

Scenario 76

BANK OF PUNJAB [BoP] SCAM:

On 27th September 2007, the National Accountability Bureau [NAB], Punjab, had filed a reference in an accountability court against 12 people, including six officials of the Bank of Punjab [BoP] and six other accused of Rs:9 billion fraud. The BoP had granted this amount to the Haris Steel Industries (HSI), Lahore, without fulfilling legal requirements and consequently the said business concern defaulted the loan.

When the investigations started, the scam surfaced worth far beyond the mentioned amount. One Law Minister was also implicated in the loan scandal and one Finance Secretary Salman Siddique popped up on the same count, too.

[Salman Siddique, then one of the two directors of the bank, approved unlawful credit proposals amounting to Rs:1.1 billion in July 2006. The actual corruption at the BoP went up to Rs:76.178 billion. While the bank shows profits from 2005 to 2008 on paper, it was actually running in loss.]

Terming the BoP scam one of the largest swindles in the country's history, the bank was deprived of over Rs:11 billion in advances and mark up by one Haris Group alone. When the media scrutiny of the bank started on 21st June 2007, its very continuity came into question and its equity's market capitalisation declined by a whopping amount of around Rs:64 billion within a short time period.]

Current and the previous eras encompassed that scandal and then Gen Musharraf was also dragged in the dirty game. A significant development was achieved when a plea was filed pleading the competent court that one State Minister Raees Muneer of Gen Musharraf's rule borrowed Rs:120 million from the BoP.

On 18th November 2008, the Supreme Court [SC] of Pakistan ordered for the transfer of Bank of Punjab [BoP] cases, within fifteen days, against four people involved in a Rs:9 billion scam from the Lahore High Court (LHC) to the Islamabad High Court (IHC). The 3-members bench of the SC headed by the then Chief Justice Abdul Hameed Dogar [Justice Nasirul Mulk and Justice Ejaz Yousaf were other two members] gave the said ruling while hearing identical appeals against interim bails granted by the LHC to the accused bank employees. Attorney General (AG) Sardar Latif Khosa and Punjab's Advocate General Khwaja Haris had requested the court to transfer the appeals to the IHC.

On 15th July 2009, the SC [under the new judge's team of CJP Iftikhar M Chaudhry] directed the Director General [DG] of the Federal Investigation Agency (FIA) to expedite action against the accused who managed to flee the country despite having his name placed on the Exit Control List (ECL). The 3-member bench consisting of Chief Justice Iftikhar M Chaudhry, Justice M Sair Ali and Justice Jawwad S Khawaja asked the FIA to submit the explanation in that respect.

The BoP had granted the Rs:9 billion loan to Haris Steel Industries, Lahore without fulfilling legal requirements. After hearing the arguments, the court directed authorities to appear in court along with the complete address and passport numbers of the accused, President BoP Humesh Khan, who had fled the country to the United Kingdom.

On 11th September 2009, the SC ordered the arrest of Haris Steel Mills Chief Executive Sheikh Munir for not depositing Rs:500 million towards the total loss of Rs:9 billion Bank loan

without fulfilling the legal requirements. The 3-member SC bench, then comprising Chief Justice Iftikhar M Chaudhry, Justice Ghulam Rabbani and Justice Jawwad S Khwaja heard the said case this time and observed that first the high officials had floated that huge loan with all hands in one glove and then filed petition against the Haris Steel Mills.

The apex court ordered the Bank to confiscate the property of Sheikh Afzal, the owner of Haris Steel, after duly publicising the same in newspapers. Once the court had directed Sheikh Munir, brother of Sheikh Afzal, to deposit Rs:500 million in BoP, besides surrendering property worth the same amount as a token of goodwill for resolving the case outside the court but they deposited Rs:200 million only.

At that point, the chief justice expressed displeasure over the attitude of the owners saying *'they have betrayed the court.'* The court also issued arrest warrants for Sheikh Munir, the owners of Prime Steel and Hyder Steel; Abid Raza and Naeem Siddiq, besides fourteen other accused in the case. The apex court was informed that Sheikh Afzal's family members had purchased properties in Dubai with the amounts drawn from the BoP.

The chief justice directed the BoP's counsel to present a list of such properties in court so that the matter could be taken up through the Foreign Office. The bench expressed serious displeasure over the conduct of the National Accountability Bureau (NAB); the later was not interested in disposal of the case nor did they want to extradite the owners of Haris Steel back in Pakistan.

WHO ELSE NAKED IN BOP'S 'HAMAM':

On 21st December 2009; the SC's 3-members bench was told that Rs:7.5 billion, out of the Rs:9 billion bank loan in the said scam had been recovered from Sheikh Afzal, the Chief Executive of the Haris Steel, and his accomplices by seizing foreign and domestic assets owned by the accused.

This time the bench, comprising Chief Justice Iftikhar M Chaudhry, Justice Anwar Zaheer Jamali and Justice Khilji Arif Hussain, withdrew the protection the SC had granted earlier to Seth Nisar, one of Sheikh Afzal's brothers and co-accused in the scam, when it was informed that he was not cooperating with the NAB. [*On 24th November, the court had granted protection to Seth Nisar when he had shown willingness to clear all the liabilities*]

Meanwhile, Sheikh Afzal was brought back from Malaysia. He confessed in a statement recorded by the NAB that he had paid a lot of money to 'many concerned' out of fraudulently withdrawn funds to win undue favours for the said loan. He urged the court to recover that much amount of money from those persons, mostly belonging to the BoP and the political clout around.

According to Mr Afzal's written confessional statement, he had paid Rs:one million to Advocate Irfan Qadir for filing a petition against NAB proceedings in the LHC. When NAB officials raided his house, Irfan Qadir suggested him to engage a panel of prominent lawyers to influence the court. He then contacted advocates Wasim Sajjad and Sharifuddin Pirzada.

In June 2008, when the NAB seized his office, Sheikh Afzal claimed that Ali Wasim, Wasim Sajjad's son, contacted him and said: *'Mr Afzal, Insaaf Lainay Ke Liye Kuch Aur Bhi Karna Parta Hai'* (Mr Afzal, if one wants to get justice, one has to do 'other' things) and offered to let his office vacated because he had a very close association with a son-in-law of a judge at LHC. Sh Afzal contended that he had paid Rs:7.5 million to Ali Wasim through Irfan Ali (manager of Haris Steel).

One Tony Shah, a cricket matches broker and mutual friend of Ali Wasim and Sheikh Afzal, also told the NAB that after failing to do the job Ali Wasim did not pay back the money he had obtained from Sh Afzal, but said he would pay only half the amount because he had partially succeeded in getting the promised results.

When the case was fixed before the LHC in mid 2008, Sh Afzal said he paid Rs:3.5 million to one journalist Mohsin Naqvi when he offered to get the case 'quashed' because *'he enjoyed good relations with the LHC judge'*. Allegedly the said amount of Rs:3.5m was paid to Malik Qayyum [the former judge] who had perhaps spoken to relevant LHC judges on telephone in presence of his lawyer and assured him that he would get relief.

Later, when the case was transferred to the Supreme Court, Advocate Malik Qayyum told Sh Afzal that he and Advocate Sharifuddin Prizada had held a number of meetings with a judge of the apex court. Sheikh Afzal alleged that, apart from legal fees, he had paid Mr Pirzada Rs:10 million during July-August last year [2008]. The amount, he claimed, was given in return for orders obtained in July because he [Mr Pirzada] had attributed the success to his relations with a judge of the apex court.

Sh Afzal also alleged that Malik Qayyum had told him that his counsel had paid Rs:1million to Advocate Ibrahim Satti (private counsel representing NAB in the apex court) in the same days through him [Malik Qayyum] and Mr Pirzada and in September 2008 Rs:1.5 million to former Attorney-General Sardar Latif Khan Khosa.

According to Sh Afzal's confessional statement, Malik Qayyum, who was then Attorney-General, had visited him in Malaysia in mid 2008 and stayed at Shangri La Hotel in Kuala Lumpur arranged by him [Sh Afzal]. During the dinner, Malik Qayyum had even called a judge of the Supreme Court and promised to get the case settled in 10 days. Sh Afzal added that:

'Later we got a favourable order from the Supreme Court which ordered restoration of the position of investigation as it existed in June 2008. Advocate Malik Qayyum called me to claim credit for the verdict.'

Sh Afzal alleged that Malik Qayyum had visited him thrice along with his wife when he was in UAE in August - September 2008 and assured him that he had paid officials concerned to get the case 'quashed', either by the apex court or the high court. He said at that time he was paid 300,000 UAE Dirhams.

Sh Afzal maintained that Malik Qayyum had also introduced him to Sarfraz Merchant, a Karachi based businessman, in July 2008 last year and told him that he had good ties with a judge of the Supreme Court. In July the same year, Malik Qayyum told him that Senator Babar Awan, who 'commanded great influence' was his friend and that it was necessary to ***'pay him over and above the agreed amount of Rs:50 million'***. Mr Awan then arrived in Dubai in Ramzan of 2008 where the balance amount was paid in addition to 50,000 UAE Dirhams for shopping.

During the proceedings, Director Law of the FIA, Azam Khan, informed the Supreme Court about former Chief Commissioner Islamabad, Fazeel Asghar's alleged role in helping Sheikh Afzal's flee from the country despite his name being on the Exit Control List (ECL). Although Mr Asghar refuted the allegations, he agreed to submit a detailed report on a questionnaire by the FIA within a week.

Director FIA Azam Khan told the apex court that after paying Rs:6 million, Mr Asghar had introduced Sh Afzal to Gohar Sarfraz, an Assistant Director in the Airport Security Force (ASF), for immigration clearance. As Gohar Sarfraz was on a 'long leave' then, therefore, despite repeated raids on his house, he could not be arrested. However, one Hafiz Mohammad Tariq, the helping Immigration Officer at the airport, was duly arrested.

Meanwhile, BoP's lawyer Khwaja Haris, informed the apex court about Sh Afzal's version that Rs:1.2 billion out of total loan had been given to Seth Yaqoob, Mr Afzal's brother, but he was not able to repay the money in less than three years. The CJP Iftikhar M Chaudhry ordered to

negotiate with Seth Yaqoob for an amicable and out-of-court settlement and directed the authorities not to arrest Seth Yaqoob till 11th January 2010.

One thing was clear that Sh Afzal and his son's arrest from Malaysia was only possible due to SC's strong stance. The judges on the bench had kept away all the twisting arguments of many heavy weight and high profiled advocates who were engaged by these forged and tainted billionaires. The same lawyers had been representing them in Dogar's courts and coming out wavering triumphant flags. Some lawyers were alleged for openly bargaining with their rich clients on behalf of SC assuring them of winning any sentence they wanted to hear.

On 22nd February 2010, a 3-member bench of the SC comprising Chief Justice Iftikhar M Chaudhry, Justice Ch Ijaz Ahmed and Justice Ghulam Rabbani, was told by the NAB that two sons of Seth Yaqoob were released after he deposited Rs:510 million as the first instalment of the total outstanding dues of Rs:1.5 billion claimed against him. Rest of the money was to be paid in monthly instalments of Rs:100 million each.

The apex court was told that the NAB had approved a plea bargain with 18 prime suspects in the scam, and the plea-bargain agreement had been filed with the court. The main suspect in the scam – Hamesh Khan, former BoP president – and Seth Nisar were not included in the plea bargain. NAB had taken into custody the property, vehicles, gold and other valuables owned by the suspects till they return the money.

Referring to **'the News' dated 26th May 2010:**

'Hamesh Khan's stunning revelations before the NAB investigators have taken the lid off a unique scandal of the banking history in which the Bank of Punjab offered loans worth billions of rupees to the business concerns of its directors.

These directors were associated with the Bank of Punjab during Pervez Elahi's tenure as Chief Minister Punjab. Besides Salman Siddique, [then MD BoP & later the Federal Secretary Finance in PPP regime], four other directors of the Board availed loans from the BoP while they were sitting members; under the rules they were not permitted.

One of these directors had purchased the Phalia Sugar Mills from the Chaudhrys of Gujrat. The BoP record confirmed that five directors of the BoP and their relatives were recipient of huge BoP loans in violation of the bank's policy.'

Under Section 19.4 of the Bank of Punjab Act 1988 *'the bank shall not grant any person who has been elected or appointed as a director and for so long as he continues to hold that office any advances, loan, credit limit, guarantee or other facilities, or alter to his advantage, loan, credit limit, guarantee or other facility granted before his election or appointment as a director.'*

In most of the BoP's meetings of Board of Directors, the top item discussed was the **'re-scheduling & accepting other bank's loans'**. Each director used to keep names of some parties in his pocket to be announced at 'appropriate' time under which the loans taken by certain high profile people from other private banks were accepted by the BoP, paid off each penny of those private banks and release 'much simple' terms from BoP in lieu of those accepted loans. That **'fayyazi'** [generousness] brought admiration, appreciations and praises for Gen Musharraf and his provincial teams widely spread in many media articles and programs; especially concocted, the apex court believed.

Being Director & Acting Chairman of the BoP, Salman Siddique's father was offered a loan of Rs:40 million; the said loan was returned in 2008. However, the case of other four ex-directors of the BoP [named Gohar Ejaz, Khurram Iftikhar, Fareed Mughees Sheikh and Mian

Muhammad Latif] went serious as in their cases not only the amount involved was big it was yet to be re-paid [till 2010 at least].

Gohar Ejaz [BoD member: June 2003 - April 2008] obtained loans worth Rs:974 million in the name of his companies Ejaz Spinning Mills Ltd and Ejaz Textile Mills Limited; Gohar Ejaz categorically denied this later.

Khurram Iftikhar [BoD member: March 2007 – April 2008] borrowed loans of Rs:5.6 billion in name of his companies titled Amfort (Pvt) Ltd, Amtex Limited, and Shama Exports (Pvt) Ltd. However, the said companies were shown running as normal.

Fareed Mughees Sheikh [CEO Colony Group] was appointed Director BoP in March 2007. Colony Group took loans worth Rs:10 billion, later labelled as non-prudent loans and needed rescheduling. This Group, as revealed by Hamesh Khan, purchased the Phalia Sugar Mills belonging to Ch Pervaiz Elahi in 2007, through loans taken out from the BoP during BoD incumbency of Mr Fareed.

[The major item on agenda was the sugar mill of Mr Elahi's family, Phalia Sugar Mills. It was sold on the asked price and the buyers were those who also happen to be on Board of Directors; the needed money was 100 % funded by the BoP; thus both buyers and sellers were too much delighted though the bank was the ultimate casualty.]

Mian Muhammad Latif of Chenab Limited [Popularly known as Chen-One] remained Director of BoP from October 2002 till April 2008 and allegedly got loan worth Rs:1.24 billion from BoP.

The absconder Humes Khan was a dummy president of the BoP; but he was intelligent enough to keep Moonis Elahi happy and thus was also the beneficiary of the whole-some decisions of loot and plunder. The businesses which were not able to earn million a year were given loans of one hundred million straightaway and the people who did not know the alphabets of business were declared industrialist over night.

It is worth mentioning that it was the BOD, which had approved rescheduling of the Harris Steel fraudulent loan. A 3-member SC's bench **on 28th May 2010** directed the constitution of an investigation team, headed by former DG FIA Tariq Khosa, to probe into that Rs:9 billion loan scam and see the possibility of the BoP's criminal involvement.

The bench comprising Chief Justice Iftikhar M Chaudhry, Justice Ghulam Rabbani and Justice Khalilur Rehman Ramday issued the directives while examining progress into the scam case. The orders contained that:

"We direct the NAB chairman to send a requisition to the establishment secretary to appoint a head of the investigation team to probe criminal cases in the BoP case and the authority is required to issue a notification today for the appointment of Tariq Khosa to this post in addition to his duties as the Anti-Narcotics Division Secretary."

HAMESH KHAN'S HOUSING SOCIETY:

Hamesh Khan, being the president of the Bank of Punjab (BoP), allegedly in collusion with Moonis Elahi, the son of the then CM Punjab Pervaiz Elahi in year 2004, launched a housing society for the employees of the BoP having the name Bankers Avenue Cooperative Housing Society (BACHS) on Baidian Road Lahore. Naemuddin, President of the BoP, while talking to media, once said that:

'In fact making a society was not the domain of a bank and thus the State Bank of Pakistan had made serious objections to it. It was made for doing corruption.'

As per report published in **'the News' of 14th June 2010**, the corruption in BACHS had been investigated by the Registrar Cooperative Societies and by the NAB too. Moonis Elahi remained involved in the purchase of land, through a BoP employee named Mr Raja, from the poor farmers of the area by using his influence. There were wide ranging protests by local people from whom land was purchased by using un-ethical means and forcefully on cheap rates and was later sold to the bank on high prices. Allegedly, the land was purchased at Rs:3 million per acre while it was sold to the BACHS for Rs:6 million per acre.

In another dubious move, when this land was registered with Registrar of Cooperative Societies, Government of Punjab, Hamesh Khan had shown its worth at Rs:2 million per acre, in order to save stamp duty to the provincial exchequer. The development job of the BACHS was awarded to the husband of a lady MPA of PML(Q) who was also the real sister of the then GM of BoP, Haroon Aziz, a major accused in the BoP scam after Hamesh Khan, subsequently remained in jail for a long time on this account.

A report from the Registrar of Cooperative Societies Lahore placed before the SC bench on 9th June 2010 had verified the above facts confirming an embezzlement of Rs:412.3 million. [A letter from the Registrar CS HRC No 21278-P/2009 dated 27th May 2010 is referred in this regard]

Earlier, the Punjab Cooperative Department had conducted an inquiry under section 44-A of the Cooperative Societies Act 1925 of BACHSL Lahore, in February 2010. The inspection report had confirmed that the managing committee was involved in misappropriation and embezzlement of funds to the tune of Rs 412,316,950/. The BoP, after purchase of land, asked its employees to make initial payments, which was set too high. Thus, all the employees were offered loans from the bank [BOP]. The price of a plot was fixed at Rs:1.8 million in which loan of Rs:270,000/ was given by the bank for payment of booking while the rest Rs:1.53 million was to be given by the House Building Finance Corporation.

The employees made investment of their life-long savings but got nothing. As not only the society funds disappeared, after passage of five years, the employees who had been paying major portion of their salaries to the ghost society even did not know where their plots were located; there were no rules of the society on record till then at least.

JIT's REPORT ON BOP SCAM:

On 21st April 2011, the Punjab government had also placed a report before the SC on that BoP scam and revealed that former CM Punjab, Ch Pervaiz Elahi, had siphoned out Rs:5.4 billion from the bank while Chairman Federal Board of Revenue (FBR), Salman Siddique, had approved unlawful credit proposals of Rs:1.1 billion in July 2006 for them.

The 5000 pages report was prepared by Punjab's Additional Inspector General Police, Aftab Sultan [later DG IB], who headed a joint investigation team set up by the SC in June 2010 to look into irregularities in the BoP. The SC had set up the investigation team because it was not satisfied with investigations conducted by the National Accountability Bureau (NAB). During the course of investigations, 61 persons were examined.

During the hearing of the BoP loan scam, a 3-member SC's bench comprising Chief Justice Iftikhar M Chaudhry, Justice Muhammad Sair Ali and Justice Ghulam Rabbani was told that:

'Former Punjab CM secured a huge loan of Rs:5.4 billion from the bank in the name of Phalia Sugar Mills while the amount was later spent on a new project, 'Colony Sugar Mills'. Another source disclosed that the said loan was spent on buying the property.

The then Chief Secretary Punjab, Kamran Rasool, took long leave from his government service and during the leave period worked in Pervaiz Elahi's mills while remaining Chairman of the Board of Directors at BoP. During this period, Kamran Rasool interacted with the then president of the BoP, Hamesh Khan.

The FBR Chairman, then one of the two directors of the bank, approved, on behalf of the board of directors of BoP, unlawful credit proposals amounting to Rs:1.1 billion in July 2006. The actual corruption at the BoP amounts to Rs:76.178 billion.

The bank shows profits from 2005 to 2008 on paper, it was actually running in loss.'

[After this report, the influential gurus got restructured their loans worth Rs:38 billion immediately on terms suitable to them.]

The report said that the bank's liabilities had been increasing everyday but both the State Bank and the Punjab government had no clue what was going on; Hamesh Khan, with the help of board members, had issued loans to bank defaulters.

Terming the BoP scam one of the largest swindles in the country's history, the report said the bank was deprived of over Rs:11 billion in advances and mark up by one Harris Group alone. The media scrutiny of the bank started on 21st June 2007 with small breaking news initially; its very continuity came into question when its equity's market capitalisation declined by a whopping amount of around Rs:64 billion within a short period.

The report regretted that millions of rupees had been doled out from the BoP, against negligible securities and without any collateral, to non-existent clients like Harris Group, the main beneficiary of the scam [*later became one of the petitioners*]. Despite having no businesses, Harris Group opened accounts in the BoP by using fake identities and documents while the funds were sanctioned to them at their discretion. In 95% cases the sanctioned funds were withdrawn within a day after approval.

It was then conclusively established that properties placed as security with the bank were heavily over-valued; such over-valuations were the result of active connivance with the valuers; it was obvious.

The court directed the Advocate General Punjab to make the report public and accessible to all citizens interested in seeing a copy, subject to rules and regulation. The court also directed the NAB authorities to obtain a copy of the report and consider it in respect of the cases and references already pending. NAB was also asked to get benefit of the report and collect evidences in its light; however, the NAB once again avoided filing the references on one pretext or the other.

The court also held that none of the accused be allowed to enter into a plea bargain and that the principal amount, along with full mark-up at penal rates, be recovered from the main accused, Sheikh Afzal, and his accomplices.

The JIT's report said the references and complaints pending with NAB were testimony to the criminal and negligent behaviour of the bank's management while Hamesh Khan was at the helm of affairs. The bank's survival was vital for more than 5,000 families who depended on the bank for their livelihood. *'More than any body else, the depositors would be the greatest losers if the bank goes bankrupt,*' the report added.

It was suggested that NAB should move for the cancellation of bails of the accused so that the money and valuables illegally obtained by them could be recovered. NAB was desired to file a separate reference against four directors, including Farid Mughis Sheikh, Khurram Iftikhar, Ijaz Gohar and Mian M Latif, who obtained credit facilities for their industrial groups in contravention of the Bank of Punjab Act.

The Punjab government could have amended the bank's by-laws and allowed the Punjab Assembly's Public Accounts Committee [PAC] to review all appointments to the Board of Directors so that, in future, the rogues like those 19 accused mentioned in the said report, and who had inflicted huge losses to the bank, could be kept away from the bank premises; but who bothers for the public money in Pakistan.

Astonishingly, Board of Directors of the BoP had formed fake companies and obtained loans of over Rs:6 billion. Expressing alarm over this state of affairs, the CJ asked: "*How is it possible that bank directors allowed loans to themselves; massive corruption has been committed in the Bank of Punjab.*" The court was informed that the bank's Board of Directors comprised persons nominated by the then president Hamesh Khan. The apex court was also told that a sum of Rs:90 million was swallowed in the name of bonuses only.

The JIT's said report on BoP also suggested that Hamesh Khan, the BoP President, had shown the door to the then Acting Chairman Shahzad Malik after the later was alarmed by the BoP - Harris Steel loan deal. However, the documentary evidence later revealed that it was the then Chief Minister Punjab Pervaiz Elahi, who being the competent authority, had removed Malik, might be on the recommendations of Hamesh Khan.

The investigations further revealed that:

"Hamesh Khan, in his capacity as the President of the Bank, reduced this sleepy Board to a mere rubber stamp. In its 95th meeting of 27-28th June 2003, the Board agreed to Hamesh Khan's desire to allow Board's business to be conducted in circulation by two directors and the Chairman. This change deprived the Bank of the collective wisdom of its directors and also made it much easier for Hamesh Khan to manipulate the Board's business.

If the Chairman or a director refused to toe the line, he was shown the outer door, as happened with Shahzad Ali Malik, who was first replaced as Chairman and then removed from the Board altogether in July 2007. He had raised a factual objection that the minutes of Board meetings were not recorded accurately and that the Bank's President Mr Hamesh Khan and his GM Azizul Hameed, who was Secretary to Board also, manipulated them to their advantage."

As per record, the competent authority for the appointment of the Chairman and directors was the Chief Minister, who was the authority for appointment of "accused" directors and five chairmen who had **"exercised poor oversight and were grossly negligent"** but still recommended to be spared from any action.

Another plunder; the Colony Group was given over Rs:5 billion loan by the BoP to buy Phalia Sugar Mill, belonging Chaudhries of Gujrat, but it strangely ignored certain important procedural formalities.

Independent experts were of the opinion that fair price of the Phalia Sugar was around Rs:1.5 billion whereas through BoP loan money it was bought for Rs:2.2 billion by one of the BoP Directors who also happened to be from the CM's family.

The investigation reports later revealed the fact that some businessmen like Jehangir Tareen were approached by Hamesh Khan to buy the Chaudhrys' sugar mill with the BoP money;

Jehangir Tareen had himself revealed it to the media. Another MNA from Rahim Yar Khan was also approached by the BoP President Hamesh Khan but he had declined too.

The investigating team for BoP, though talked of the huge swindle, had not reflected on the reported Rs:2 billion default of Gas Natural, owned by son-in-law of Gen Khalid Maqbool, former Governor of the Punjab. The report did not mention the details of a BoP loan that was taken for a real estate project by the son of a senior bureaucrat and director of the bank.

BOP DIRECTORS SUMMONED IN SC:

On 10th June 2011, the SC summoned four former directors of the BoP Board; Gohar Ijaz, Farid Mughees, Farrukh Iftikhar and Mian Latif, for representing different industrial groups and borrowing approximately Rs: 20 billion in violation of section 19(4) of BoP Act 1909.

The SC bench, headed by the CJP Iftikhar M Chaudhry, was told that Rs: 1.5 billion had been recovered from 31 defaulters during year 2010; criminal cases were registered against few of them while for some others going under process. *'Hamesh Khan was extradited from USA, so why can't these defaulters be arrested'*, Chief Justice remarked.

The BoP Counsel told the apex court that the size of corruption in the Bank scam was touching Rs:80 billion in total till then whereas according to Aftab Sultan's investigation report the scam was of about Rs:76 billion.

NAB on that day also confirmed the fact unearthed in Aftab Sultan's Report that as per NAB's investigations, one of the directors Farid Mughees borrowed Rs:5 billion for a textile mill but gave the money to the former CM Ch Pervez Elahi for the purchase of his Phalia Sugar Mill. Governor Punjab, Sardar Latif Khosa's statement dated 9th April 2011 was discussed that why he had not opposed the Harris Steel Mill case as Attorney General in Supreme Court. [*The Governor had categorically denied the charge of getting Rs:1.5 million bribe from Sheikh Afzal for that role.*]

Chief Justice had, however, remarked on the Governor's statement that these accusations were of serious nature.

On 19th August 2011, the SC ordered Sh Afzal to submit a written apology for writing a contemptuous letter to former SC judge Syed Jamshed Ali who was heading the committee formed to recover misappropriated money by selling their assets. The letter, described by the court as obnoxious, had accused the committee's chairman of discriminating against Sh Afzal by favouring the lawyers appearing against him because of their role in the Black Coat Movement for restoration of the judges in 2007-09. It was also alleged that the salvage committee was allegedly selling their properties at throwaway prices.

A 3-judge bench comprising Chief Justice Iftikhar M Chaudhry, Justice Amir Hani Muslim and Justice Ghulam Rabbani asked Punjab's Advocate General Khwaja Haris, and Kh Tariq Raheem, the counsel for Sh Afzal, to sit together and settle the entire accounts by determining the outstanding amount, without prejudice to the current proceedings then going on before the court or the salvage committee. Sh Afzal was in jail those days.

The apex court was informed that Sh Afzal and his family had agreed to clear the entire outstanding amount of BoP, but the amount to be paid was yet to be determined. It was also complained that the bank wanted cash, and no property, to settle the dispute. Till then it had been sorted out that the total plundered money stood at Rs:8.403 billion while the value of properties surrendered by Sh Afzal to the bank amounted to Rs: 5.58 billion only.

The court observed that Sh Afzal had not disclosed ALL the assets and properties owned by him and his family members. A representative of the bank had also resigned after receiving threats from the accused side. Sh Afzal had managed to approach the apex court for bail, in

the meantime, on the plea that he had returned Rs:3.67 billion cash and 600-tola gold to the bank.

Sh Afzal then moved another petition in the apex court, pleading for a fair trial as envisaged in Article 10-A of the Constitution. He contended that the said proceedings in the case were neither *suo moto* nor covered by Article 184(3) of the constitution, thus the appeal was an inherent right.

The accused contended that more than three-fourth of the outstanding principal amount had been settled as per Aftab Sultan's Report, and yet he was languishing in jail, whereas as per practice for plea bargaining, 34 percent of the total outstanding amount was required to be paid in cash and rest of the payment was allowed to be paid in instalments, with the release of the accused.

On 23rd March 2012, the NAB rejected a plea bargain offer of Rs:3.077 billion made by Sh Afzal in the said scam. *'[NAB] decided to re-determine the plea bargain amount as the principal amount borrowed by them [Afzal and his family] from the Bank is Rs:8.404 billion,'* NAB Chairman Admiral (retd) Fasih Bokhari told after holding a meeting in that regard. The meeting also considered that Justice (retd) Malik Qayyum had voluntarily agreed to return Rs:98 million to the aggrieved parties in the Aglam Global Links Private Ltd (Qasr-e-Zauk) Case.

The executive board of the bureau approved the 'voluntary return' by Malik Qayyum who was an illegal beneficiary in this case; he had obtained money in the shape of 63 plots, depriving the remaining claimants of their shares.

NAB's board meeting also approved a 'voluntary return' for Rs:70 million submitted by World Automobiles as per rules for misappropriation of public funds in the supply of cars to the Canadian International Development Agency funded education project in Sindh. NAB, on that day, also authorized an inquiry against CEO Sohail Ahmed and Islam Akhtar Khan, Project Director of Gujranwala Tool Dies & Moulds Centre, (GTDMC) for corruption and misappropriation of public funds.

On 12th April 2012; the Accountability Court at Lahore indicted Hamesh Khan, Sheikh Afzal and Seth Nisar in BoP's Rs:9 billion scam; all of them had refused to accept charges levelled against them by NAB. The NAB of Punjab had filed a reference in that Accountability Court in September 2007 against 12 people including six officials of BoP and six others. The accused persons, in connivance with Hamesh Khan, had opened 23 fictitious accounts by their fake and forged national identity cards to obtain loans of the said amount. The NAB accused Hamesh of misuse of power and sanctioning illegal loans while Seth Nisar was accused of committing wilful default of Rs:930 million he borrowed from BoP.

On 22nd October 2012, the SC expressed its discontentment over the "go-slow" policy adopted by the NAB officials in recovery process. A 3-member bench headed by Chief Justice Iftikhar M Chaudhry was informed that the plea bargain process with the NAB had almost been completed and half of the amount had been paid back to the NAB.

Sh Afzal complained that some of his property in Dubai was 'secretly' sold for Rs:1.5 billion – at half the actual price – and pleaded that the court should order the NAB to investigate the matter. Responding to the complaint, the chief justice remarked that assets could not be sold without the owner's consent; NAB was asked to submit details within three days.

The SC bench headed by Chief Justice Iftikhar M Chaudhry, during the regular hearing on that day [ultimately] said that former BoP President Hamesh Khan, the principal accused and Sheikh Afzal, and one more main character in the scam, could not be kept in jail indefinitely. The bench expressed displeasure over NAB for not sorting out the issue of property with respect to debt recovery in the reconciliation committee.

The apex court also held that '*no one trusts the state institutions now and how NAB can be sent abroad to fix the issues when they are unable to do it here*'.

[There was much roar in media at those orders; many questions were raised. How the huge loan-money of BoP was allowed to fly to Dubai for investment. Definitely BoP had not loaned the money for that. The SC should have ordered to register a criminal case against the party; Sh Afzal & others.]

NAB's performance was also termed dubious; how could NAB be expected to investigate matters abroad when it had failed to carry out investigations within the country.

THE CASE PUT ON GO-SLOW MAT:

Referring to various media reports ***dated 13th April 2013***; Amir Shahzad Chaudhry, assistant vice president of the BoP, who helped unearth corruption of Rs:9 billion, in one of the biggest scams in the banking history of Pakistan, was made to run from pillar to post to get back his job after termination by the bank administration for '*forwarding indecent mails to colleagues*'. In fact he was victimised for exposing mega corruption scandals like the Harris Steel Mills case and BoP Housing scheme corruption, involving billions of rupees.

Mr Chaudhry had to approach the Supreme Court seeking his reinstatement on the previous position. He had been facing the wrath of the Bank management since June 2007, when he first exposed the then BOP President Hamish Khan and was charged with conspiracy against the bank management.

Immediately after the scandal broke out, Amir Shahzad was transferred to Quetta as punishment by Hamesh Khan. He approached the Labour Court Lahore which granted him stay order against his transfer, but the management did not allow him to resume duty till August 2008 when the interim management took over the Bank and allowed him to occupy his desk.

However, when the next President of BoP, Naeemuddin Khan, took over, Amir Shahzad again came under the management's fire. He filed a writ petition in the Lahore High Court (LHC) against unlawful termination of his 20-year service, but for three years there was no decision. Ultimately, he had to knock at the doors of the SC for justice. Naeemuddin told the media that:

"We would like to bring to your attention that Mr Amir was involved in serious misconduct in that he was forwarding indecent material to female staff of the bank. His services were, therefore, terminated from the bank. He filed an appeal to the appellate authority, considering the heinous / immoral nature of his offence, the appeal was turned down. At present his case is subjudice before the Lahore High Court."

The media persons could not resist their high laughs; concocted allegations of '*forwarding indecent material to the fellow employees was considered more serious offence than eating up Rs:9 billions collectively with all hands in glove*'.

At last, **on 22nd May 2013**, the BoP management in compliance with the SC's orders referred 83 cases of loan defaults to the State Bank of Pakistan (SBP) and the NAB. Out of this lot, 41 cases of defaults worth over Rs:38.50 billion were sent to NAB and 42 cases worth of Rs:18.79 billion to SBP under section 31-D of National Accountability Ordinance (NAO) 1999.

Already, the BoP had referred 66 loan default cases to the central bank for referral to NAB. Out of those SBP could forward only 24 loan default cases involving Rs:8.25 billion to NAB till

ending May 2013; the rest of the cases were '*kept under scrutiny*' [thus for bargain] due to undue political pressures. Despite numerous reminders, the NAB deliberately avoided to proceed against the mighty son-in-law of former governor of Punjab Gen Khalid Maqbool and some other influentials.

In most cases the loan defaulters had acquired stay orders from the Lahore High Court [*in Pakistan, there prevails a general impression that one can get stay order from most civil judges for Rs:500, equivalent to £3.25 only, which can run valid for decades*].

The NAB was also reluctant to initiate any legal action against the directors of six companies of a leading textile group who had fraudulently and dishonestly caused loss worth of Rs:7.320 billion to the bank. The new management had also requested the NAB for initiating inquiry against ex-directors of her own BoP who had obtained loans worth Rs:18.4 billion during their tenure.

A 3-member bench of the SC headed by the CJP Iftikhar M Chaudhry, was told that Rs:31 billion on account of non-performing loans had been recovered since 2009 due to SC's timely action.

On 27th May 2013; the SC hinted at day-to-day proceedings in the BOP Case and sought a list of those people who got Rs:38 billion loans rescheduled. A 3-judges bench led by Chief Justice Iftikhar M Chaudhry was informed that the profit of the bank was recorded to Rs:11.30 billion after the recovery of default loans.

Submitting a report pertaining to the details of recoveries and action taken against defaulters in pursuance of the court's orders, the bank's counsel, Anwar Mansoor, told the apex court that during the financial year 2008-09 the bank's loss was recorded to Rs:10 billion. To which, the bench observed that it had nothing to do with the bank's profit; the bench just wanted to know the legality behind all the compromises and rescheduled loans.

QASR E ZAUQ AFFAIRS:

On 23rd December 2010; a 3-member bench of the Supreme Court of Pakistan [SC] ordered the National Accountability Bureau [NAB] to retrieve a property named Qasr e Zauk, worth Rs:1.38 billion, conduct a thorough investigation and arrest all [most influential] culprits involved in the scam, without any fear. The bench, headed by Chief Justice Iftikhar M Chaudhry, and comprising Justice Jawwad S Khwaja and Justice Khalilur Rehman Ramday, also directed DG NAB Punjab Rana Zahid to probe defective investigation, earlier conducted by their Deputy Director Ziaullah Khan.

The court was informed that Justice (Rtd) Malik Qayyum, former IGP Azhar Hassan Nadeem, uncle of former LHC judge Sheikh Rasheed, Senator Gulzar Ahmed Khan, his sons Senator Waqar Ahmed Khan and Senator Ammar Ahmed Khan, former Minister Iqbal Tikka and his relative DSP Mukhtar Tikka were involved in the land scam and got transferred the said property in their names after kidnapping the owners - Sheikh Ayub and his son Mohsin Ayub.

Justice Jawwad also noted that over the last two-and-a-half years, the said property had been running as a marriage hall, earning millions thus far. He asked the NAB authorities whether the money was accounted for by any means when the property was frozen and declared non-transferable; the money should have been deposited with NAB. NAB's previous IO had declared the senator innocent and held others responsible to which the SC objected. The bench was hearing the bail petition of Mohsin Ayub, who had been in NAB custody over the last four years.

The facts were that Qasr e Zauq at Liberty Market Lahore was sold out and transferred to M/S Asian Gas of Senator Ammar by NAB. Appearing before the court, Sh Ayub submitted

that a plea bargain of Rs:600 million took place between him and the investors in presence of Justice (Rtd) Malik Qayyum, the senators and the former IGP, who were also investors at that time in the property. Justice (Rtd) Malik Qayyum invested Rs:30 million which were returned to him, but with malafide intentions they managed to make a NAB reference against him. A retired Brigadier, an ally of these big guns, had taken possession of his house at Nicholson Road, Lahore, too.

The SC bench was told that the said property was valued at Rs:1.2 billion, but Justice Qayyum and others sold it for only Rs:600 million. Counsel for Mohsin Ayub argued that his client entertained investments of the people, but was allegedly trapped by the influential who abducted him and first took him to the residence of Iqbal Tikka in Johar Town Lahore and then to Faisalabad. They took into possession the power of attorney in respect of the investors and got signed some papers in their favour during this course, he alleged.

Qasr e Zauq was purchased by the petitioner from one Ashfaq Sheikh; he then invited investors, including the above mentioned influential big guns, who later managed to rob him of the property, setting the claimants after him to ultimately take the matter to NAB for unfair probe. That the NAB court had ordered freezing of the property and a stay about its transfer was also passed by the LHC but NAB, despite all that, sold and transferred the same to Asian Gas of Senator Ammar Ahmed.

On 30th December 2010, NAB Punjab recorded the statements of 13 persons, including Senators Waqar Ahmad and his brother Ammar Ahmad, in connection with the above said property in pursuance of the SC orders. The notables were former Minister Tikka Muhammad Iqbal, DSP Mukhtar Tikka, Sh Ayub, Hammad Tikka, Haseeb Azhar, former IGP Azhar Hassan Nadeem and Senators Waqar Ahmad and Ammar Ahmad amongst others. Justice (Rtd) Qayyum and Senator Gulzar Ahmed Khan could not afford to join the probe then.

On 15th March 2011; the NAB arrested Adil Saleem Tikka, son-in-law of former Minister Iqbal Tikka, just after he withdrew his pre-arrest bail application from the LHC; he was accused of embezzling millions of rupees in the Qasr e Zauq property scam which they had got transferred in their names after kidnapping the owners Sh Ayub and his son Mohsin Ayub. The investigation continued with NAB remands and judicial custody of the accused persons. Negotiations between the two parties to reach an amicable solution, however, continued. Ex-Senator Ammar Khan and former IGP Azhar Nadeem continued attending the NAB office for investigations.

On 18th May 2012, Justice (rtd) Malik Qayyum deposited Rs:98 million as a Voluntary Return in the said case; he was alleged to be an illegal beneficiary in this case who obtained money in the shape of 63 plots, depriving the remaining claimants of their share. The SC had already directed NAB to retrieve money from the illegal beneficiaries of the Rs:1.38 billion Qasr e Zauq property for refunding the genuine affectees of M/s Aglam Global Links (Pvt) Ltd; a forex exchange company which had arranged finance from the people through fraud. Qasr e Zauq property was owned by M/s Aglam Global Links (Pvt) Ltd, and it was purchased by Gulzar family—Senator Waqar Ali Khan and ex-Senator Ammar Khan—at around Rs:480 million. Allegedly the market value of that property was around Rs:1.38 billion; the company had not paid back its 400 affectees.

On 7th April 2013; the NAB finally arrested former minister and PPP's candidate for NA-166 and PP-230 Tikka Muhammad Iqbal in connection with the Qasr e Zauq scandal. It was portrayed an election move from PML(N) then because the elections were ahead for 11th May 2013. Though Tikka Iqbal and his accomplices had expressed a desire to return the remaining amount, both before NAB and the Supreme Court but they could not manage to do so. NAB subsequently summoned all the actors named by Ayub and recovered Rs:618 million from Ayub, his son and Adil Saleem on account of plea bargains; Justice (Rtd) Malik Qayyum's deposit of Rs:98 million was already lying with NAB as a 'voluntary return'.

No doubt it was a private deal; a small fry in Pakistan's chequered history. However, the event has been noted here with certain questions. From where the Justice (Rtd) Malik Qayyum had sourced his share in so expensive property and from where he had taken out Rs:98 million to make that 'voluntary return'. Were the contributions made by the other shareholders, senior police officers, politicians, former ministers etc were 'tax paid' money – properly accounted for in documents. Was Capital Gain Tax paid on the transactions made over that property? Were they all not **'living beyond means'** while on government assignments including that defamed Judge of the LHC?

In Pakistan, the estate and property business [since decades] is so lucrative that big moneys associated with all sorts of corruption, kickbacks and commissions are easily and invariably covered with knowledge-full oversight of TAXMEN.