

INBS inquiry hears of conflicting accounts about credit reviews

Investigation looking at whether key credit committee assessed largest borrowers

Executives at building society questioned whether committee living up to obligations

JOE BRENNAN

An inquiry into Irish Nationwide Building Society (INBS) has heard that executives circulated conflicting accounts internally in 2005 about its key credit committee living up to obligations to assess the performance of its largest borrower clients before the property crash.

Reading from an email, former INBS finance director John Stanley Purcell sent in January 2005 to then group compli-

ance officer, Ita Rogers, Brian O'Moore of the team of legal practitioners assisting the inquiry noted that Ms Rogers was informed at the time that the credit committee had started receiving reviews on top borrowers on a monthly basis.

However, it later transpired that the first credit review report, amounting to an initial 89 cases, was submitted in October that year, to adhere to recommendations from INBS's then external auditors at

KPMG. The inquiry also heard that Melody van der Berg, personal assistant to INBS's then managing director, Michael Fingleton, had been unsuccessful in her efforts in December 2005 to secure minutes from credit committee member Tom McMenamin proving that the credit reviews were discussed.

Credit committee

At the time, the society was under pressure to respond to a request from regulators on whether Frank Casey, a commercial lending administrator responsible for compiling the credit reviews, was following up on recommendations from the credit committee on foot of discussing his reports.

Mr O'Moore said that no minutes have been produced to show the reviews were even brought up at credit committee

meetings or recommendations issued to Mr Casey.

The INBS inquiry, set up in 2015 and where public hearings began last December, is looking into whether Mr Fingleton, former group head of com-

€5.4bn

Amount it cost taxpayers during the financial crisis to bail out Irish Nationwide Building Society

mercial lending Mr McMenamin, Mr Purcell or Gary McCollum, who once headed INBS's British lending from a Belfast base, participated in the commissioning of certain regulatory breaches between August 2004 and September 2008.

The first phase of the inquiry is concerned with the functioning of the credit committee of the now-defunct INBS, which collapsed during the financial crisis and required a €5.4 billion taxpayer bailout.

Confirming documentation

Mr O'Moore highlighted how Mr McMenamin wrote on December 21st, 2005, to Ms van der Berg saying that Ms Rogers had been told the credit committee had started discussing credit review reports in October.

When Mr O'Moore asked Ms Rogers why she hadn't sought confirming documentation from committee minutes, the former compliance officer said that function didn't fall within her remit.

The inquiry continues and is expected to last until the end of 2019.

Business comment

Cantillon

Another Buckley calls

Terry Buckley has announced he will step down as director of Independent News & Media (INM). That leaves just one director - Triona Mullane - from the panel of four who ran INM in 2014 while the company waited for Robert Pitt to take up his role as chief executive.

Buckley, who will be up for re-election at next month's agm but will depart as soon as a replacement is found, will follow his former chairman Leslie Buckley (no relation) and Allan Marshall from that group of four-towards the exit.

Leslie Buckley was, of course, a nominee of Denis O'Brien throughout his time on INM's board. At the time that they served on the panel of four who ran INM, Marshall and Mullane were considered independent non-executives. It later emerged, however, that both were wrongly classified as independent - Marshall because he was paid fees for consultancy work at INM, and Mullane because a company linked to O'Brien invested €250,000 in her tech start-up



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Young lions Creative teams off to Cannes advertising festival

Six winning creative teams will represent Ireland in the Cannes Young Lions competition at the prestigious Cannes Lions advertising festival in June, the Institute of Advertising

Practitioners in Ireland has announced. The representatives are: Eric Gasparro and Kieran O'Driscoll from the agency Guns or Knives (in the film category); and (pictured) Alice

Sheehan from Zenith and Jamie Fulham from Core (media); In the Company of Huskies' Emily Blaney and Niamh Ryan (print); Teneo PSG's Tabitha Bourke Cooney and Sean

O'Brien (public relations); Carat's Deirdre McGing and Ryan Reid (digital); and AIB's Chloe Barton and Ciara Brennan (young marketers).

PHOTOGRAPH: MARC O'SULLIVAN

Court challenge over Clerys

AODHAN O FAOLAIN

A High Court challenge has been brought over a lower court's decision to strike out charges linked to redundancies at Clerys department store in Dublin.

Dublin District Court judge John Brennan last month struck out charges against businesswoman Deirdre Foley; Mark Redmond, of Belfry Dale, Saggart, Co Dublin; and the previous owners of Clerys, OCS Operations Ltd, on grounds the prosecution had failed to comply with an order for disclosure.

Watchdog warns about possible threat to freedom of press

Drennan wants INM inspectors appointed to investigate possible data breach

SIMON CARSWELL
Public Affairs Editor

The State's corporate watchdog warned there were "very serious public interest issues" concerning the freedom of the press arising from a suspected major data breach at Independent News & Media, court records show.

Director of Corporate Enforcement Ian Drennan raised concerns in legal papers filed with the High Court that INM

"highly sensitive" data such as journalists' confidential communications with sources may have been on back-up IT tapes that were taken from INM's premises, removed and interrogated by external companies outside the jurisdiction.

The corporate watchdog wants inspectors appointed to find out why it appears data was removed from INM's premises and subjected to a months-long "interrogation" on the instruction of the then INM chairman

given the particular nature of their work".

"A free press is a cornerstone of a functioning democracy and journalists' communications have a particular status in that regard. As such, allegations of accessing of journalists' communications by unauthorised third parties raise very serious public interest issues," Mr Drennan said in his affidavit.

The ODCE provided evidence to the court suggesting

A free press is a cornerstone of a functioning democracy

executives of a company called TDS - Ron Cole and Robert Breen. The sworn statement to the court states that attached to the one or more of the emails with the subject line "persons of interest" was an Excel spreadsheet, which is described as "6 February Request: Targeting 19 users/names - initial analysis 19 Users Requested, 3 previously targeted, 16 new users targeted."

"Requested users" Data within the spreadsheet includes the term "requested users" containing a list of 19 names that includes journalists Maeve Sheehan and Brendan O'Connor of the Sunday Inde-

Lane sees no return to boom

Central Bank governor Philip Lane's confident assertion that the Irish economy has been reoriented in such a way as to avoid the boom-bust of the past is reminiscent of Gordon Brown's now infamous mantra.

Brown spent much of the Noughties as UK chancellor assuring the British public that his prudent management of the economy would ensure there would be no return to "boom and bust" economics. That was until the mother of busts blew up in his face and swept him and his party out of office.

Taking part in a panel discussion entitled Booms and Busts: Are We Better Able to Deal with Them Today? at the IMF spring meetings in Washington on Saturday, Lane said the Irish economy was better placed to withstand a recession this time around because of the higher levels of equity being used to finance investment.

"It's very important to recognise that there are different categories of boom and bust cycles. What happened in Ireland and

Quote of the day

Netwatch revolutionised the Irish security market... and has an ambition to lead the sector globally

- Martin Scott, a partner at private equity group Riverside, praises Carlow-based Netwatch

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