDH	89,585.41	37,432.33	42%
First Trust	159,032.56	29,332.37	18%
Alpha Capital	12,969.45	1,588.70	12%
Midland	19,842.50	35.43	0.2%
IFS	2,708,897.27	2,312.62	0.1%
Total Amount	4,207,785.26	1,054,400.35	25%

Table 2.2: Microfinance Institutions Related Borrowings

Name of Institution	Total Loan Portfolio GHS'000	Related Party Loan Total Amount GHS'000	% of Related Loans to Total Loans
Cypress	3,206.83	1,357.12	42%
Nationwide	25,840.22	5,821.47	23%
Goldman Capital	147,660.47	26,570.05	18%
Dwadifo Adamfo	6,639.26	118.34	2%
Total Amount	183,346.78	33,866.98	18%

Management Account & Internal Analysis

Some of the Related Party Institutions

GN

- Gold Cost Advisors

Accent

- Gye Nyame Realty Ltd
- Duchess development
- Esich Commission
- Esich life Assurance company
- Ocean Spring
- Wadel laurel
- Accent Commodities
- G & G Logistics
- Lambark Gas

First Allied

- Bread of Life Investment Co. Ltd
- Eagle Guard Services Ltd
- Genesis Farms Ltd
- Investment Focus Ltd

- ❑ The Receiver reported these transactions to BoG and requested for the assistance from EOCO to investigate and provide information on these transactions, that would aid recovery.
- ❑ We continue to collaborate with EOCO to explore other means of potentially recovering these funds for the benefit of creditors.

Untraceable investments amounting to GHS116.7m have been identified requiring EOCO's assistance

Untraceable Investments

Table 3.1: Untraceable Investments

No.	Resolved Companies	Company Funds were Placed with	Claim as at Receivership (GHS)
1	Accent Financial services	Capital & More Microfinance	20,697,112.76
2	Accent Financial services	Nordea Capital	18,447,008.25
3	CDH Savings and Loans	Capital Africa Group	14,104,365.35
4	Express Savings and Loans Limited	Samba Transfer Services	11,451,440.42
5	Alltime Finance Ltd	Beige Group Limited	10,360,128.09
6	First African Savings and Loans	Beige Group Limited	8,606,250.00
7	Midland Savings and Loans Limited	Griffin Financial Services	7,574,855.63
8	Midland Savings and Loans Limited	Konodum Africa Mining Ltd	6,362,831.18
9	Midland Savings and Loans Limited	Ekumfi Quarries Ltd	5,089,399.98
10	Commerz Savings and Loans	Equity Capital	3,839,239.97
11	Commerz Savings and Loans	Nordea Foundation	3,054,055.07
12	Firsttrust Savings and Loans Limited	Susu Plus Services	1,943,495.89
13	Accent Financial services	Equity Capital Limited	1,612,089.66
14	First African Savings and Loans	Equity Capital Limited	1,305,000.00
15	Dream Finance Limited	EL FX	1,143,406.51
16	Midland Savings and Loans Limited	Geojita	543,814.09
17	Express Savings and Loans Limited	Senaf Investments	533,132.37
Total			116,667,625.22

- We have identified placements that were made by SDI's with other investment companies.
- All attempts to trace the whereabouts of these investment companies have been unsuccessful. Table 3.1 shows these SDI's and the companies where the funds were placed.
- We are in the process of transmitting a formal request through BoG to EOCO to trace these non-operational institutions and assist with recovery of the funds.

Thank you

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