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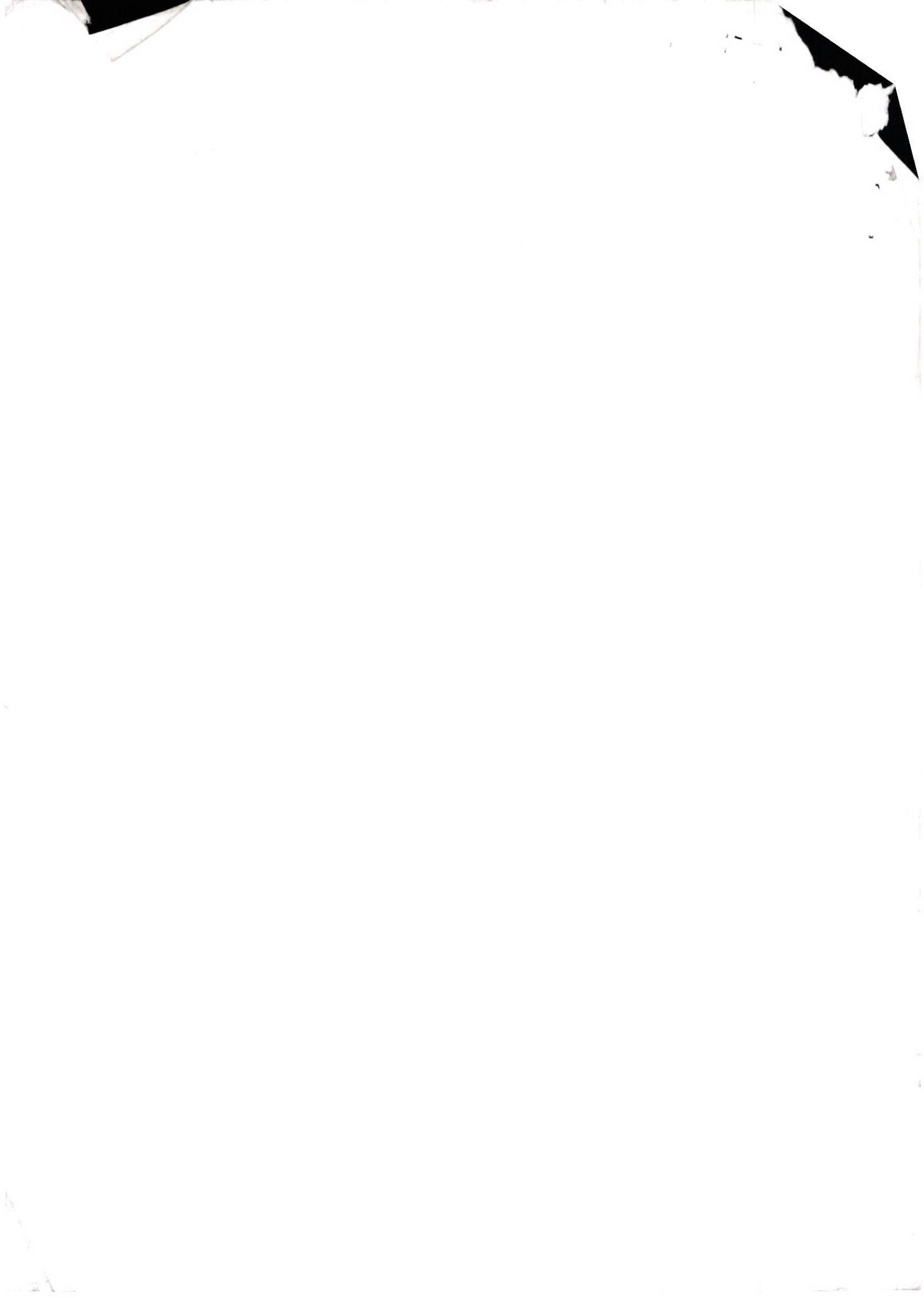
REPUBLIC OF KENYA  
NINTH PARLIAMENT, FIFTH SESSION

THE DEPARTMENTAL COMMITTEE ON  
FINANCE, PLANNING AND TRADE

REPORT ON CHARTERHOUSE BANK  
INVESTIGATIONS

PARLIAMENT BUILDINGS  
NAIROBI

OCTOBER 2006



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## PART 1

### Preamble

Hon. Speaker ,

On behalf of the Members of the Departmental Committee on Finance, Planning and Trade and pursuant to Standing Order no.162(2), I take this opportunity to present to the House the *Report of the Committee on the alleged Financial Irregularities by the Charterhouse Ltd Bank*;

### Mandate

The Departmental Committee on Finance, Planning and Trade was constituted at the commencement of the Ninth Parliament pursuant to Standing Order No. 151 and has executed its mandate in accordance with the provisions of the said Standing Order, 151(1) 4 which mandates the Committee to;

- (a) investigate, inquire into and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
- (b) study the programme and policy objectives of the Ministries and departments and the effectiveness for the implementation;*
- (c) study and review all legislation after First Reading subject to the exemptions under Standing Order 101A (4);*
- (d) study, assess and analyze the relative success of the ministries and departments as measured by the results obtained as compared with its stated objectives;*

- (e) investigate and inquire into all matters relating to the assigned Ministries and departments as they deem necessary and as may be referred to them by the House or a Minister; and*
- (f) make reports and recommendations to the House as often as possible including recommendation of proposed legislation.*

Accordingly, the Committee oversees the following Ministries:

- i. Ministry of Finance*
- ii. Ministry of Planning*
- iii. Ministry of Trade and Industry*
- iv. Ministry of Tourism and Wildlife*

The Committee comprised the following Members:-

*The Hon. Dr.Oburu Oginga, MP - Chairman*  
*The Hon. Martin Nyaga Wambora, MP*  
*The Hon. Wycliffe Oparanya, MP*  
*The Hon. Chrysanthus Okemo, MP*  
*The Hon. Dr Adhu Awiti, MP*  
*The Hon. John Mutinda Mutiso, MP*  
*The Hon. Simon K.Kanyingi, MP*  
*The Hon. Washington Jakoyo Midiwo, MP*  
*The Hon David Mwiraria, MP*  
*The Hon. William Gitau Kabogo, MP*  
*The Hon. Lukas Chepkitony, MP*

### **Committee Sitzings**

In examining the subject of this Report, the Committee held eight sittings where it examined broadly the evidence adduced and papers laid before it in its bid to address the matter.



In its meeting of June 27, 2006, noting the gravity of the matter on the alleged financial irregularities and economic crimes in Charterhouse Bank attaching thereto, the Committee resolved to compile this Report for consideration by the House.

### **Witnesses and taking of Evidence**

The procedure of a Departmental Committee and other related matters thereto is covered under Standing Order No 151-162. Under the provisions of the National Assembly (Powers and Privileges) Act (Cap 6), the Committee has powers, to summon and receive evidence.

The Committee took evidence from Hon. Amos Kimunya, MP Minister for Finance; Mr. Michael Waweru, Commissioner General, Kenya Revenue Authority (KRA); Justice (Rtd) Aaron Ringera, Executive Director, Kenya Anti-Corruption Commission; Dr. Andrew Mullei, former Governor, Central Bank of Kenya; Jacinta Mwatela, Acting Governor, Central Bank of Kenya; Mr. Titus Mwirigi and Mr. Melville Smith .Consultants (Central Bank of Kenya) and Mr. Sanjay Shah, former Managing Director, Charterhouse Bank Ltd. The minutes of the proceedings are attached herewith.

### **Declaration of interest**

The Hon. William Gitau Kabogo, MP declared his interest on Charterhouse Bank matters, indicating that he was a customer to the Bank and that some of the shareholders were his friends.

### **Conclusion**

All the decisions made by the Committee were arrived at by consensus. In presenting this Report to the House for debate and adoption, the Committee urges the Government to implement the recommendations contained herein as adopted by a resolution of the House.

### **Acknowledgement**

Mr. Speaker, I take this opportunity to express and record my gratitude to the members of the Finance, Planning and Trade Committee for their devotion and zeal. Further, the Committee is grateful to all witnesses who appeared before it. It is the evidence adduced from them that made this report possible. The Committee also wishes to record its appreciation for the assistance accorded by your office and that of the Clerk of the National Assembly.

Mr. Speaker

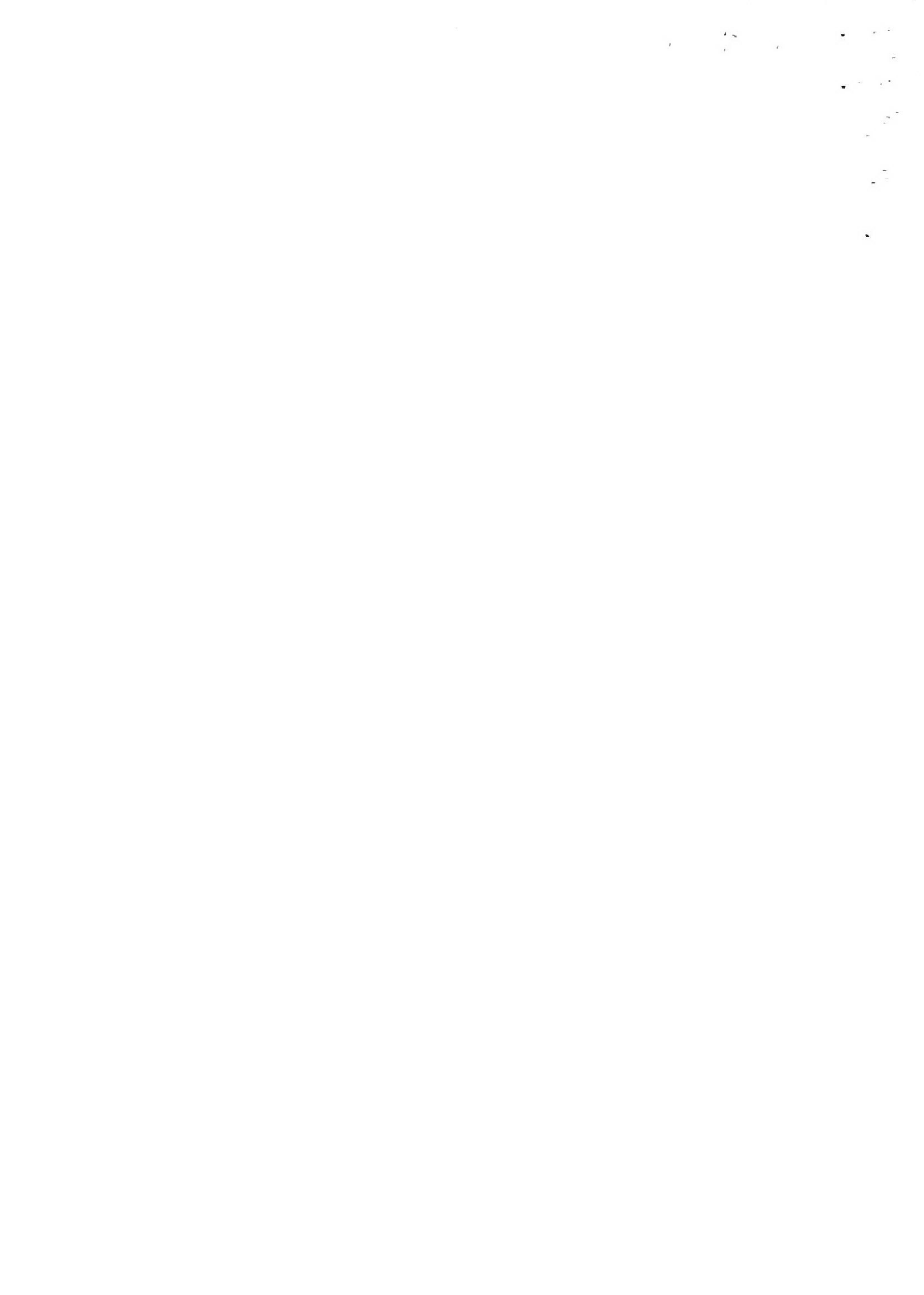
It is now my pleasant duty, to present and commend this Report to the House.



SIGNED:-----

HON. (DR) OBURU OGINGA, MP (CHAIRMAN)

DATE:-----  
12/10/06



## PART 11

### 1. INTRODUCTION

In the course of executing its mandate, the Committee's attention was drawn to the contents of a paper laid on the table of the House on June 21, 2006 by Hon. Billow Kerrow, MP alleging serious financial malpractices by the Charterhouse Bank Ltd.

Almost immediately, the print and electronic media, borrowing from the proceedings of this House and other sources, reported allegations on the said Bank that comprised of matters of Tax evasion, money laundering and mismanagement.

Taking cognizance of the magnitude of the allegations and in keeping with its oversight role of the finance sector, the Committee during its sitting of June 28, 2006 resolved to commence investigations on the said matters of tax evasion, money laundering and mismanagement at the Bank.

### 2. EVIDENCE BY WITNESSES

#### a. Evidence by Jacinta Mwatela, Acting Governor, Central Bank of Kenya Ltd;

The Acting Governor appeared before the Committee on July 11, 2006. In taking evidence, the Committee observed that the Acting Governor adhered to the provisions of the Banking Act (Sec32, 1&2) and the powers conferred on the Governor by the Central Bank of Kenya Act.

The Acting Governor informed the Committee that, following a regular inspection of the Bank in August 2004 in accordance with Sec32(1) of the Banking Act several irregularities were discovered including:-

- (i) lending to Nakumatt Holdings and Triton Petroleum Ltd in excess of the single borrower's limit of 25% of core capital;
- (ii) involvement in insider-lending without adequate security and above the prescribed limit of 20% of core capital;
- (iii) inadequate provisions for bad and doubtful debts ;and,
- (iv) account opening documentation for some customers had not been obtained;

Further, the Committee heard that the Bank was fined a penalty of Kshs 1 million on January 19, 2005. A follow-up inspection on the request of the Bank on February 10, 2005 confirmed that remedial action had been taken on most of the violations of the Banking Act with the exception of those relating to "Know-Your-Customer" (KYC) procedures. The license was renewed on April 8, 2005 for that year.

In addition, the Governor informed the Committee that:-

- (i) a further inspection on October 10, 2005, revealed irregularities which included non-compliance with the guidelines on classification of loans and advances and non compliance with KYC procedures;
- (ii) following media reports on April 2, 2006 highlighting matters relating to tax evasion, money laundering and mismanagement, the Central Bank of Kenya conducted preliminary review on April 5, 2006 to determine the status and effects of the adverse publicity on its operations;
- (iii) the review established that the level of deposits had declined from Kshs 3.5 billion to 2.9 billion while the liquidity ratio had declined from 39% to 29% within the month. Further, both the American Express Bank and the



Amalgamated Bank of South Africa (ABSA) had written giving notice of their intention to terminate the correspondent relationship;

- (iv) another inspection of the Bank was conducted on April 18, 2006 to establish and confirm the compliance status of the institution. The inspection established that the institution continued to be in violation of critical operational requirements relating to “Know-Your-Customer”. A draft inspection report was forwarded to the institution on June 21, 2006 for review and feedback by July 4, 2006.
- (v) on June 21, 2006, a report on the malpractices was tabled in Parliament and in order to protect the interest of Charterhouse Bank, its depositors and other creditors, the Central Bank of Kenya sought and obtained the Ministers approval to place the Bank under statutory management with effect from June 23, 2006; and
- (vi) the action taken by the Central Bank of Kenya was also aimed at forestalling a run on the institution following the negative publicity generated through the media and to safeguard the integrity of the financial sector in accordance with section 4 (2) of the Central Bank of Kenya Act;
- (vii) the action taken on Charterhouse Bank is consistent with the provisions of the Banking Act and is also in the interest of ensuring the proper functioning of a sound financial sector. The statutory manager is expected to manage the institution for a period not exceeding 12 months, unless otherwise extended and would within that period recommend the appropriate course of action;
- (viii) issues in Charterhouse Bank were not on the Bank’s liquidity but arose from the Bank’s lack of adherence to prudential guidelines relating to “know-your-Customer” (KYC). The Statutory manager is expected to make a

report making appropriate recommendations on the way forward for the Bank;

- (ix) she had been disturbed by the desire to close the Bank by Dr. Mullei in 2006 over noncompliance issues of 2004, most of which had been complied with except the “know-your-customer” requirement. She said she thought the recommendation was high handed and could not be explained. Further, she would not have made such a recommendation without putting in place mechanisms to deal with the consequences;
- (x) the statutory manager into the Bank sent, not because of liquidity problems or any other problems but because the Bank was getting such negative publicity that she feared customers of the Bank would withdraw all their savings and deposits. She told the Committee that she only intended to protect the Bank. She also said she took the chance to find if any of the things alleged in the interim report were factual; and,
- (xi) Since the statutory management was in place, this should give Central Bank of Kenya an opportunity to carry out thorough investigations on the Bank.

She also noted that, although the Bank complied with most of the provisions of the Banking Act, they were in violation of some of the provisions of prudential guidelines.

She stated that she would not issue a public statement on the issue because of fear that the Bank owners would rush to court to sue Central Bank of Kenya.

**b) Evidence by Mr. Gerald Nyaoma - Director - Banking Supervision**

Appearing before the Committee on July 11, 2006, Mr. Gerald Nyaoma informed the Committee that:-



- (i) the inter-agency task-force was constituted by the Governor;
- (ii) its main objective was to investigate various issues on Charterhouse Bank including violation of the Central Bank Act, the Banking Act and other statutes relating to tax evasion and economic crimes. The inter-agency task force would ensure that the investigations were not hampered by any legal complications;
- (iii) he attended only one meeting and left the consultants to represent the Central Bank;
- (iv) the Governor received progress reports from the consultants;
- (v) it is against these reports that the Governor had written to the Minister for Finance recommending closure of Charterhouse Bank;
- (vi) He did not directly participate in joint task force work. He however understood that he would be represented by Mr. Titus Mwirigi and Mr. Melville Smith whom they had hired as their consultants;
- (vii) he was only instructed by Dr Mullei to sign the contracts of the consultants but had no hand in interviewing them nor did he know their qualifications;
- (viii) the Committee questioned the team as to whether they thought the hired experts were competent enough to perform duties of Central Bank of Kenya;
- (ix) there were questions as to why the Bank would hire experts to do work which was meant for its inspection unit;

When asked why the Central Bank of Kenya would let the people who did not swear secrecy Code of the Bank handle confidential

Banking information in contravention of the Banking Act, Mr. Nyaoma informed the Committee that hiring of the experts was done by Dr. Mullei and that his role was administrative. He did not know how the consultants came to earn 300 dollars per day neither did he know what their terms of reference were.

Both Mr. Nyaoma and the acting governor told the Committee that all the happening at that task force were not revealed to them. Infact, Mr. Nyaoma said after he seconded Mr. Mwirigi and Smith to that task force, they never informed him of any progress or lack of it. He assumed, that they were reporting directly to the Governor.

From the evidence adduced by the Acting governor of Central Bank and Mr. Gerald Nyaoma, the Committee noted that inspite of violations having been observed through the various inspections by Central Bank of Kenya, CBK issued successive licenses to Charterhouse Bank Ltd, indicating that the Bank (Charterhouse Bank) by and large complied with the Banking Act; However, there are still basic questions relating to the running of the Bank and this can only be concluded on seeing the report of the Statutory Manager in response to the queries raised on the letter dated 21<sup>st</sup> June 2006 by the Director, Banking Supervision.

#### c) Evidence by Dr. Andrew Mullei - Suspended Governor

Appearing before the Committee on July 17, 2006, Dr Mullei informed the Committee that, even though he was ready and willing to discuss matters relating to Charterhouse Ltd, he could not do so as yet since there were two court orders prohibiting him from commenting and/or discussing the matter. This was to be reviewed after July 26, 2006 when the case was expected to be determined.

Nonetheless, the Committee requested him to comment on the issue of introducing the position of a Chairman to Central Bank of Kenya Board of Directors. This proposal is contained in the Finance Bill, 2006

In this regard, He said that the Central Bank Act holds the Governor responsible for the mandates spelt out for him. Therefore introducing the position of a Chairman would cause confusion as well as weaken the Governor in implementation of Board decisions since he will not be in control of the meetings. Furthermore the two positions will be Presidential appointees thereby creating reporting problems.

In conclusion he urged the Committee to ensure that the Governors' position was strengthened by entrenching it in the Constitution.

The Committee was not able to draw conclusions from Dr. Mullei's evidence since he said that the matter was *sub judice* and therefore he could not adduce evidence on it.

**d) Evidence by Mr. Sanjay Shah - Former Managing Director, Charter House Bank Ltd**

Mr. Shah appeared before the Committee on July 18, 2006, laid papers before the Committee and stated that;-

- (i) Charterhouse Bank had been inspected, investigated, advised and regulated in the past just like any other Bank as is required by the relevant laws. None of the officials have been involved in any criminal activities;
- (ii) the Bank was under siege as it had received two sets of inspectors in succession and without regard to customers and employees;
- (iii) the Central Bank of Kenya confirmed compliance with the law in March 2006 when approval to publish annual statements was granted;
- (iv) on April 5, 2006 a team of inspectors was sent to the Bank for further inspection. This was after adverse reports were made in the print media;

- (v) the Bank received the inspection report on June 21,2006 giving it up to July 4,2006 to respond to issues raised which issues included violation of the principles of “Know-Your-Customer” and other activities relating to unexplained Bank accounts’
- (vi) on June 23,2006,the Bank was placed under statutory management ;
- (vii) the Bank had no compliance problems nor did it have asset or liquidity problems;
- (viii) the statutory Manager had not been conducting any Banking business, neither has she been generating any money from Banking transactions;
- (ix) account holders are not allowed to conduct any transactions as they are not allowed to deposit, withdraw, buy Bankers cheques, send money or even open new accounts
- (x) the statutory manager intends to liquidate the Bank since she is not generating any income ,it was feared that she would interfere with deposits;
- (xi) the Central Bank was overstepping its mandate by investigating other matters like V.A.T, P.A.YE and corporate tax;
- (xii) the Central Bank was misusing information obtained from Charterhouse Bank by virtue of its position as a regulator;
- (xiii) During investigations ,it was discovered that the Bank’s backup data had been stolen/interfered with;
- (xiv) He termed the inspections by the Central Bank and eventual placement of the Bank under Statutory Manager harassment;

- (xv) Mr. Silla Mullei (Dr. Mullei's son) was among the people in the due diligence team.
- (xvi) despite all the allegations, police or any other law enforcement authority had never questioned the Bank's Management; and,
- (xvii) the team sent to the Bank had no terms of reference.

In the course of taking evidence, the Committee observed with concern that Mr. Shah was giving conflicting evidence on the operations of Charterhouse Bank Ltd. From the Committee's observations, Mr. Shah's evidence that the Bank had no compliance problems in relation to prudential guidelines was not factual.

The Committee noted with concern that Mr. Shah appeared to give selective information.

e) Evidence by Mr. Michael Waweru, Commissioner-General, Kenya Revenue Authority(KRA)

Appearing before the Committee on July 19, 2006 Mr. Waweru informed the Committee:-

- (i) that, the KRA was invited by KACC to join task -force on Tax matters and not the Minister for Finance;
- (ii) that, Central Bank of Kenya was to investigate matters relating to contravention of the Banking Act while Kenya Anti - Corruption Commission(KACC) was to deal with the possibility of commission of Economic Crimes by Charterhouse Bank;
- (iii) that, the task-force held three sittings and Investigations have not been terminated but are ongoing and can take a long time due to the complexity of the issues involved;

- (iv) that, the various arms of the government were involved since it was easy to make Charterhouse Bank comply under either of the three statutes governing the participating organs;
- (v) that, there were numerous cases of tax-evasion and KRA was duty bound to investigate any company where tax-evasion was suspected;
- (vi) that, KRA depended on informers to get information on tax defaulters and the information obtained is usually verified before being used; The informers needed not meet KRA officials;
- (vii) that, Investigations on all forms of taxes in Nakumatt Holdings Ltd, were commenced at the beginning of July. The investigations would take time since there were very many transactions involving a lot of cash per till and there was a risk of understatement of sales or overstatement of costs;
- (viii) that, KRA would trace the accounts from the Bank to the trading account; and,
- (ix) Nakumatt holdings own 25% of issued shares in Charterhouse Bank Ltd.

The Committee noted with concern at the conflicting information on the status of the inter-agency task force.

**f) Evidence by Mr. Melville Smith and Mr. Titus Mwirigi**

Mr. Titus Mwirigi, a Consultant of Central Bank of Kenya in the inter-agency taskforce, informed the Committee that he received information from a Mr. Peter Odhiambo (the then Internal Auditor, Charterhouse Bank) on irregularities in the Bank, which irregularities involved operation of irregular accounts, tax evasion and use of client accounts for trading purposes.

The Committee further heard that:

- (i) the information received (documents) was submitted to the Minister for Finance who directed the Governor to commence investigations on what appeared to be serious breach of the Law;
- (ii) Mr. Mwirigi was engaged as a consultant in August 2004. He obtained information from Mr. Peter Odhiambo (a long time acquaintance) and other employees of Charterhouse Bank Ltd;
- (iii) a due diligence team was constituted in September 2004 comprising of Mr. Melville Smith, Prof. Terry Ryan, Mr. Mwaka Musau and Mr. Titus Mwirigi. Mr. Melville Smith had been recruited from the Office of the President. The team commenced operations in October 2004;
- (iv) investigations on the Bank accounts revealed irregularities like letters written on instructions to operate accounts and such letters having no signature while some of the accounts had no names. The Due diligence Team encountered problems in obtaining information from the management inspite of adhering to laid down procedures before commencing investigations. A letter to the Governor from the Chairman of the Task-force on the difficulties was referred to the Attorney-General for further action.
- (v) the investigations further alleged that there were irregularities beyond the mandate of the Central Bank hence the formation of the Inter-agency task force to include other arms of the Government;
- (vi) the team comprised of Justice (Rtd) Aaron Ringera, Mr. John Githongo, Mr. Philip Murgor, Dr. Edward Sambili, Mr. Gerald Nyaoma and Dr. J. P. Mutonyi from KACC was the Chairman;

- (vii) the initial report by the Task Force illustrated numerous irregularities including the violation of “Know-your-customer” procedures;
- (viii) Mr.Silla Mullei had been contracted long before the constitution of the Inter-agency task-force to develop a programme on non-performing loans .He also assisted the inspection team as and when called upon to do so;
- (ix) Mr. Smith stated that he had never met Mr. Peter Odhiambo. However, Mr. Mwirigi admitted that he used to meet with Mr. Peter Odhiambo and other Charterhouse Bank employees (including Mr. Smith) in hotels. It was Mr. Peter Odhiambo who provided all the documents that led to the establishment of the inter-agency task force.

The Committee observed that the investigations on Charterhouse Bank were triggered by a meeting purportedly held between the then Minister for Finance, Hon. David Mwiraria, Dr. Andrew Mullei, and Mr. Titus Mwirigi.

The Committee also observed that a long time personal level relationship existed between Mr. Mwirigi and Mr. Odhiambo to an extent of Mr. Mwirigi being a referee to Odhiambo in his application for a job in Charterhouse Bank.

The Committee further observed that on the matters of “Know-Your-Customer” requirements, the evidence adduced by the Acting Governor and Mr. Nyaoma was consistent.

g) Evidence by the Minister for Finance and the Permanent Secretary

Appearing before the Committee on August 1, 2006, the Hon. Minister and the Permanent Secretary, Ministry of Finance informed the Committee that:-



- (i) adverse publicity on the Charterhouse Bank and the need to protect the interest of the depositors and the entire financial system necessitated the appointment of a statutory manager at the Bank;
- (ii) the statutory manager was expected to issue a report that will guide the Central Bank of Kenya on the way forward that should be maintaining either the status quo or the Bank reverting to the shareholders for re-opening;
- (iii) without undue interference the report would be ready by September 30, 2006;
- (iv) the statutory manager is experiencing difficulties on data collection due to prior interference on the existing computer systems;
- (v) despite their initial appeal for dialogue, Charterhouse Bank went ahead and sued the Central Bank of Kenya and the Minister, subsequently limiting chances for dialogue;
- (vi) the ministry did not receive any reports by the Inter-agency task-force;
- (vii) the former management of the Bank is hurting the credibility of the Bank internationally by suing its regulator thereby blocking dialogue;
- (viii) the Bank has been suspended from the clearing house hence it cannot operate
- (ix) Dr. Mullei did not act on the recommendations of the inter-agency taskforce. He failed to take action against the Charterhouse Bank for one year and three months. He only wrote to the Minister on the eve of being charged in court;

- (x) the Inter-agency task force lacked institutional perspective as the mandates of the specific members were not clear;
- (xi) the Kenya Anti Corruption Commission which was answerable to Parliament was still investigating economic crimes matters while the Ministry of Finance was concerned about adherence to the provisions of the Banking Act;
- (xii) on matters of national interest, information should be verified with relevant authorities before being made public to ensure that our institutions are protected and maintained;
- (xiii) the Ministry of Finance was keen on saving the Banking industry including Charterhouse Bank and was ready to dialogue as long as there was good faith from all parties;

the Permanent Secretary reported that he was not briefed on the investigations by the inter agency task force and that the Central Bank of Kenya was not cooperative on this matter.

The Committee observed that the Minister and the Central Bank of Kenya should make periodic statements on the state of the financial sector for information to the public thereby building confidence.

The Committee also observed that the claim by the Minister on interference with computer systems was not clear to it.

The Committee further observed that it was necessary for each party to create a conducive environment for dialogue.

The Committee strongly recommends that on matters of national interest, information should be verified with relevant authorities before being made public to ensure that institutions are protected and maintained.

#### h) Evidence by Justice (Rtd) Aaron Ringera

Appearing before the Committee on August 17, 2006, Justice(Rtd) Aaron Ringera informed the Committee that:-

- (i) the joint task force was constituted on 28<sup>th</sup> October 2004 (a month after his appointment as director of KACC);
- (ii) it consisted of representatives from the Central Bank of Kenya, Kenya Revenue Authority, the State Law Office, the Department of Governance and Ethics in the Office of the President and the Kenya Anti - Corruption Commission. The team formulated a plan of action;
- (iii) the basis of the investigation was a report by the Central Bank of Kenya on Charterhouse Bank that had unearthed irregularities in the Bank hence prompting further investigations;
- (iv) these further investigations revealed irregularities involving ;
  - multiple accounts,
  - Regular massive transfers of funds to foreign destinations that were suspected to be sales proceeds of businesses,
  - Huge deposits of funds suspected to be sales proceeds of businesses to individual accounts,
  - Huge deposits of funds into lawyers accounts, suspected to be sales proceeds of leading businesses,
  - Poor record keeping indicative of cover-up of issues,
  - Loss of account opening documents for some accounts, and,

- Some of the accounts were operated by the Managing director of the Bank for some of the companies where he had interest in.
- (v) an analysis of the above irregularities by KACC led to suspicion on issues of tax evasion and money laundering;
- (vi) the following companies were to be investigated on matter related to regulates by the Bank,
- Creative Innovations Ltd
  - Sairesh Prajapati.
  - D. Shah
  - W.E Tilley Muthaiga Ltd.
  - Paulo Satanino.
  - Tusker mattresses Ltd.
- (vii) the investigations were divided into two phases with the first phase targeting individual accounts namely;
- Creative Innovations Ltd
  - Sairesh Prajapati
  - D.Shah
  - Kariuki Muigua and Co. Advocates
  - W.E Tilley Muthaiga Ltd, and
  - Tusker mattresses limited
- (ix) each institution represented in the task force would focus on the issues within its mandate;
- (x) the Commission obtained Court orders to seize documents for Tusker Mattresses, Creative Innovations and W.E.Tilley Muthaiga Ltd. In addition Court warrants to investigate

Bank Accounts in Charterhouse for Company and individual accounts were obtained;

- (xi) KRA conducted Audits into the above-mentioned companies commencing on 5<sup>th</sup> November, 2004. The period of investigation into economic crimes lasted from May, 2003 to October, 2004.
- (xii) the focus of the investigations was to establish whether economic crimes were committed with the involvement of the Charterhouse Bank.
- (xiii) preliminary audit established that M/s. Tusker mattresses had unpaid tax amounting to Kshs 894,322,044.00 while Kshs 115,569,00.00 was owed by creative Innovations and W.E.Tilley Muthaiga Ltd owed Kshs 624,701,856.00 also as unpaid tax;
- (xiv) The second phase involved investigating :
  - Nakumatt Holdings Ltd
  - Kingsway tyres
  - Kariuki Muigua advocates and
  - Sairesh Prajapati among others
- (xv) From the onset, Kenya Anti-Corruption Commission had difficulties conducting the Investigations because:
  - (a) the management of Charterhouse Bank was uncooperative in providing information and documents, they were slow and gave excuses, e.g. by obtaining court orders, prohibiting them from investigating certain accounts e.g. the client accounts for Kariuki Muigua and Co advocates; and,
  - (b) the Bank cited destruction by fire of information because opening in a fire at industrial area.

- (xvi) from the foregoing, KACC needed the involvement of the Central Bank of Kenya hence their letter to the Central Bank on 15<sup>th</sup> Dec, 2004 requesting for its intervention;
- (xvii) in March, he (Justice Rtd Ringera) wrote to the Minister for Finance asking him to address the issues of difficulties encountered by KACC in the investigations and as raised in the December 2004 letter;
- (xviii) in writing to the Central Bank of Kenya, KACC was not seeking information from them but expected the Bank to appoint a statutory manager. This would have enabled KACC to get information to help in investigations;
- (xix) the Central Bank of Kenya responded to the letter and stated that they could not divulge information to KACC since the information obtained was confidential and for use by the Bank only in accordance with the Banking Act;
- (xx) He did not know what prompted the Governor of Central Bank of Kenya to take action on Charterhouse Bank a year and three months after being asked by KACC to do so;
- (xxi) investigations on Charterhouse Bank were still on as at August 2006. KRA has moved to enforce recovery of Kshs 894,322,044 from Tusker mattresses. Tusker mattresses have not accepted the assessment and have requested to be allowed to independently compute the tax. KACC has agreed to provide the information;
- (xxii) KACC awaits KRA to finish its investigation and to assess tax before stepping in to investigate economic crimes in the Bank. Tax evasion has to be established for it to be an economic crime;
- (xxiii) m/s Creative Innovations took advantage of the tax amnesty to declare tax and have used that to claim

immunity. The matter is under study by KRA to determine the way forward;

- (xxiv) the assessment on W.E.Tilley is yet to be issued by Kenya Revenue Authority (KRA) after which appropriate action will be taken by KACC;
- (xxv) Money laundering is not a crime in Kenya and cannot be pursued internationally as it is a requirement that the complaining country should have a law in place. The Anti Corruption and Economic Crimes Act does not provide for money laundering. Therefore, nothing can be done about money-laundering allegations;
- (xxvi) The purpose of the Task force was to bring different strengths from the enabling statutes governing the various institutions represented in the task force to make the investigation more efficient. According to him, the taskforce met only once;
- (xxvii) No other aspect of the investigation was stopped except the ones that were being investigated by Central Bank of Kenya. Currently, there is no need for the taskforce since, when KRA concludes its investigations in tax matters, KACC will step in to investigate economic crimes. KACC cannot punish an offender who has already been penalized by KRA. Therefore, KACC cannot deal with tax evasion already determined;
- (xxviii) KACC did not recover the documents destroyed by fire and that he could not reveal whether KACC is monitoring KRA in its investigation; He appealed to Parliament to enact Money Laundering and Proceeds of Crime Legislation as a matter of urgency;

The Committee noted that the law does not give KACC power to prosecute but to investigate although there are 14 other agencies including KRA and Local authorities that can investigate and prosecute without reference to the Attorney General.

The Committee observed that Kenya Anti-Corruption Commission (KACC) needed strengthening to have powers to obtain information from any institution or anybody.



## PART 111

### 3. COMMITTEE'S RECOMMENDATIONS

#### (a) Violations of the provisions of the Banking Act

The Committee observed that:-

- (i) the Central Bank of Kenya was acting within its mandate as provided for in Section 32, 1& 2 of the Banking Act in August 2004 when it conducted inspections at Charterhouse Bank upon which several irregularities were discovered;
- (ii) the Charterhouse Bank was fined a penalty of Kshs 1 million on January 19, 2005 and a follow-up inspection on February 10, 2005 confirmed that remedial action had been taken on all the violations of the Banking Act with the exception of those relating to "Know-Your-Customer" (KYC) procedures;
- (iii) even though the Governor and the Minister had powers to place the Bank under statutory management, the action to place the Charterhouse Bank under statutory management was done as an after thought, in haste and without putting in place proper mechanism to deal with the consequences;
- (iv) the Bank was put under a Statutory Manager out of fear of consequences arising out of negative press reports but not because of liquidity problems, as is usually the case. Infact according to the Central Bank of Kenya Inspection Report, Charterhouse was rated as satisfactory at the time;
- (v) the Central Bank intended to utilize its presence at the Bank to perform sight investigations to correct violations of some prudential guidelines; and,

- (vi) the Central Bank had hired consultants irregularly to perform duties otherwise performed by its inspection unit. The Committee could not establish who contracted the services of the consultants; and

It is worth noting that the Committee could not draw any conclusions from the evidence adduced by Dr Andrew Mullei since Dr.Mullei a court order had prohibited him from commenting /discussing Charterhouse Bank issues

The Committee further observed that the Minister for Finance, the Director Kenya Anti-corruption Commission (KACC) and the Acting Governor all marveled at the recommendation by Dr.Mullei to close Charterhouse Bank one year, three months after the Interim Report by the Task force.

The Committee also noted that:

- (i) in order for the Central Bank of Kenya to expeditiously and effectively operate, there is need to make it an autonomous institution. In making it autonomous, it is necessary to restructure it in a manner that makes the various organs within it to be accountable to each other; and,
- (ii) the Central Bank of Kenya Act should be reviewed to allow the Governor to issue either a provisional licence or full licence accordingly.

From the foregoing, the Committee recommends that:

- (i) Minister for Finance in conjunction with the Attorney-General should harmonizes the Kenya Revenue Authority Act, the Banking Act, the Central Bank Act and the Anti-Corruption and Economic Crimes Act, to address Banking irregularities and any other economic crimes;

- (i) Following a court order (available to the Committee), Charterhouse Bank should be re-opened immediately in accordance with the Court Order. Furthermore, the Statutory Manager should release her report to enable the Central Bank address any outstanding issues;
- (ii) The Statutory Manager moves out of the Charterhouse Bank premises to allow the Bank to operate normally; and
- (iii) the Minister for Finance and the Governor of the Central Bank of Kenya makes periodic statements on the state of the financial sector in order to build public confidence.

#### (b) Tax Evasion

The Committee observed that:

It was not possible to make conclusions on the alleged tax evasion issues since the Kenya Revenue Authority was still investigating the matters.

The Tax evasion issues were leveled against some of the customers of the Bank and not against the Bank itself.

The investigations were taking too long and recommend that the Kenya Revenue Authority should speed up the said investigations without further delay.

The malpractices relating to tax not only affected Charterhouse Bank Ltd, but also individual customers of the Bank and recommends that Kenya Revenue Authority should proceed to finalise the investigations with speed.

#### (c) Money Laundering

The Committee observed that the country did not have a Law that addresses issues relating to money laundering, and recommends that there was need to enhance the existing laws to address these financial malpractices.

d) Strengthening of the Kenya Anti-Corruption Commission

The Committee observed that Kenya Anti-Corruption Commission (KACC) requires strengthening to be able to obtain information from any institution or anybody. The Committee recommends that KACC be given prosecutorial powers to enable it investigate and prosecute economic crimes.

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## **PART IV**

# **COMMITTEE'S MINUTES**

MINUTES OF THE FIRST SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE, PLANNING AND TRADE ON THE MATTER OF CHARTERHOUSE BANK INVESTIGATIONS HELD IN THE COMMITTEE ROOM, 5<sup>TH</sup> FLOOR CONTINENTAL HOUSE PARLIAMENT BUILDINGS ON TUESDAY, JUNE 27, 2006 AT 10.00AM

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PRESENT

The Hon. Dr.Oburu Oginga, MP - Chairman  
The Hon. Chrysanthus Okemo, MP  
The Hon. Wycliffe Oparanya, MP  
The Hon. Jakoyo Midiwo, MP  
The Hon. Simon K. Kanyingi, MP  
The Hon. Gitau Kabogo, MP  
The Hon. Lukas Chepkitony, MP

ABSENT WITH APOLOGY

The Hon. Martin Nyaga Wambora, M.P  
The Hon. John Mutinda Mutiso, M.P  
The Hon. Dr Adhu Awiti, MP  
The Hon. David Mwiraria, MP

IN ATTENDANCE - OTHERS MEMBERS

The Hon. Billow Kerrow, MP

IN ATTENDANCE - KENYA NATIONAL ASSEMBLY

Mrs. Lucy Wanjohi - Clerk Assistant

MIN NO. 1/2006 - CONFIRMATION OF MINUTES

Minutes of the 13<sup>th</sup>, 14<sup>th</sup> and 15<sup>th</sup> were confirmed and signed by the Chairman as a true record of the proceedings thereat as follows:-

- 13<sup>th</sup> Sitting

The confirmation was proposed by Hon.Jakoyo Midiwo, MP and seconded by Martin N.Wambora, MP.

- **14<sup>th</sup> Sitting**

The confirmation was proposed by Hon.M.N.Wambora, MP and seconded by Hon.C. Okemo, MP.

- **15<sup>th</sup> Sitting**

The confirmation was proposed by Hon. Jakoyo Midiwo, MP and seconded by Hon.Kuria Kanyingi, MP.

### **MIN NO.2/2006 - NAKUMATT HOLDINGS**

The Chairman invited Hon. Billow Kerrow, MP to apprise the committee on CharterHouse Bank, a Bank closely linked to Nakumatt Holdings.

Hon Billow tabled a document before the Committee giving details

After due discussion it was resolved that a sub - Committee be constituted comprising of:-

- (i) The Hon.Chrysanthus Okemo,MP -Convener
- (ii) The Hon. Martin N.Wambora,MP-Member
- (iii) The Hon.Jakoyo Midiwo,MP - Member
- (iv) The Hon. Wycliffe Oparanya,MP - Member
- (v) The Hon.Mutinda Mutiso,MP - Member

to make recommendations on the persons/agencies to be interviewed by the committee on:-

- Tax evasion by Nakumatt Holdings
- Money laundering by Charterhouse Bank
- Economic crimes related issues

### **MIN NO.3/2006 - ADJOURNMENT**

And there being no other business, the Chairman adjourned the

sitting at Noon to Wednesday June 28, 2006 at 4pm.

Hon. Dr. Oburu Oginga, MP

SIGNED -----

CHAIRMAN

7<sup>th</sup> October, 2006

DATE-----



MINUTES OF THE SECOND SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE, PLANNING AND TRADE ON THE MATTER OF CHARTERHOUSE BANK INVESTIGATIONS HELD IN THE COMMITTEE ROOM 9 PARLIAMENT BUILDINGS ON TUESDAY, JULY 11, 2006 AT 10.00AM

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PRESENT

The Hon. Dr.Oburu Oginga, MP - Chairman  
The Hon. Chrysanthus Okemo, MP  
The Hon. Wycliffe Oparanya, MP  
The Hon. Jakoyo Midiwo, MP  
The Hon. John Mutinda Mutiso, M.P  
The Hon. Lukas Chepkitony, MP

ABSENT WITH APOLOGY

The Hon. Martin Nyaga Wambora, M.P  
The Hon. Simon K. Kanyingi, MP  
The Hon. Dr Adhu Awiti, MP  
The Hon. David Mwiraria, MP  
The Hon. Gitau Kabogo, MP

IN ATTENDANCE - CENTRAL BANK OF KENYA

Jacinta Mwatela - Acting Governor  
Gerald Nyaoma - Director -Banking Supervision  
Fredrick Abuga - Deputy Director -Legal Services

IN ATTENDANCE - KENYA NATIONAL ASSEMBLY

Mrs. Lucy Wanjohi - Clerk Assistant

MIN NO.4/2006 - OPENING REMARKS

The Chairman welcomed the witnesses to the meeting and informed them that the Committee was interested in understanding the circumstances that led to the closure of Charterhouse Bank. The Acting Governor stated the events that led to the appointment of a statutory manager as follows:-

- Following a regular inspection of the Bank in August 2004 in accordance with sec32(1) of the Banking Act several irregularities were discovered including:
  - lending to Nakumatt Holdings and Triton Petroleum Ltd in excess of the single borrower limit of 25% of core capital
  - involvement in insider lending without adequate security and above the prescribed limit of 20% of core capital
  - inadequate provisions for bad and doubtful debts: and
  - account opening documentation for some customers had not been obtained

The Bank was fined a penalty of Kshs 1million on January 19, 2005.

- A follow-up inspection on the request of the Bank on February 10, 2005 confirmed that remedial action had been taken on most of the violations of the Banking Act with the exception of those relating to Know Your Customer procedures. The license was renewed on April 8, 2005 for that year.
- A further inspection on October 10, 2005, a number of weaknesses were highlighted including non-compliance with the guidelines on classification of loans and advances and KYC procedures.
- Following media reports on April 2, 2006 highlighting matters relating to tax evasion and money laundering, the Central Bank of Kenya conducted preliminary review on April 5, 2006 to determine the status and effects of the adverse publicity on its operations. The review established that the level of deposits had declined from Kshs 3.5billion to 2.9 billion while the liquidity ratio had declined from 39% to 29% within the month. Furthermore both the American Express Bank and the Amalgamated Bank of South Africa (ABSA) are known to have

written giving notice of their intention to terminate the correspondent relationship.

- Another inspection of Charterhouse Bank was conducted on April 18, 2006 to establish and confirm the compliance status of the institution. The inspection established that the institution continued to be in violation of critical operational requirements relating to Know Your Customer .The draft inspection report was forwarded to the institution on June 21, 2006 for review and feedback by July 4, 2006.
- On June 21, 2006, a report on the malpractices was tabled in Parliament and in order to protect the interest of Charterhouse Bank, its depositors and other creditors, the Central Bank of Kenya sought and obtained the Ministers approval to place the Bank under statutory management with effect from June 23, 2006.
- The action taken by the Central Bank of Kenya was also aimed at forestalling a run on the institution following the negative publicity generated through the media and to safeguard the integrity of the financial sector in accordance with section 4 (2) of the Central Bank of Kenya Act.

### Way forward

The Acting Governor stated that the action taken on Charterhouse Bank is consistent with the provisions of the Banking Act and is also in the interest of ensuring the proper functioning of a sound financial sector. The statutory manager is expected to manage the institution for a period not exceeding 12 months, unless otherwise extended and will within that period recommend the appropriate course of action.

The committee was informed that Charterhouse Bank issues were managerial not liquidity .The Statutory manager is expected to make a report making appropriate recommendations on the way forward for the Bank.

### **Inter-agency Task-force**

Mr. Gerald Nyaoma informed the Committee that:-

- The inter-agency task-force was constituted by the Governor.
- Its main objective was to investigate various issues on Charterhouse Bank including violation of the Central Bank Act, the Banking Act and other statutes relating to tax evasion and economic crimes. The inter-agency task force would ensure that the investigations were not hampered by any legal complications.
- He attended only one meeting and left the consultants to represent the Bank.
- The Governor received progress reports from the consultants.
- It is against these reports that the Governor had written to the Minister for Finance recommending closure of Charterhouse Bank.

### **Budget 2006/2007**

- It was observed that the proposal to appoint a Chairman to the Central Bank was retrogressive and not would complicate the Independence of the Institution further.
- It was clarified that the Advisory Board was still vibrant and made reports as is required by law.
- It was observed that Islamic issues in the Budget should be implemented with caution.

### **MIN NO.5/2006 - ANY OTHER BUSINESS**

- **Uchumi supermarkets**

The Committee resolved to invite Mr. Chris Kirubi to appear before the committee since he had written requesting to be given a chance to appear before the Committee.

### **MIN NO.6/2006 - ADJOURNMENT**

And there being no other business, the Chairman adjourned the sitting at 1.45pm.

Hon. Dr. Oburu Oginga, MP

SIGNED -----

CHAIRMAN

7<sup>th</sup> October, 2006

DATE-----

MINUTES OF THE THIRD SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE, PLANNING AND TRADE ON THE MATTER OF CHARTERHOUSE BANK INVESTIGATIONS HELD IN THE COMMITTEE ROOM, 5<sup>TH</sup> FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS ON MONDAY, 17<sup>TH</sup> JULY, 2006 AT 4:00PM

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PRESENT:

The Hon. Dr Oburu Odinga, MP - Chairman  
The Hon. Jakoyo Midiwo, MP  
The Hon. Chrysanthus Okemo, MP  
The Hon. Nyaga Wambora, MP  
The Hon. Dr. Adhu Awiti, MP

ABSENT WITH APOLOGY

The Hon. Lucas Chepkitony, MP  
The Hon. Simon K. Kanyingi, MP  
The Hon. Gitau Kabogo, MP  
The Hon. David Mwiraria, MP  
The Hon. John Mutinda Mutiso, MP  
The Hon. Wycliffe Oparanya, MP

IN ATTENDANCE

Dr. Andrew Mullei - Former Central Bank of Kenya Governor

IN ATTENDANCE: KENYA NATIONAL ASSEMBLY

Mrs. Lucy Wanjohi - Clerk Assistant  
Mr. Christopher Gitonga - Parliamentary Intern

MIN NO. 7/2006 - OPENING REMARKS.

The Chairman welcomed the witness to the meeting and introduced him to the Members present. He also informed him that, the Committee was concerned with him helping them unveil the

scenario related to Charter House Bank in relation to Nakumatt Supermarket.

**MIN. NO. 8/2006 - DR. ANDREW MULLEI**

Dr. Mullei informed the Committee that whereas he was ready and willing to discuss matters relating to Charterhouse Ltd, he could not do so as yet since there were two court orders prohibiting him from commenting and/or discussing the matter.

The position would be reviewed after July 26, 2006 when the case is expected to be determined.

Nonetheless, the Committee requested him to comment on the issue of introducing the Chair to the Central Bank Board of Directors.

He said that the Central Bank Act holds the Governor responsible for the mandates spelt out for him. Therefore introducing the position of a Chairman would cause confusion as well as weaken the Governor in implementation of Board decisions since he will not be in control of the meetings. Furthermore the two positions will be Presidential appointees thereby creating reporting problems.

In conclusion he urged the Committee to ensure that the Governors' position was strengthened by entrenching it in the Constitution.

**MIN. NO 9/2006 - ANY OTHER BUSINESS**

**(a) Joint Seminar**

The Chairman informed the Committee that a joint seminar for the Finance and fiscal analysis was proposed for Friday 28<sup>th</sup> & Saturday 29<sup>th</sup> July 2006 to harmonize the roles of the two committees.

**(b) Post-Budget Seminar**

The Chairman informed the members that a post-budget seminar would be held at a date to determined between him and the Sponsors.

**MIN NO. 10/2006 - ADJOURNMENT**

And there being no other business the Chairman adjourned the sitting at ten minutes past six o'clock until 18<sup>th</sup> July 2006 at 11:00 Am.

Signed Hon. Dr. Oburu Oginga, MP  
**Chairman**

Date 7<sup>th</sup> October, 2006



MINUTES OF THE FOURTH SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE, PLANNING AND TRADE HELD ON THE MATTER OF CHARTERHOUSE BANK INVESTIGATIONS IN THE COMMITTEE ROOM, 5<sup>TH</sup> FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS ON TUESDAY, 18<sup>TH</sup> JULY, 2006 AT 11.30AM

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PRESENT:

The Hon. Dr Oburu Odinga, MP - Chairman  
The Hon. Nyaga Wambora, MP  
The Hon. Chrysanthus Okemo, MP  
The Hon. Jakoyo Midiwo, MP  
The Hon. John Mutinda Mutiso, MP  
The Hon. Lucas Chepkitony, MP

ABSENT WITH APOLOGY

The Hon. Wycliffe Oparanya, MP  
The Hon. Dr. Adhu Awiti, MP  
The Hon. Simon K. Kanyingi, MP  
The Hon. Gitau Kabogo, MP  
The Hon. David Mwiraria, MP

IN ATTENDANCE - CHARTERHOUSE BANK LTD

Mr.Sanjay Shah - Former Managing Director

IN ATTENDANCE: KENYA NATIONAL ASSEMBLY

Mrs. Lucy Wanjohi - Clerk Assistant

MIN NO. 11/2006 - OPENING REMARKS.

The Chairman welcomed the witness to the meeting and introduced him to the Members present. He also informed him that the Committee was interested in understanding the operations of

Charterhouse Bank prior to receivership and its relationship if any with the Nakumatt Holdings Ltd.

**Mr.Sanjay Shah, former Managing Director-Charterhouse Bank informed the Committee that:-**

- Charterhouse bank had been inspected,investigated,advised and regulated in the past just like any other Bank as is required by the relevant laws
- None of the officials have been involved in any criminal activities
- The Bank was under siege with the Bank receiving two sets of inspectors in succession and without regard to customers and employees.
- The Central Bank of Kenya confirmed compliance with the law in March 2006 when approval to publish annual statements was granted
- On April 5,2006 a team of inspectors was sent to the Bank for further inspection. This was after adverse reports were made in the print media.
- The Bank received the inspection report on June 21,2006 giving it upto July 4,2006 to respond to issues raised which issues included violation of the principles of **Know your Customer** and other activities relating to unexplained bank accounts
- On June 23,2006,the Bank was placed under statutory management
- The bank had no compliance problems nor did it have asset or liquidity problems
- The statutory Manager has not been conducting any banking business, neither has she been generating any money from banking transactions
- Account holders are not allowed to conduct any transactions as they are not allowed to deposit,withdraw,buy bankers cheques,send money or even open new accounts
- The statutory manager wants to liquidate the Bank
- Since she is not generating any income ,it was feared that she would interfere with deposits

- The Central Bank was overstepping its mandate by investigating other matters like V.A.T, P.A.YE and corporate tax.
- The Central Bank was misusing information obtained from Charterhouse Bank by virtue of its position as a regulator
- During investigations ,it was discovered that Bank backup data had been stolen/interfered with
- The inspectors were interested on specific files
- The Charterhouse and Nakumatt issues are being used to harass the Indian Community

The Committee observed that the complexicity of the relation between Charterhouse Bank and Nakumatt Holdings were heavy and required thorough scrutiny. The aspect on the Indian Community being harassed was not sustainable.

**MIN NO. 12/2006 - ADJOURNMENT**

And there being no other business the Chairman adjourned the sitting at ten minutes past six o'clock until 20<sup>th</sup> July 2006 at 10:00 Am.

Hon. Dr. Oburu Oginga, MP

Signed \_\_\_\_\_  
**Chairman**

7<sup>th</sup> October, 2006

Date \_\_\_\_\_

MINUTES OF THE FIFTH SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE, PLANNING AND TRADE ON THE MATTER OF CHARTERHOUSE BANK INVESTIGATIONS HELD IN THE COMMITTEE ROOM, 5<sup>TH</sup> FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS ON WEDNESDAY ,19<sup>TH</sup> JULY, 2006 AT 400PM

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**PRESENT:**

The Hon. Dr Oburu Odinga, MP - Chairman  
The Hon. Nyaga Wambora, MP  
The Hon. Chrysanthus Okemo, MP  
The Hon. Wycliffe Oparanya, MP  
The Hon. Jakoyo Midiwo, MP

**ABSENT WITH APOLOGY**

The Hon. John Mutinda Mutiso, MP  
The Hon. Lucas Chepkitony, MP  
The Hon. Dr. Adhu Awiti, MP  
The Hon. Simon K. Kanyingi, MP  
The Hon. Gitau Kabogo, MP  
The Hon. David Mwiraria, MP

**IN ATTENDANCE - KENYA REVENUE AUTHORITY**

Mr. Michael Waweru - Commissioner General  
Mr. Joseph Nduati - Head, Investigation & Enforcement  
Mr. John Njiraini - Head, Large Tax payers

**IN ATTENDANCE: - KENYA NATIONAL ASSEMBLY**

Mrs. Lucy Wanjohi - Clerk Assistant

MIN NO. 13/2006 - OPENING REMARKS.

The Chairman welcomed the witnesses to the meeting and informed them that the Committee wished to be apprised on Tax-evasion by issues by Nakumatt Holdings and related matters. The Committee also wished to hear the role of KRA in the taskforce comprised of the Kenya Anti-Corruption Commission, the Central Bank of Kenya and the Kenya Revenue Authority.

MIN. NO. 14/2006 TASK-FORCE

Mr. Joseph Nduati informed the Committee that

- he had been invited by KACC to represent KRA on Tax matters and not the Minister for Finance
- Central Bank of Kenya was to investigate matters relating to contravention of the Banking Act and
- KACC was to deal with the possibility of commission of Economic Crimes by Charterhouse Bank.
- The task-force held about three sittings
- Investigations have not been terminated but are ongoing but can take a long time due to the complexicity of the issues involved
- The various arms of the government were involved since it was easy to make Charterhouse Bank comply under either of the three statutes governing the participating organs

MIN. NO 15/2006 - NAKUMATT HOLDINGS LTD

The Commissioner General informed the Committee that he could not comment on this client since he is prohibited by his Law and oath of office to discuss tax matters for any customer.

Nevertheless he informed the Committee that

- there were numerous cases of tax-evasion and KRA was duty bound to investigate any company where tax-evasion was suspected.

- KRA depended on informers to get information on tax defaulters and the information obtained is usually verified before being used.
- The informers need not meet KRA officials
- Investigations on all forms of taxes were commenced two weeks earlier on Nakumatt Holdings Ltd
- The investigations would take time since there were very many transactions involving a lot of cash per till and there was a risk of understatement of sales or overstatement of costs
- KRA would trace the accounts from the Bank to the trading account
- The KRA would undertake the investigation by looking at documents at Nakumatt and then to the Bank

## CHALLENGES

Some of the challenges involved include:-

- Lack of cooperation by the tax-payer
- Difficult to determine amounts from Nakumatt since some of the money is not banked in Nakumatt Accounts
- Numerous accounts maintained and large sums of money transacted
- Nakumatt holdings own 25% of shares in Charterhouse Bank Ltd

### MIN NO. 16/2006 - ANY OTHER BUSINESS

#### **(a) Electronic Tax Register**

It was agreed that the KRA educates the traders on the benefits tax registers to improve compliance

#### **(b) Tax -Returns**

It was reported that the newly introduced requirement that tax-returns should indicate the pin number of the landlords was punitive and should be revised.

It was resolved that the matter would be revised favourably so that landlords would pay appropriate taxes without inconveniencing the tenants.

MIN NO. 17/2006 - ADJOURNMENT

And there being no other business the Chairman adjourned the sitting at ten minutes past six o'clock until Thursday 20<sup>th</sup> July 2006 at 10:00 Am.

Signed Hon. Dr. Oburu Oginga, MP  
**Chairman**

Date 7<sup>th</sup> October, 2006

MINUTES OF THE SIXTH SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE, PLANNING AND TRADE ON THE MATTER OF CHARTERHOUSE BANK INVESTIGATIONS HELD IN THE COMMITTEE ROOM, 5<sup>TH</sup> FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS ON THURSDAY, 27<sup>TH</sup> JULY, 2006 AT 10.00AM

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**PRESENT:**

The Hon. Dr Oburu Odinga, MP  
The Hon. Martin Nyaga Wambora, M.P  
The Hon. Wycliffe Oparanya, MP  
The Hon. Jakoyo Midiwo, MP  
The Hon. Gitau Kabogo, MP

**ABSENT WITH APOLOGY**

The Hon. Chrysanthus Okemo, MP  
The Hon. John Mutinda Mutiso, MP  
The Hon. Dr. Adhu Awiti, MP  
The Hon. Simon K. Kanyingi, MP  
The Hon. David Mwiraria, MP  
The Hon. Lucas Chepkitony, MP

**IN ATTENDANCE - CONSULTANTS**

Mr. Melville Smith - Forensic Auditor  
Mr. Titus Mwirigi - Financial Consultant

**IN ATTENDANCE - KENYA NATIONAL ASSEMBLY**

Mrs. Lucy Wanjohi - Clerk Assistant  
Mr. Hezron Ogutu - Parliamentary Intern

**MIN NO. 18/2006 - OPENING REMARKS.**

The Chairman welcomed the witnesses to the meeting and informed them that the Committee continued to exercise its mandate of



checking on the Executive under the provisions of the National Assembly Powers and Privileges Act (Cap 6). Consequently, most of the witnesses invited before the Committee were friends to help the committee address matters under its mandate.

MIN. NO.19/2006 - MR M. SMITH AND MR.TITUS  
MWIRIGI

The two witnesses narrated their role in the Charterhouse matter and stated as follows:-

- Mr. Titus Mwirigi received information from a Peter Mr.Odhiambo on irregularities in Charterhouse Bank
- Peter Odhiambo was the internal Auditor of the bank
- The irregularities involved operation of irregular accounts tax evasion and use of client accounts for trading purposes
- The information received was (documents ) submitted to the Minister for Finance
- The Minister directed the Governor to commence investigations on what appeared to be serious breach of the Law
- Mr. Mwirigi was engaged as a consultant in August 2004
- He obtained information from Mr.Odhiambo and other employees of Charterhouse Bank Ltd.
- A due diligence team was constituted in September 2006 comprising of Mr.Melville Smith,Mr.Nduati,Mr.Mwinzi,MrNyaoma and Mr.Mutonyi as the Chairman.
- Mr.Smith had been recruited from the Office of the President
- Mr.Nyaoma attended one meeting and allowed the two, Mwirigi and Smith to represent the Bank
- The team commenced operations in October 2004.
- Investigations on the bank accounts revealed several irregularities like letters written on instructions to operate accounts and such letters having no signature
- Some of the accounts had no names
- Invetigations revealed that the Bank on several occasions held higher deposits than funds received

- It was also established that the Nakumatt Holdings operated accounts that were availed for tax while others were not.
- the Due diligence Team encountered problems in obtaining information from the management
- All the laid down procedures were adhered to when the team started the investigations
- The initial report illustrated numerous irregularities including the violation of “Know your customer” procedures
- The investigations further established that there were irregularities beyond the mandate of the Central Bank hence the formation of the Inter-agency task force to include other arms of the Government
- The team comprised of :-
  - Justice (Rtd) Aaron Ringera,
  - Mr. John Githongo
  - Mr. Philip Murgor
  - Dr Sabili and
  - Mr Gerald Nyaoma and Dr Mutonyi from KACC was the Chairman
- The Task-force experienced legal limitations and could therefore not conclude its report
- A letter to the Governor from the Chairman on the difficulties was referred to the Attorney-General for further action.
- It was not an offence to compensate informers
- The KACC should proceed and conclude investigations since it has the legal authority to get to the bottom of the matter.
- Dr.Mulleis’ son had been contracted long before the constitution of the Inter-agency task-force to develop a programme on non-performing loans
- He assisted the inspection team as and when called upon to do so.

The Committee observed that the investigation by the KACC should be concluded without further delay.

Consequently, it was imperative for Justice (Rtd) Ringera

to appear before the Committee to apprise the Members on the progress of the investigations.

MIN. NO 20/2006 - ANY OTHER BUSINESS

**Meetings**

The Committee resolved to be holding weekly meetings during the recess.

MIN NO. 21/2006 - ADJOURNMENT

And there being no other business the Chairman adjourned the sitting at one o'clock until Tuesday August 1, 2006 at 10:00 Am.

Hon. Dr. Oburu Oginga, MP

Signed \_\_\_\_\_  
Chairman

7<sup>th</sup> August , 2006

Date \_\_\_\_\_

MINUTES OF THE SEVENTH SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE, PLANNING AND TRADE ON THE MATTER OF CHARTERHOUSE BANK INVESTIGATIONS HELD IN THE COMMITTEE ROOM, 5<sup>TH</sup> FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS ON TUESDAY AUGUST 1<sup>ST</sup> , 2006 AT 10.00AM

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PRESENT

The Hon. Dr. Oburu Oginga, MP - Chairman  
The Hon. Martin Nyaga Wambora, MP  
The Hon. Chrysanthus Okemo, MP  
The Hon. Wycliffe Oparanya, MP  
The Hon. Jakoyo Midiwo, MP  
The Hon. Lukas Chepkitony, MP  
The Hon. W.Gitau Kabogo, MP

ABSENT WITH APOLOGY

The Hon. David Mwiraria, MP  
The Hon. Simon K. Kanyingi, MP  
The Hon. Dr. Adhu Awiti, MP  
The Hon. John Mutinda Mutiso, MP

IN ATTENDANCE - MINISTRY OF FINANCE

Hon. Amos Kimunya, MP -Minister for Finance  
Mr. Joseph Kinyua - Permanent Secretary

IN ATTENDANCE - KENYA NATIONAL ASSEMBLY

Mrs. Lucy Wanjohi - Clerk Assistant  
Miss Dorcas Bungei - Parliamentary Intern

MIN NO. 22 /2006 - OPENING REMARKS.

The Chairman welcomed the Minister and the Permanent Secretary to the meeting and informed them that the Committee was keen to know matters on Charterhouse Bank and the circumstances leading to the appointment of a statutory manager.

MIN. NO.23/2006 - MINISTER FOR FINANCE

In his opening remarks, the minister expressed his regret for his inability to attend a meeting previously scheduled due to prior engagements. He expressed optimism that there would be more meetings between the Committee and the Ministry especially on the budget and other financial matters to ensure that the Committee was up-to-date with relevant issues in the Financial sector. He requested for a meeting to discuss issues arising in the implementation of the Procurement law.

He proceeded to apprise the Committee on Charterhouse Bank and stated that:

- His concern on the operations of Charterhouse Bank had necessitated the appointment of a statutory manager to safeguard the interests of depositors
- The statutory manager is charged with the responsibility of maintaining the status quo of the Bank by ensuring that money comes in but does not flow out
- The statutory manager is expected to issue a report which will guide the Central Bank of Kenya on the way forward which should be either maintains the status quo or the Bank reverting to the shareholders for re-opening of the Bank
- Without undue interference the report should be ready in the in the next 3 - 4 weeks.
- The statutory manager is experiencing difficulties on data collection due to interference of the computer systems,
- Furthermore Charterhouse Bank has sued Central Bank of Kenya, its regulator, and the Minister despite him insisting on dialogue that is now impossible as the matter is *sub-judice*.
- The ministry did not receive any reports by the task force.

- The former management is hurting the credibility of the Bank internationally by suing its regulator thereby blocking dialogue.
- The bank has been suspended from the clearinghouse hence it cannot operate.
- The interagency task force lacked institutional perspective, as the mandates of the specific members were not clear.
- The Permanent Secretary reported that he was not briefed on the investigations by the task force
- The Central Bank of Kenya was not cooperative on this matter.
- The Kenya Anti Corruption Commission that was answerable to Parliament was still investigating economic crimes matters while the Ministry of Finance was concerned about adherence of the law.

It was observed that:

- The Charterhouse Bank acted in bad faith by taking the matter to court even after a request by the Minister to withdraw the matter from court to allow dialogue.
- The Minister for Finance and the Central Bank of Kenya should make periodical statements on the state of the financial sector for information to the public thereby building confidence.
- On matters of national interest, information should be verified before being made public to ensure that our institutions are protected and maintained.
- The law had to be followed and the Ministry of Finance was keen on saving the banking industry including Charterhouse Bank and was ready to dialogue as long as there is good faith from all parties.

### **WAY FORWARD**

The Minister assured the Committee that:-

- (i) The Statutory Manager was preparing to respond to issues raised by the Central Bank on June 21, 2006 hence the

appointment of Pricewaterhouse and Coopers to assist get information for the said report.

- (ii) The Central Bank of Kenya would discuss the issues with the Shareholders
- (iii) Once the Central Bank was satisfied, a report making recommendations would be made to the Ministry of Finance on the way forward.
- (iv) The statutory manager was expected to conclude the report in the next 3-4 weeks
- (v) The Ministry would dialogue with the Bank immediately the court case was withdrawn
- (vi) The Ministry and the Central Bank of Kenya would be making periodical statements on the state of the financial sector

**MIN NO. 24/2006 - ADJOURNMENT**

And there being no other business the Chairman adjourned the sitting at twelve thirty until Thursday August 3 2006 at 10:00 Am.

Hon. Dr. Oburu Oginga, MP

Signed \_\_\_\_\_  
**Chairman**

7<sup>th</sup> October, 2006

Date \_\_\_\_\_

MINUTES OF THE EIGHTH SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE, PLANNING AND TRADE ON THE MATTER OF CHARTERHOUSE BANK INVESTIGATIONS HELD IN THE COMMITTEE ROOM, 5<sup>TH</sup> FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS ON THURSDAY AUGUST 17<sup>TH</sup> , 2006 AT 10.00AM

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PRESENT:

The Hon. Dr. Oburu Oginga, MP - Chairman  
The Hon. Martin Nyaga Wambora, MP  
The Hon. Dr. Adhu Awiti, MP  
The Hon. Chrysanthus Okemo, MP  
The Hon. David Mwiraria, MP  
The Hon. Wycliffe Oparanya, MP  
The Hon. Jakoyo Midiwo, MP  
The Hon. Gitau Kabogo, MP  
The Hon. Lukas Chepkitony, MP  
The Hon. John Mutinda Mutiso, MP

ABSENT WITH APOLOGY

The Hon. Simon K. Kanyingi, MP

IN ATTENDANCE - KENYA ANTI-CORRUPTION COMMISSION(KACC)

Justice (Rtd) Aaron Ringera - Director

IN ATTENDANCE - KENYA NATIONAL ASSEMBLY

Mrs. Lucy Wanjohi - Clerk Assistant  
Miss Dorcas Bungei - Parliamentary Intern



**MIN NO. 25/2006 - OPENING REMARKS**

The Chairman welcomed Justice (Rtd) Aaron Ringera and expressed regret over an article that appeared in the print media alleging that the witness had refused to appear before the committee, allegations which were false.

He further informed him that the committee was investigating Charterhouse Bank in respect of violations of the Banking Act, Tax Evasion and Money Laundering.

He was informed that his input on the role of KACC in the investigations of Charterhouse Bank was crucial in addition to clarifying the fate of the task force.

**MIN. NO.26/2006 - EVIDENCE BY JUSTICE (RTD)  
AARON RINGERA.**

In his opening remarks, Justice Ringera stated that he appreciated the gesture shown by the committee and its understanding that he had not refused to attend the meeting scheduled earlier since he had received the letter of invitation very late and had other duties to attend to on the particular day.

He stated that he felt privileged to get an opportunity to set the record straight on KACC'S role in the Charterhouse investigations.

**Background on investigation into Charterhouse Bank and related companies.**

The committee heard that;

- The joint task force was constituted on 28<sup>th</sup> October, 2004 (a month after the appointment of Justice Rtd. Aaron Ringera as director of KACC). It consisted of representatives from the Central Bank of Kenya, Kenya Revenue Authority, the State Law Office, the Department of Governance and Ethics in the Office of the President and the Kenya Anti - Corruption Commission. The team formulated a plan of action.

- The basis of the investigation was a report by the Central Bank of Kenya on Charterhouse that had unearthed irregularities in the bank hence prompting further investigations. These further investigations revealed irregularities involving ;
  - i) multiple accounts
  - ii) Regular massive transfers of funds to foreign destinations that were suspected to be sales proceeds of businesses.
  - iii) Huge deposits of funds suspected to be sales proceeds of businesses to individual accounts.
  - iv) Huge deposits of funds into lawyers accounts, suspected to be sales proceeds of leading businesses.
  - v) Poor record keeping indicative of cover-up of issues.
  - vi) Loss of account opening documents for some accounts.
  - vii) Some of the accounts were being operated by the Managing director for some of the companies that he had interest in.
  
- An analysis of the above irregularities by KACC led to suspicion on issues of tax evasion and money laundering.
  
- The following companies were to be investigated,
  - i) Creative Innovations Ltd
  - ii) Sairesh Prajapati.
  - iii) D. Shah
  - iv) Kariuki Muigua advocates
  - v) W.E Tilley Muthaiga Ltd.
  - vi) Paulo Satanino.
  - vii) Tusker mattresses Ltd.
  
- It was agreed that each organization in the task force would focus on the issues within its mandate.
  
- The investigations were divided into two phases with the first phase targeting individual accounts namely;

- (i) Creative Innovations Ltd,
- (ii) Sairesh Prajapati ,
- (iii) D.Shah,
- (iv) Kariuki Muga and advocates,
- (v) W.E Tilley Muthaiga Ltd, and
- (vi) Tusker mattresses limited.

- The Commission obtained Court orders to seize documents for Tusker Mattresses, Creative Innovations and W.E.Tilley Muthaiga Ltd.In addition Court warrants to investigate Bank Accounts in Charterhouse for Company and individual accounts were obtained.
- KRA conducted Audits into the above-mentioned companies started on 5<sup>th</sup> November, 2004 and the period of investigation into economic crimes lasted from May, 2003 to October, 2004.
- Preliminary audit established that kshs 894,322,044.00 as unpaid tax by Tusker mattresses while Kshs 115,569,00.00 was owed by creative Innovations and W.E.Tilley Muthaiga Ltd owed kshs 624,701,856.00 by way of unpaid tax.
- The focus of the investigations was to institute economic crimes with the involvement of the Charterhouse Bank.
- The second phase involved investigating :
  - (i) Nakumatt Holdings Ltd,
  - (ii) Kingsway tyres,
  - (iii) Kariuki Muigua advocates and
  - (iv) Sairesh Prajapati among others

From the onset, KACC had difficulties conducting the investigations because:-

- i) The management of Charterhouse Bank was uncooperative in providing information and documents, they were slow and gave excuses, e.g. by obtaining court orders, prohibiting them from investigating certain accounts e.g. the client accounts for Kariuki and Muigua advocates.
- ii) The Bank cited destruction by fire of information on account opening in a fire at industrial area.

From the foregoing, it was evident that KACC needed the involvement of the Central Bank of Kenya hence their letter to the Central Bank on 15<sup>th</sup> Dec, 2004 requesting for its intervention.

In March, Justice Rtd Ringera wrote to the Minister for Finance asking him to address the issues in the December 2004 letter.

The committee also heard that;

- In writing to the Central Bank of Kenya, KACC was not seeking information from them but expected the Bank to appoint a statutory manager. This would have enabled KACC to get information to help in investigations.
- The Central Bank of Kenya responded to the letter and stated that they could not divulge information to KACC since the information was obtained confidential and for use by the Bank only.
- He confirmed that investigations on Charterhouse Bank were still on.
- he did not know what prompted the Governor of Central Bank of Kenya to take action on Charterhouse bank after 1 year, 3 months had elapsed since KACC asked him to do so.
- In the meantime KRA has moved to enforce recovery of kshs 894,322,044 from Tusker mattresses. Tusker mattresses have not accepted the assessment and have

requested to be allowed to independently assess the tax. KACC has agreed to provide the information.

- KACC is waiting for KRA to finish its investigation and to assess tax before stepping in to investigate economic crimes in the bank. Evasion of tax has to be established for it to be an economic crime.
- The second company m/s Creative Innovations took advantage of the tax amnesty to declare tax and have used that to claim immunity. The matter is under study by KRA to determine the way forward.
- The assessment on W.E. Tilley is yet to be issued by KRA after which appropriate action will be taken by KACC.
- Money laundering is not a crime in Kenya and cannot be pursued internationally as it is a requirement that the complaining country should have a law in place. The Anti corruption and Economic Crimes Act does not provide for money laundering. Therefore nothing can be done about money-laundering allegations.
- The purpose of the Task-force was to bring different strengths from the enabling statutes governing the various institutions represented in the task force to make the investigation more efficient.
- The taskforce met only once.
- No other aspect of the investigation was stopped except the ones that were being investigated by Central Bank of Kenya.
- Currently, there is no need for the taskforce since, when KRA concludes its investigations in tax matters, KACC will step in to investigate economic crimes.
- KACC is focusing its investigations on Charterhouse Bank and not the suspect companies mentioned.

- KACC cannot punish an offender who has already been penalized by KRA. Therefore, KACC cannot deal with tax evasion already determined.
- KACC did not recover the destroyed documents.
- He could not reveal whether KACC is monitoring KRA in its investigation.
- He appealed to Parliament to enact Money Laundering and Proceeds of Crime Legislation as a matter of urgency.
- The law does not give KACC power to prosecute but to investigate although there are 14 other agencies including KRA and Local authorities that can investigate and prosecute without reference to the Attorney General.

The chairman thanked the Rtd Justice for clarifying issues that would enable the committee conclude its report and welcomed him to bring any important issues to Parliament.

#### **MIN NO. 27/2006 - EVIDENCE BY MR. SANJAY SHAH**

The former Managing Director informed the Committee as follows;-

- He was a shareholder of Charterhouse bank through Seiko Investment Ltd that owned 21.74% of the Bank.
- Many institutions were questioning the Central Bank of Kenya's guidelines on shareholders managing Banks.
- He had employed a private eye to follow Mr. Melville smith.
- On 23 June, Rose Detho was appointed a statutory manager in the Bank.
- Several Banks besides Charter House Bank had been fined a million shillings for non-compliance with the Banking Act provisions
- Investigations on Charter House Bank were done on 5<sup>th</sup> and 16<sup>th</sup> of April 2006
- A number of documents were stolen from the bank.

- Since 2<sup>nd</sup> April, when the negative media reports on the bank started Mr. Sanjay has; written and made calls to the governor, Central Bank of Kenya, the Minister, asking them to level any accusations against the bank and asking for an opportunity for dialogue and for them to confirm that the bank did nothing wrong.
- He had not received any response from the Minister nor the Bank

The Committee thanked Mr. Shah for his cooperation in the matter and confirmed that the conclusion of the Committee Report was urgent and would address issues since the interests of the Public and the Investor should be safeguarded.

N:B- Mr. Shah was discharged from the meeting.

The committee resolved to deliberate on the shareholding by Mr. Sanjay Shah to in view of the new regulations.

**MIN NO. 28/ 2006 - ANY OTHER BUSINESS**

**a) Kenya Bureau of Standards**

It was agreed that the committee would commence receiving evidence on pre-shipment irregularities involving the Kenya Bureau of Standards. Consequently, a meeting with one of the aggrieved persons, Mr.Ravi Mysore was scheduled to be held on 24 August 2006.

**b) East African Cables**

It was observed that the price of these shares had risen tremendously thereby raising suspicions of insider trading. It was agreed that this matter would be addressed at an opportune time in order to obtain more facts to ascertain whether there was any wrong doing.

### **c) East African Portland Cement**

It was observed that the Efficiency Monitoring Unit had discovered irregularities bordering on criminal activities where goods are released against cheques held by the Company, which cheques were never banked. It was agreed that the first witness on 24<sup>th</sup> August 2006 would be the former Managing Director, Mr. Zakayo Ole Maperu along with the five officers who had left the company with him.

### **d) Meeting with Sudanese Delegation**

A meeting with a visiting Sudanese delegation was scheduled to be held on 23<sup>rd</sup> August, 2006 at 3pm.

### **e) Awepa Meeting in Arusha-Tanzania**

It was agreed that Hon. Gitau Kabogo, MP, Hon. Lukas Chepkitony, MP and Hon. Mutinda Mutiso, MP would represent the committee in Arusha on 8 and 9 September 2006.

### **f) Study Tour-Helsinki Finland**

Hon. Jakoyo Midiwo was nominated to represent the committee in a study tour organized by African Technology Studies in Helsinki -Finland from September 2- 8, 2006.

### **g) Conclusion of Committee Reports**

It was agreed that Committee reports on Charterhouse Bank and Uchumi Supermarkets would be concluded in a retreat to take place in Maasai Mara Reserve from 14 to 17 September 2006.

It was also agreed that the Committee would pursue the reopening of the Charterhouse Bank Ltd.



## h) Economic Crimes Act

It was agreed that amendments to the economic crimes Act should be brought before the house to allow the Kenya Anti-Corruption Commission to prosecute cases.

### MIN. NO. 29 / 2006 - ADJOURNMENT

There being no other business, the meeting was adjourned at five minutes past two o'clock.

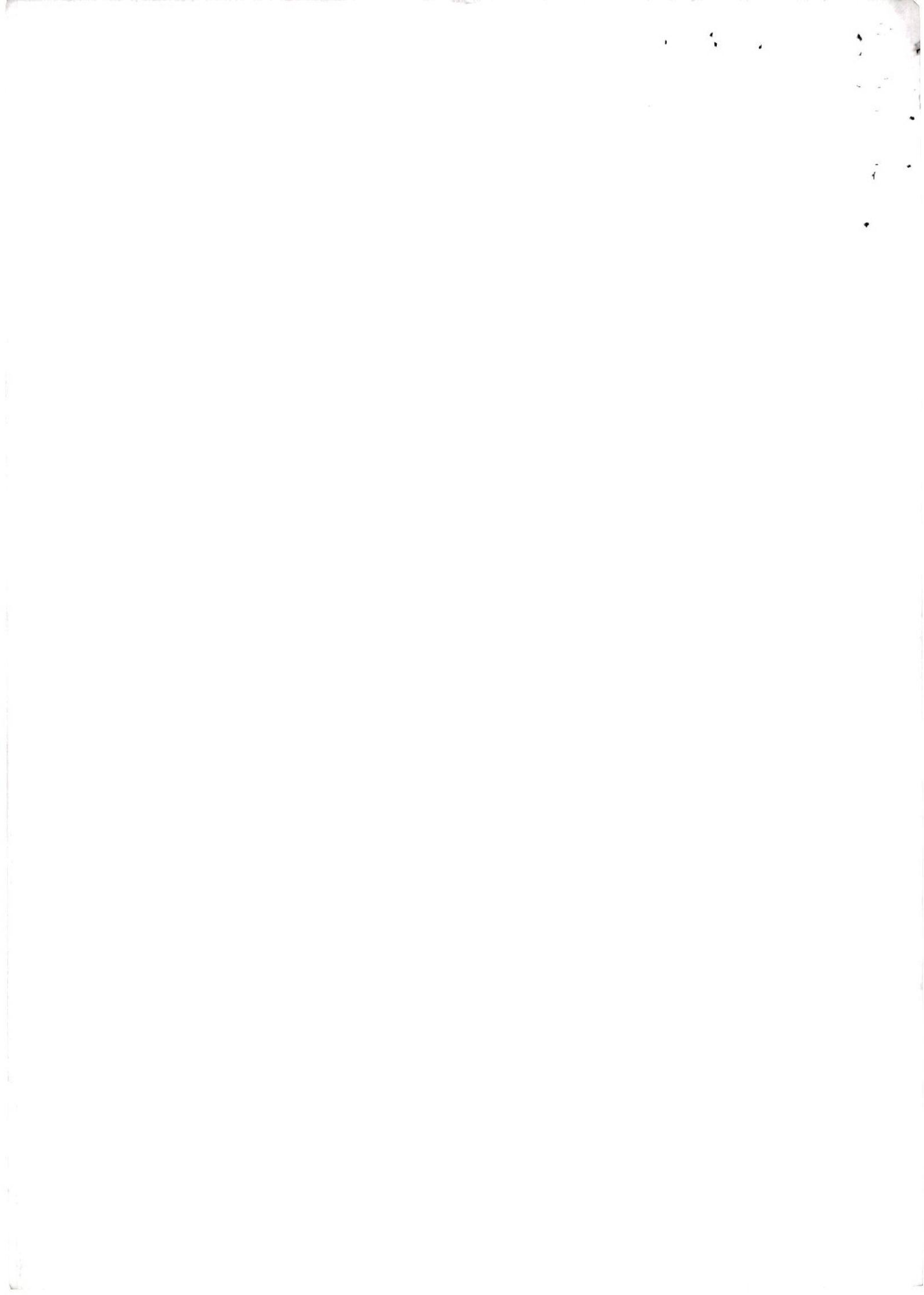
Hon. Oburu Oginga, MP

Signed \_\_\_\_\_

**Chairman**

27<sup>th</sup> September, 2006

Date \_\_\_\_\_



MINUTES OF THE NINTH SITTING OF THE DEPARTMENTAL COMMITTEE ON FINANCE, PLANNING AND TRADE ON THE MATTER OF CHARTERHOUSE BANK INVESTIGATIONS HELD IN THE COMMITTEE ROOM, 5<sup>TH</sup> FLOOR, CONTINENTAL HOUSE, PARLIAMENT BUILDINGS ON MONNDAY, 2ND OCTOBER, 2006 AT 10.00AM

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PRESENT:

The Hon. Dr Oburu Odinga, MP  
The Hon. Martin Nyaga Wambora, M.P  
The Hon. Wycliffe Oparanya, MP  
The Hon. Jakoyo Midiwo, MP  
The Hon. Gitau Kabogo, MP  
The Hon. Chrysanthus Okemo, MP

ABSENT WITH APOLOGY

The Hon. John Mutinda Mutiso, MP  
The Hon, Dr. Adhu Awiti, MP  
The Hon. Simon K. Kanyingi, MP  
The Hon. David Mwiraria, MP  
The Hon. Lucas Chepkitony, MP

IN ATTENDANCE - KENYA NATIONAL ASSEMBLY

Mrs. Lucy Wanjohi - Clerk Assistant  
Mr. Paul Tanui - Parliamentary Intern

MIN NO. 30/2006 - CONCLUSION OF CHARTERHOUSE BANK REPORT.

The draft report on the investigations on Charterhouse Bank was discussed and approved for tabling in the House on Thursday October 5, 2006.

