

PIJU AND THE MID-MED BANK

It is certainly of no coincidence that the people, who were professionally linked to accountant Lino Cauchi in the early eighties were also implicated in numerous scandals that occurred after his disappearance.

The 'network' had powerful political connections, which they used to extort money and land.

The network of friends accused of corruption in relation to the issuing of building permits during the eighties - eventually the cases fell through because of prescription - is the same network of people highlighted in Judge Anastasi's exten-

sive report.

The report, which came to be known as the Mid Med Bank scandal, talks of irregular and unorthodox banking practices, which granted various privileges to the 'chosen few'.

Last week *MaltaToday* highlighted the 'special' treatment granted to Victor Balzan, who managed to obtain an overdraft facility for Lm100,000 without passing through the regular bank procedures.

Today this newspaper focuses on another businessman who made his money in a shady way - Piju Camilleri.

The Judge Anastasi report holds no kind

words for Piju Camilleri, the flamboyant tycoon. Camilleri is described as arrogant when dealing with the bank that gave his companies loan facilities to the tune of Lm850,000.

The loans were approved by Head Office, more often than not after intervention by the bank's chairman Dr Joe Buttigieg, a former Labour party candidate. In the testimony he gave last year in front of the Inquiring Magistrate, who is leading the inquiry into Lino Cauchi's murder, Dr Buttigieg said that Piju Camilleri was a client of his since 1990. The former bank chairman said

that he did not know Camilleri before 1982. Dr Buttigieg also told the magistrate that he only got to know the former public works manager some time in the mid-eighties when Camilleri requested financing from Mid Med Bank. The lawyer was chairman of Mid Med Bank between 1982 and 1987.

In the Anastasi report, Piju Camilleri's name crops up in at least three cases involving the companies Ideal, Filati and Tal-Barrani in which he was a shareholder and director along with other well known Labour sympathisers.

Piju Camilleri's finger in the Mid-Med pie

Ideal Construction Ltd

A hefty loan facility for Lm500,000 was made available to Ideal Construction Ltd whose shareholders were L-Ghajn Construction Co. Ltd and Terres Co. Ltd. The directors of the company were Piju Camilleri, Santino Gauci and Alfred Cauchi.

The loan was required to finance the Rocklands project on the Sliema sea front, together with a showroom and four terraced houses in Attard. The land in Sliema was purchased for Lm180,000 while that at Attard for Lm7,700 and were financed by share capital of Lm3,000 and long-term liabilities of Lm183,520.

The Judge Anastasi report states that the directors of the company refused to disclose the identity of the lender. Instead they only revealed that the loan to purchase the land was obtained interest-free and without a repayment agreement.

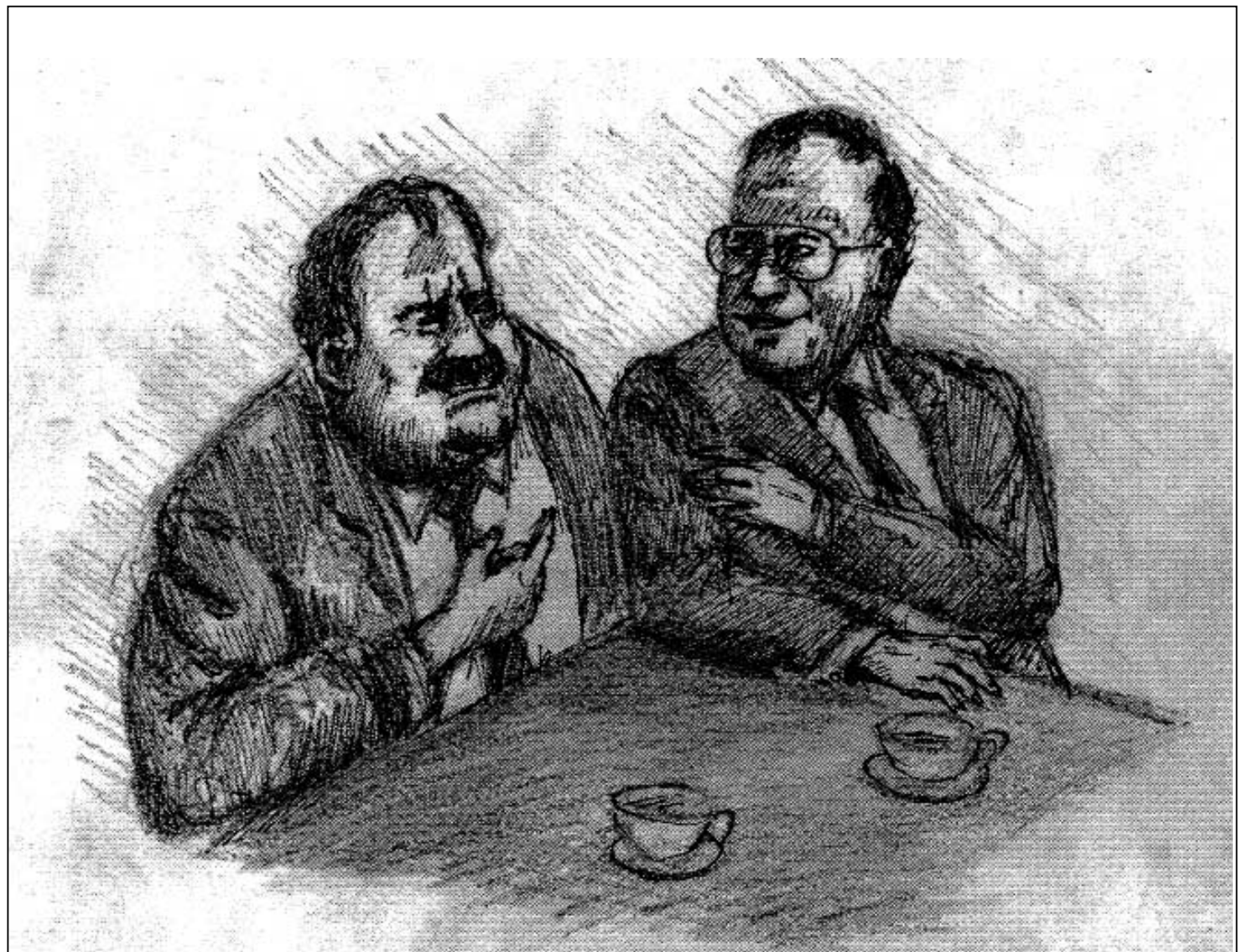
The report shows that the Sliema project had to yield almost Lm780,000 from the sale of 36 apartments, while the four maisonettes at Attard were valued at Lm12,000 each.

When the loan facility for the construction was eventually approved, no repayment programme was agreed with the bank. Judge Anastasi adds that when agreement was finally reached on the repayment terms the customers were given a one year moratorium.

However, the loan arrangement was peppered with irregularities. The Anastasi report implicates the bank in stamp duty evasion after it succumbed to the customers' adamant refusal to pay stamp duty. The architect's valuation at Lm192,500 was not fiscally stamped.

Furthermore, the condition for a joint and several guarantees of the three directors for Lm500,000, which was required by the bank, was never met.

Instead, three separate guarantees for Lm166,667 were accepted. Judge Anastasi states that Head Office authority for this change was not on file and the bank's internal inspectorate drew the branch



Joe Buttigieg, Labour MP (right) and Piju Camilleri, a Labour tycoon and thug

manager's attention to this change urging him to liaise with Head Office. On 25 April 1986 the bank was advised by the Central Bank of Malta that the arrangements had been approved by the minister.

Another irregularity pointed out by Judge Anastasi was the fact that the directors were allowed to utilise the loan before all terms and conditions were perfected. The branch manager's justification for this irregularity was that "Head Office telephonic sanction [was] obtained prior to availment of facilities."

The loan had a number of conditions attached to it including that it was to be withdrawn in stages against architect's certificate to ensure that the value of the security increased as liabilities rose.

Payment to third parties was to be made by Bills Payable or against receipts with periodical schedule of works to verify documentation.

But the bank's inspectors remarked in their reports on 3 September 1986 and 28 January 1989 that "payments from loan was not made by Bills Payable or against receipts as stipulated in the sanction letter."

Judge Anastasi says that the branch manager replied to the inspectors' remarks by shifting the blame on Head Office, "Operation on this account is allowed under Head Office authority."

Judge Anastasi also reports that the three-year currency of the loan, as approved by the Central Bank of Malta expired in September 1989, when the loan was due to have been cleared in full. Liabilities then stood at Lm191,819 with the bank conceding various waivers as sales of the property started to be effected.

Tal-Barrani Co. Ltd

This company, belonging to Piju Camilleri, his brother Andrew and a certain

Michael Fenech was granted a loan facility of Lm200,000.

The Judge Anastasi report ropes in the Tal-Barrani Co. Ltd case with that of Concrete Works Ltd, which was also afforded an irregular and unorthodox loan facility for Lm400,000. The shareholders in Concrete Works were Lay Lay Co. Ltd, Fenech Estates and Piju Camilleri's brother Andrew before the company changed hands to a certain Paul Cutajar.

The closely linked cases revolved around the construction and operation of a cement plant in Ghaxaq and other construction work.

As of May 1989 when the new Mid Med Bank directors had requested the Prime Minister to launch an investigation into various irregularities, both companies still owed the bank the combined sum of Lm513,341.

Judge Anastasi states that the facilities granted to these two companies

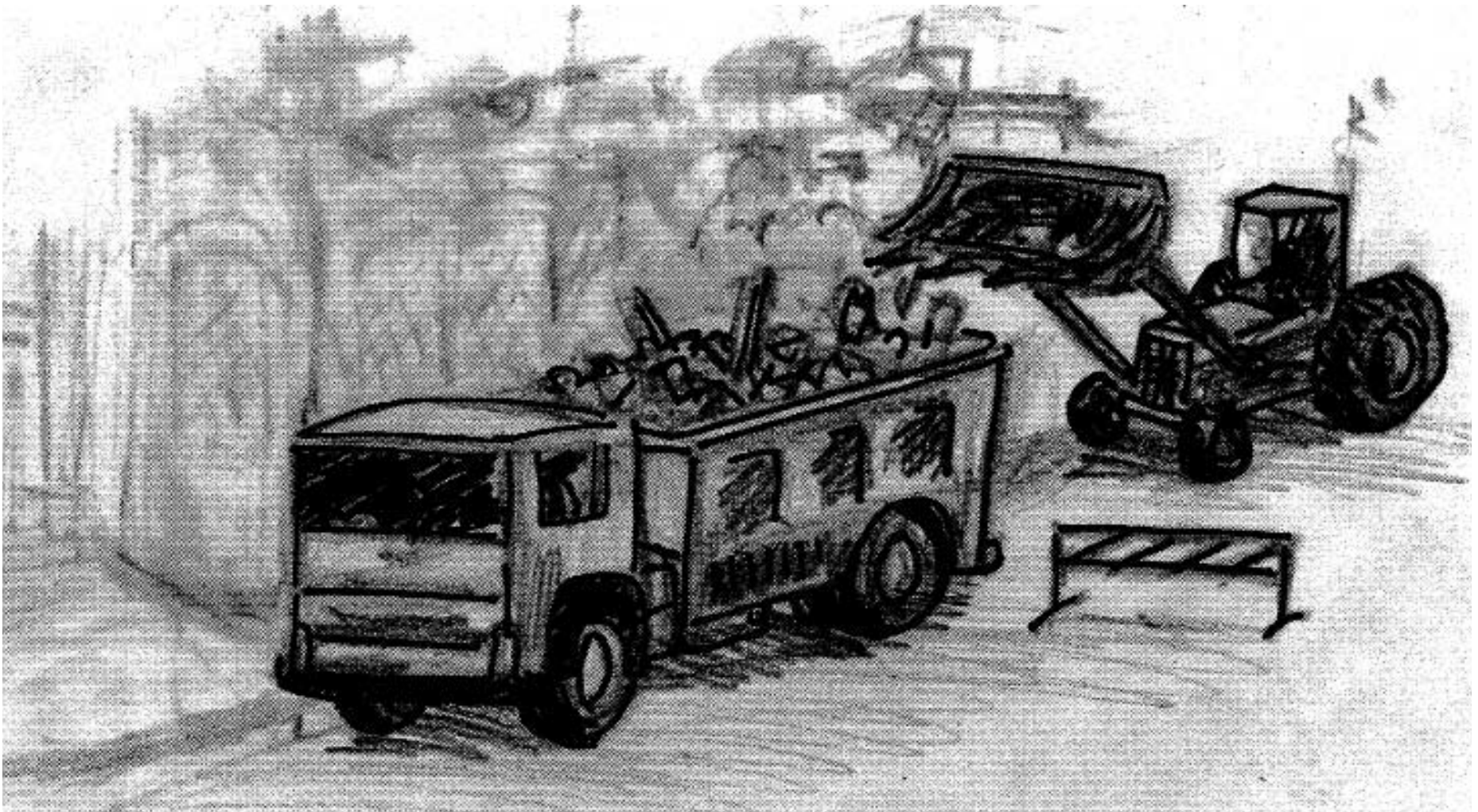
went against normal banking practice and put at risk the money of the bank's depositors and shareholders.

The onus of responsibility for the substantial and irregular loans granted was placed squarely on the bank's chairman and other high ranking officials involved in the granting of the loans. The officials indicated were General Manager Francis Flynn, Advances Manager Mario Vella and AGM Maurice Xuereb,

Filati Limited

The third case involving Piju Camilleri's banking relationship with Mid Med Bank concerned the company Filati Ltd. The company's shareholders were P & J.C. Ltd belonging to Piju Camilleri and former Dom Mintoff private secretary Joe Camilleri and L-Ghajn Construction Co. Ltd, which was Piju Camilleri's family company. The directors of Filati Ltd were Piju Camilleri and his





The land in Sliema was purchased for Lm180,000, now worth several times more

brother Andrew Camilleri. The Anastasi report states that the company was to be granted a loan facility of Lm50,000, which was recommended by proposal form No.18/85 dated 19 June 1985. The recommendation was made "only in view of the Director's undoubted integrity, and security offered." This proposal form was sanctioned by Head Office on 23 July 1985.

However, this was followed by a second proposal form No.24/85 dated 14 September 1985 recommending a total loan facility of Lm150,000. The Cospicua branch manager pointed out that the proposal was being submitted following discussions between Piju Camilleri and the bank's chairman Dr J. M. Buttigieg.

The investigation carried out by Judge Anastasi reveals that there was nothing on file to show that a serious assessment of the proposal was carried out.

Furthermore, assistant general manager Maurice Xuereb authorised the payment of two cheques for Lm3,696 and Lm2,333, which were not connected to any building contract or importation of building materials, for which the loan facility was sanctioned. In breach of all banking policy, when the cheques were issued the security was not yet in order.

The Judge Anastasi report shows that the withdrawal

streak authorised by the bank's highest officials continued with the chairman authorising two cash withdrawals of Lm70,000 and Lm130,000 by Filati Ltd and Terres Ltd respectively.

These withdrawals were given the go ahead despite the AGM's warning that "various points had not been clarified regarding the approval of the facilities, security was not yet regularised and the loan had to be paid out against invoices."

The hypothecary deed was signed on the chairman's authority on 21 September 1985 without the vetting of searches and as far as the Anastasi report found out the confirmation of position and title were still outstanding.

Furthermore, no convincing evidence existed as to the utilisation of bank funds for the sanctioned purposes. Judge Anastasi states that a document dated 1 October 1985 under the letterhead 'Wapping Commercial Vehicles', which allegedly showed a list of second-hand machinery and vehicles sold by the above firm to Filati Ltd, for a total of Lm81,500, was far from convincing. And in any case a bank draft should have been issued direct in the seller's name.

At this point, the Judge Anastasi report makes reference to Piju Camilleri's "arrogance" in his dealings with the bank. Reference is also made to the security offered by the company on undeveloped plots at

Selmun, which did not have a building permit and were outside the Buidling Development Area.

The Anastasi report says that the security value for these plots was originally given at Lm85,000. It was then reduced to Lm51,000 and eventually the bank decided not extend against this property at all in a letter from Head

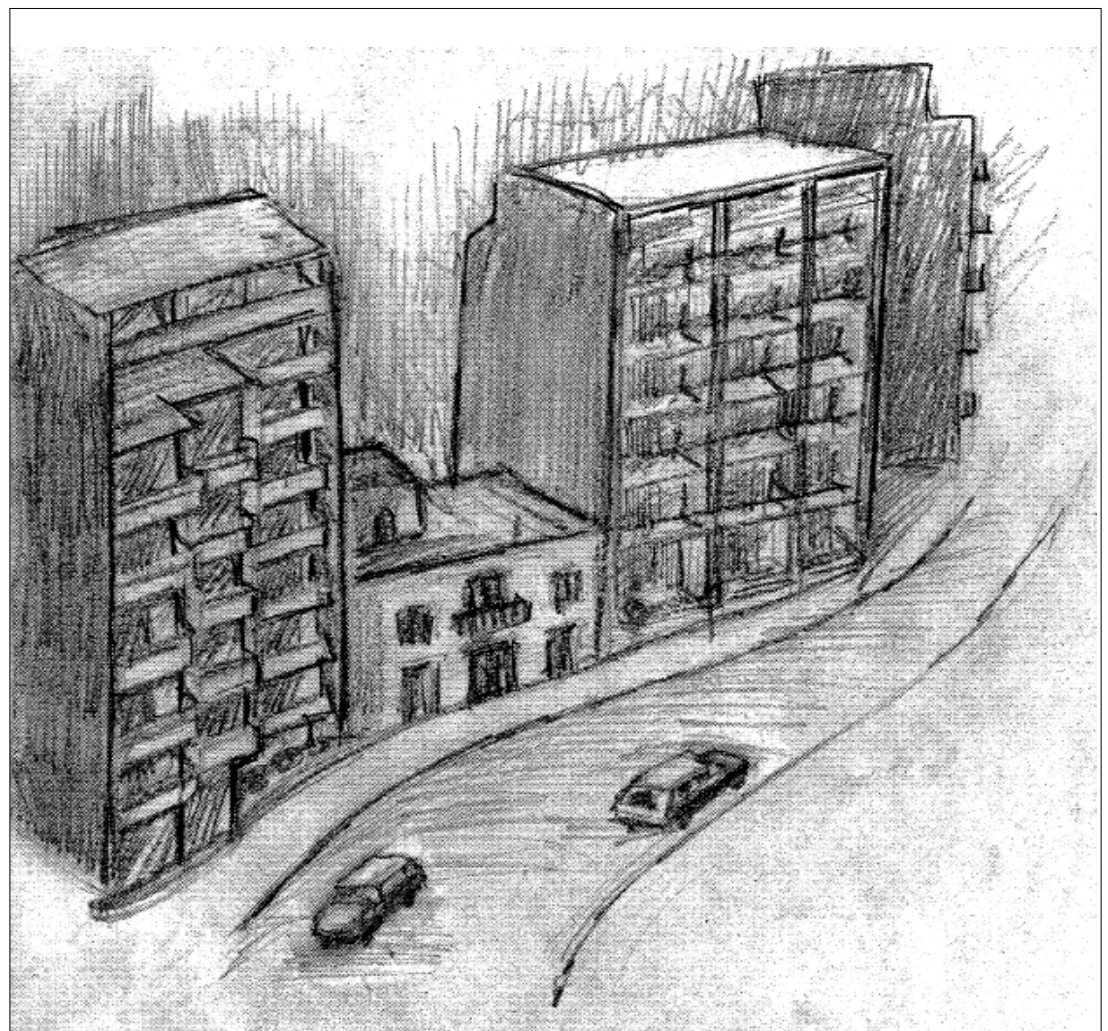
Office to the branch on 9 February 1989.

Judge Anastasi remarks, "had this prudent principle been adopted at the outset, facilities would have been initially unsecured by at least Lm85,000."

As with most of the other irregular loans, after four years since the facilities were sanctioned, Judge Anastasi says that the

branch manager "still cannot, amongst other things, define for what purpose the facility is being used."

Concluding the report Judge Anastasi stresses that this situation "continues to make this advance far from inspiring." His view was shared by the bank's Head Office in a memo dated 28 January 1989.



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