



THE BANKING SCANDAL THAT WAS

The Cauchi mystery has led us to another infamous scandal, this time involving Mid Med Bank.

This scandal confirms this government's impotence in tackling the crime and corruption that occurred under Labourite prime ministers Dom Mintoff and Karmenu Mifsud Bonnici and was never tackled by either premiers.

Indeed many of the

individuals mentioned in the Mid Med inquiry ended up back in their seats with no remedial action taken.

The link to the Cauchi mystery is the fact that the same people that are repeatedly mentioned in the Silvio Meli magisterial inquiry reappear yet again.

Not only did Victor Balzan and Piju Camilleri involve

themselves in irregular land dealings but they used the bank then described as Malta's crown jewel to acquire massive funds through unorthodox methods.

The Mid Med Bank scandal would not have surfaced had it not been for the testimony of Wenzu Mintoff, an incorruptible and upright former MLP whip, later to be Alternattiva Demokratika chair-

man but now back in the Labour party fold.

He then worked as a legal advisor to the bank in the late eighties. Wenzu Mintoff in a press conference he gave on the 13 November 1993 described what he had told Judge Anastasi.

Once again the same issues surface: who you know or don't know, omertà and money.

When 'chairman' Joe Buttigieg gave the green light for 'certain' loans to Piju Camilleri and Victor Balzan



Wenzu Mintoff gave evidence that pointed to severe irregularities



Piju Camilleri, flanked by Notary Mangion, would expect special treatment

"Individuals that I have mentioned in the Anastasi Inquiry would appear in the legal office where I worked and would insist arrogantly on having their contract signed. Even though researches regarding their companies had not been yet concluded and even though they had complications relating to loan repayments and ownership of property."

This was stated by Wenzu Mintoff when addressing a press conference in November 1993. He was exclusively reported by some parts of the press and ignored by others. He said that whenever he raised questions relating to irregularities, the individuals and their notary would always refer to the chairman of the Bank, Joe Buttigieg, who was then a Labour MP and to Mario Vella, general manager, advances department.

Invariably, he said, they would give instructions for the legal office to proceed.

He said that this small group of people, which included Michael Axisa, better known as 'il-Lay Lay', Piju Camilleri, better known as *il-Hawsla*, and his friends would come back again and again and the banking irregularities were ongoing. Piju Camilleri's notary was Charles Mangion, now a Labour MP.

He said that on one occasion the loan involved was sanctioned by the advances department and was simply given the green light by a telephone call by Joseph Buttigieg.

In another case which involved Piju Camilleri, the bank was asked (and Joe Buttigieg agreed), that the specimen contract of the bank be changed in the sense that if the bank had to make a 'call-in' the company would not be obliged to pay the usual commercial amount including interest.

Wenzu Mintoff commented that in many cases, money was forwarded without the contract being signed. And those that took the money

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appeared in no hurry to sign the contract.

He went even further, saying that the legal action taken by the bank against companies that had failed to respect loan repayments (and this included some companies which had been given irregular loans) was represented by Joe Buttigieg's legal office and the legal procurator was Joe Buttigieg's wife!

Dr Mintoff said that in December 1985, Victor Balzan had come to his office and insisted that a contract should be signed.

He said that he informed him that this was not possible since many of the notarial researches had not been concluded.

"After I told him that this was not possible, I received a phone call from Joe Buttigieg telling me I should sign this contract on Boxing Day," Dr Mintoff said.

He added that he cooked up an excuse that he could not since the notary would not be present and was later removed from the legal office and transferred to a room with no work.



On occasions they would collect the money without signing the contract

I did not know Joseph Pace and Piju Camilleri before 1990 – Joseph Buttigieg

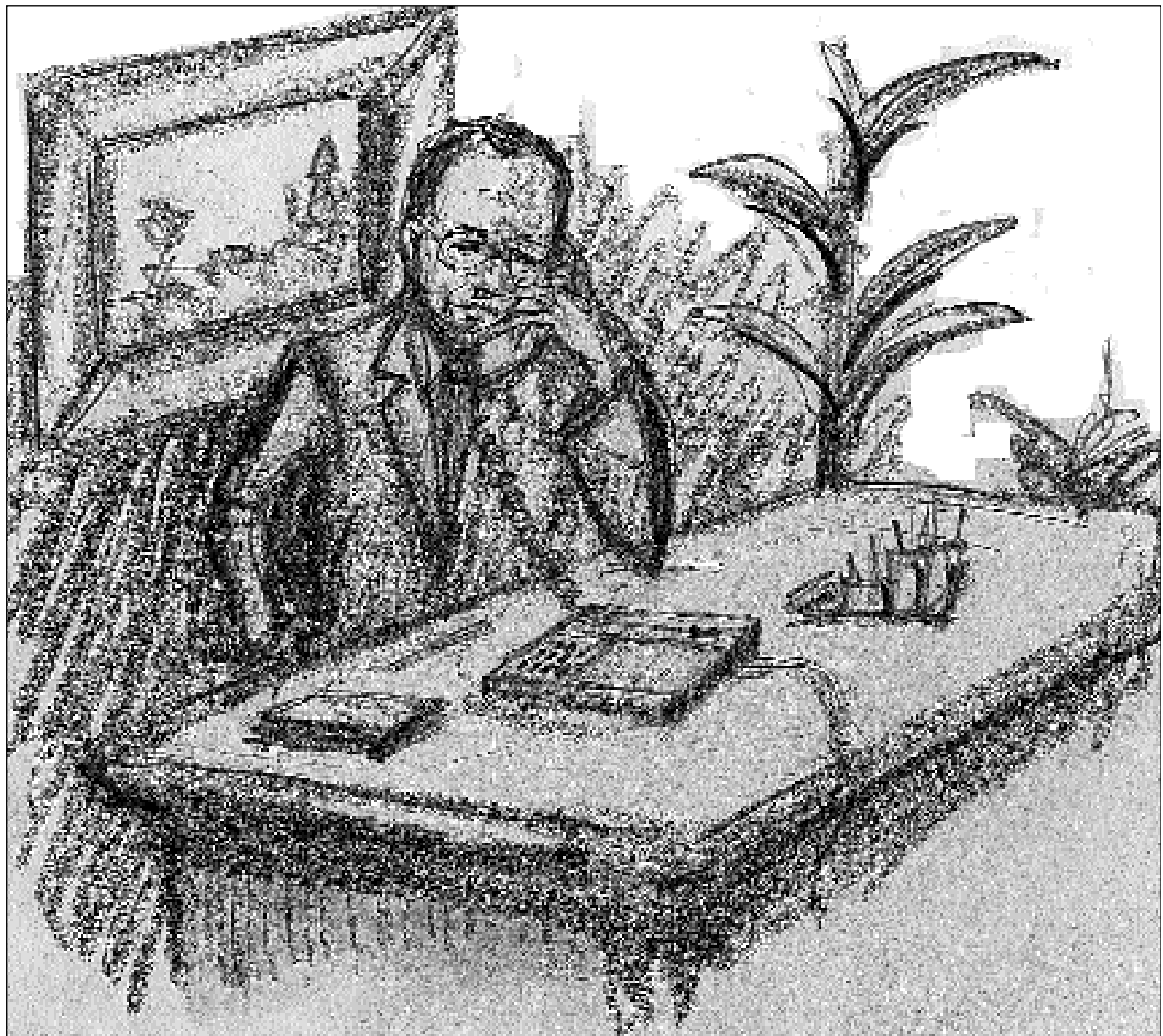
This is a literal translation of the evidence given by Joseph Buttigieg before the Inquiring Magistrate on 14 November 2001. It forms part of the inquiry (proces verbal) into the discovery of human remains in the place known as 'Il-Bosk', in the limits of Rabat on 15 November 1985:

I know Joseph Pace the proprietor of the Magic Kiosk and other outlets. I used to appear on contracts in which he was involved and in cases in which he had the same interest as I did.

I know Piju Camilleri. He is a good client of mine.

Asked if the work in which I was involved in with Piju Camilleri and Joseph Pace related to land transfers I state that there was one contract, which was done not long ago and which is a public contract, where Joseph Pace and Piju Camilleri had the same interest. I represented Camilleri. This was quite recent.

Asked whether I had any work belonging to Piju Camilleri or Joseph Pace in the period 1984, 1985 or 1986 I say that in that peri-



Joe Buttigieg would phone and order the loan to be authorised



Judge disgruntled at the way bank inquiry is treated

It's still time for justice

Mark Wood
Independent Staff

Judge John Anastasi, who investigated the Mid-Med Bank scandal, says legal proceedings against those implicated may not be time-barred by prescription, as is being widely suggested.

Judge Anastasi's report implicated ex-Labour ministers, the bank's former chairman and top executives in corrupt practices involving advances made by the bank between 1984 and 1986.

But there are widespread suspicions that it may not be possible to institute criminal proceedings

in which cases can be brought to court.

"It is the Attorney General who will decide on this matter of course," Judge Anastasi told *The Malta Independent* yesterday. "But according to my interpretation the Criminal Code in cases like this the period of prescription commences only once the offenders have become known.

"In this case I presented my report in June 1991 and that was when the offenders first became known. In my opinion the prescription period that applies to these abuses is five years, so prescription runs out in 1996."

handled. "Everyone is trying to bury it. The way things are going it is turning into a farce.

Accusations

"The bank's board of directors, who first made the accusations, has no right to decide not to take disciplinary proceedings against John Gaucl, one of the bank officials implicated in my report. It did not explain its decision. The accusers are now turning four-square in favour of the accused.

"The proper set-up to take the necessary action is not there. The board of directors should appoint

take measures against officials who they meet around social drinks."

Judge Anastasi blasted the way the Mid-Med report had "dwindled to a matter of curiosity", saying he would not have accepted to head the investigation had he known that it was to be treated this way.

"I cannot accept the statement reported to have been made by the Prime Minister, that we should not be looking for the 'pound of flesh'.

It is becoming normal practice to pay for offences with a pound of flesh. Why should we treat petty cases one way and more serious

The Judge Anastasi files

The late Judge Anastasi was entrusted with the investigation of the Mid Med Bank scandal and made no secret of the fact that he greatly regretted the way the government treated his conclusions.

He was born in Valletta in 1920 and was called to the bar in 1945. Before that he served with the Royal Malta Artillery and was awarded the Africa Star medal. He died in 1995.

Judge Anastasi served on several government commissions, both as a member and chairman. These included the election commission in 1962 and as chairman of the juvenile court. He was appointed magistrate in 1963 and judge in 1980.

Another notable case he heard was

the Bical bank scandal in 1973. In October 1989, the same year that he resigned, Anastasi was entrusted with investigating claims of irregularities in the issuing of overdraft facilities at Mid Med Bank before 1987.

His extensive report was divided into two reports, the first one had eight volumes and nine chapters and was finalised on 26 June, 1991. The second consisted of five volumes sub-divided into nine chapters and the third contained 26 volumes and consisted of 57 chapters. It was presented on 7 February, 1993. The Prime Minister Eddie Fenech Adami laid the Anastasi Report on the table of the House of Representatives on 9 November, 1993.

He spoke of a different type of prescription

Talking to journalist Mark Woods in 1993, Judge Anastasi who died in 1995 said that he was disillusioned and disenchanted with the way his report was being handled.

More importantly he emphasised that he said: "It is the Attorney General who will decide on this matter of course. But according to my interpretation of the criminal code in cases like this the period of prescription commences once the offenders have become known."

Words of wisdom, which if proved true, could mean that the government and the AG's office purposely deflected attention from the Mid Med case to allow the whole matter to be forgotten.

So it is not surprising that Judge Anastasi ended his interview with Woods by saying:

"I feel I have done my part for the country, especially in bringing it to light, it might not grow or happen again. In Malta we let everything sleep. But I feel that justice can still be done."

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od I was chairman of Mid Med Bank and I had very little private work. The work was done by other people in my office. But between Joseph Pace and Piju Camilleri in the period indicated by the inspector I do not recall that I had work related to contracts.

I do, however, recall that contacts between Joseph Pace and Piju Camilleri in which I was involved, started after 1990, even if they were sporadic. I finished from Mid Med Bank on 13 May 1987 and I thus started practising my profession on a full time basis.

As regards the period 80, 81 and 82 I state that in

that period I did not even know Pace and Camilleri. I got to know Camilleri when I was chairman of the bank, because he had come over with somebody else for financial purposes. He had come in the mid-eighties approximately. I got to know Joseph Pace later.

Asked to confirm whether I gave Joseph Pace some advice on a contract between him and Piju Camilleri in the sense that it would benefit him if he entered into the contract in 1981 I categorically state that this could not be the case because at the time I did not know Joseph Pace. And I didn't even know Piju Camilleri. I came to know

him, as I have already told the Inquiring Magistrate, in the mid-eighties some time before or after and I got to know Pace for the first time later on after the occasion I got to know Camilleri. I got to know Joseph Pace during the compilation of a case before the Magistrates Court where I was a defence lawyer and in which Piju Camilleri and Joseph Pace were accused along with seven other people.

In that case I was Piju Camilleri's defence lawyer and not that of any other accused person. Obviously because there was one compilation and the procedures were common whether you like it or not

you become acquainted with everybody.

From that time onwards I have never given Joseph Pace any sort of advice. But I am saying this in the terms of reference of the question put by the inspector. Obviously I cannot be precise because there were a number of occasions when they met together. In my professional capacity I always try to help them reach some form of transaction to avoid a fight between them. But I insist that this occurred from 1990 onwards. Before that, I did not know them apart from what I already said.

I never threatened any-

body. It is not my style and I never extorted anybody in such a way that could be interpreted as a threat.

I do not use the terms being suggested by the inspector. If one says that I told the parties to reach an agreement to avoid a fight, yes, but I insist that this occurred after 1990 because before that I did not know them, as I already said.

Asked if I knew whether there were any arguments between Piju Camilleri and Joseph Pace since 1990, I state that on every issue an argument used to erupt between them. That is all I can say.