

**BY COURIER**

22<sup>nd</sup> February 2010

The Council  
The Institute of Chartered Accountant of Sri Lanka  
30A, Malalasekera Mawatha  
Colombo 7.

Council Members,

**Ceremonial Induction of a President**

I am in receipt of an Invitation from the Council to attend a Ceremonial Induction of a President of the Institute on Monday, 8<sup>th</sup> March 2010 at the Grand Ballroom, Hotel Galadari.

I am also in receipt of copy of attached Letter dated 18<sup>th</sup> February 2010 addressed to the Secretary of the Institute, by the Lawyers of Mr. Vasudeva Nanayakkara, an Attorney-at-Law himself, the contents of which are self-explanatory. Copy of the Supreme Court Judgment referred to therein and the pertinent facts are available on website – [www.consultants21.com](http://www.consultants21.com).

I am compelled to reject the aforesaid Invitation, drawing attention to the following:

- (i) The Council had constituted a Committee to conduct a Disciplinary Inquiry in terms of the law into charges of professional misconduct, as per charges framed by the Council - *vis-à-vis* the subject matter referred to in the aforesaid Letter.
- (ii) Charges of professional misconduct had been framed by the Council against certain persons, including Mr. D.T.S.H. Mudalige of PricewaterhouseCoopers.
- (iii) The Council in August 2009 had decided that my evidence and the production of documents through me at the said Disciplinary Inquiry had become necessary.
- (iv) In September 2009, the Secretary of the Institute, as had been directed by the Council, gave notices to me, in terms of the law and the rules, to attend the said Disciplinary Inquiry/ies, for purpose of eliciting evidence and producing documents.
- (v) To the said Notices were attached Statement of Charges, which had been caused to be prepared by the Council, under Section 17, read with Rule 2 of the First Schedule of the Institute of Chartered Accountants Act No. 23 of 1959, as amended.
- (vi) One such Disciplinary Inquiry and a Statement of Charges framed by the Council has been against Mr. D.T.S.H. Mudalige of PricewaterhouseCoopers, who is now to be inducted as the President, *whilst the aforesaid Inquiry is pending*, in that, the Director-Projects – Assisting the Secretary of the Institute, contacted me even last week to seek copies of relevant documents.
- (vii) With the permission of the Committee conducting the Disciplinary Inquiry/ies, the Lawyer representing the Institute had sought clarifications and explanations from me on the relevant facts.
- (viii) Previously, I had been invited by a Panel of the Ethics Committee of the Institute, through the Secretary of the Institute, to assist their investigation into this matter; and to whom I had made requisite submissions.

Whilst endorsing the contents of the Letter dated 18<sup>th</sup> February 2010 forwarded by the Attorneys-at-Law of Mr. Vasudeva Nanayakkara, I particularly concur with the contents of the final paragraph thereof, inasmuch as I appeared in person and supported his Action in the Supreme Court.

In the given facts and circumstances, ought not an Acting President have been appointed, until as such time as the aforesaid Disciplinary Inquiry/ies on charges of professional misconduct is/are completed, particularly against Mr. D.T.S.H. Mudalige / Others of PricewaterhouseCoopers.

Furthermore, having Dr. P.B. Jayasundera, a party with active complicity in the aforesaid matter, as the Chief Guest at the said Ceremonial Induction, is appallingly shocking. His conduct and actions, detrimental to public interest, *inter-alia*, as disclosed by the Auditor General, COPE, PAC and the Supreme Court are set out in my Statement of Objections dated 27<sup>th</sup> July 2009 in another scandalous privatization annulled, as unlawful, illegal and fraudulent by the Supreme Court in SC (FR) No. 209/2007 - *vide* website - [www.consultants21.com](http://www.consultants21.com).

The Supreme Court Judgment of 13<sup>th</sup> October 2009 of Shiranee Tilakawardena J was issued ominously pointedly excluding, *through an intentional act*, 2 pages thereof dealing with the duty and obligation of the President to act in conformity with the Constitution, particularly drawing attention to Article 28 of the Constitution, *inter-alia*, the duty and obligation to preserve and protect public property, holding that the President being bound by the Constitution, does not enjoy unfettered powers - *vide* website - [www.consultants21.com](http://www.consultants21.com).

In the given facts and circumstances, would it also not be abundantly evident, that the Institute is under the control of persons, who are acting to the detriment of the interest of the Institute and its professional Members; putting in jeopardy the hallowed sanctity of the Institute, and bringing discredit negatively and adversely affecting the reputation of the Institute and the profession? Also, would not the Code of Ethics of the Institute be rendered *a mere fiction*; and the aforesaid Disciplinary Inquiry seriously *undermined and/or compromised*?

I, as a Fellow Member of the Institute and a former Council Member, have addressed this Letter in the right and interest of the Institute, and its professional Members.

This is not the first occasion, in that, I have been compelled to put in issue a similar deplorable act. I attach copy of my Letter dated 9<sup>th</sup> October 1993 forwarded to the Council.

Yours truly,



Nihal Sri Ameresekere

Mr. D.T.S.H. Mudalige  
Mr. S. Rajapakse  
Mr. W.N.I.C. Fernando  
Mr. G.V.P. Ganaka Amarasinghe  
Mr. T. Dharmarajah  
Mr. C. Gunasekera  
Mr. A. Herath  
Mr. J.M.U.B. Jayasekera  
Mr. C. S. Manoharan  
Mr. W.W.J.C. Perera  
Mr. S. Shanmuganathan  
Mr. S. Swarnajothy  
Prof. M.W. Wickremarachchi  
Mr. L.L.S. Wickramasinghe  
- *Council Members*

20 FEB 2010

*R. Abdeen  
Ms. B.M. Hashim*

*Ms. M. Pasquel  
Ms. M.K.Kariyawasam  
Ms. N.D. Samaranayake*

**BY REGISTERED POST**

18<sup>th</sup> February 2010

Mr. Aruna Alwis  
Secretary,  
The Institute of Chartered Accountant of Sri Lanka  
30A, Malalasekera Mawatha  
Colombo 7.

Dear Sir,

**Supreme Court Judgment in SC (FR) Application No. 158/2007**  
***Sri Lanka Insurance Corporation Ltd. Case***

We write as instructed on behalf of our Client, Mr. Vasudeva Nanayakkara, Petitioner in the above Case.

We attach copies of the following:

1. Our Letter dated 15.6.2009 addressed to the President of your Institute.
2. Reply thereto dated 12.8.2009 (*after 2 months*) by Ms. Yamuna S.S. Kuruppu, Attorney-at-Law, on behalf of your President.
3. Our reply thereto dated 16.9.2009 specifically requesting for the Names and Addresses of Members of the Council of your Institute, and Members of the Ethics Committee of your Institute.
4. Brief reply thereto dated 9.10.2009 from Ms. Ms. Yamuna S.S. Kuruppu, Attorney-at-Law, intimating that a communication would be forwarded by your Institute, but without affording us the aforesaid Names and Addresses requested, for our Client to consider initiating legal proceedings.
5. Letter dated 17.12.2009 (*after 2 months*) forwarded by you intimating that your Institute had initiated a Disciplinary Inquiry, *but without affording us the aforesaid Names and Addresses requested.*

You are well and truly aware that the above Case was instituted as far back as May 2007, in that, the President of your Institute was the 31<sup>st</sup> Respondent.

The Petition in the said Case referred to a Complaint made by a Member of the public, as far back as August 2005, and that the Ethics Committee of your Institute was conducting an investigation into the allegation of professional misconduct by M/s PricewaterhouseCoopers (PWC) and Ernst & Young, which your then President by Affidavit confirmed to the Supreme Court.

The COPE Report to Parliament in January 2007 also cited in the said Petition had, *inter-alia*, specifically stated as follows:

"Steering Committee has appointed PricewaterhouseCoopers (PWC), Indonesia in collaboration with the PWC, Sri Lanka, without a Cabinet Approval on 10.4.2002 as Consultant to the Government for a fee of US \$ 1.6 Mn. (at present rate of Sri Lanka Rs. 172.8 million).

The Cabinet approval granted on 18.4.2002 to appoint a Technical Evaluation Committee (TEC) – By that time PWC had already been selected.



The said sale has been taken place on unaudited accounts and thereby it was not possible to enter into any kind of Share transaction. It also appeared the accounts have been surreptitiously and intentionally adjusted.

Ernst & Young auditors and PWC consultants were directly involved in the said fraudulent conduct. Deva Rodrigo Senior Partner PWC has been a member of the steering committee selecting PWC as consultants to the Government, and continuing thereafter as a steering committee member supervising the work of PWC and approving payments to PWC.

Director PERC and Secretary Steering Committee, who handled this transaction for PERC, Aneela de Soysa joined PWC as a Partner in March 2003.

Ernst & Young, who had been auditors of SLIC, whilst the Government was 100% share holder, continued as SLIC auditors after the sale to the illegal buyers and had been compromised by them not to discharge their responsibilities to the Government.

Chairman PERC, who handled this SLIC transaction and later Secretary to the Treasury Dr. P.B. Jayasundera has been a Senior Policy Advisor to Ernst & Young, and had failed and neglected to act in the interest of the Government in this matter.

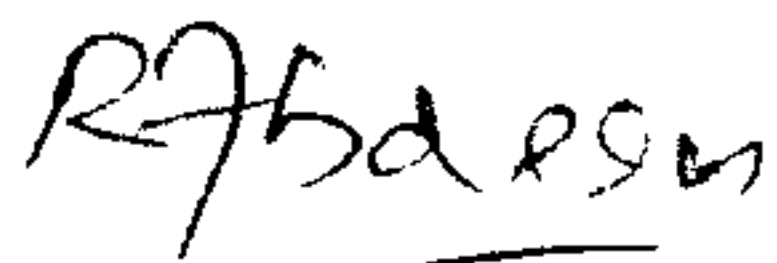
In the facts and circumstances of the said transaction is null and void *ab-initio* and frustrated. Prima facie the conduct of the responsible Officers is in violation of the provisions of Public Property Act and the Bribery and Corruption Laws. We await the recommendations of the Sub-Committee. "

The Supreme Court by its Judgment in June 2009 annulled the aforesaid transaction as unlawful, illegal and fraudulent, castigating, among others, Dr. P.B. Jayasundera, who had been one of the principal persons, who had carried out this transaction; warranting your Institute to cause the refund of Fees appropriated from public funds, in the perpetration of a fraud on the government, which is the public.

Consequently, Complaints have been made to the Criminal Investigation Department and the Commission to Investigate Allegations of Bribery or Corruption, who, our Client understands, has completed the investigation recording statements of the concerned persons.

When, notwithstanding the foregoing, your Institute is proposing to induct as its President, one Mr. Sujeewa Mudalige, who was a Member of the PWC Team, who, together with others, acting in concert with Dr. P.B. Jayasundera, had handled the aforesaid unlawful, illegal and fraudulent transaction (*with Mr. Sujeewa Mudalige accounting for 15 Weeks of a total of 36 Weeks of the PWC Sri Lanka Team*), and with the double jeopardy of the added attendance of Dr. P.B. Jayasundera, as Chief Guest of the induction Ceremony of your Institute, the credibility, integrity, bona-fides and standing of your Institute is put in serious question in the public domain.

Yours faithfully,



Attorneys-at-Law

cc: Secretary, Ministry of Trade, Commerce & Consumer Affairs  
Auditor General  
✓ Mr. Nihal Sri Amersekere, 13<sup>th</sup> Respondent, who supported the Application, making extensive Oral and Written Submissions



The Institute of  
**Chartered Accountants**  
of Sri Lanka

17<sup>th</sup> December 2009

Abdeen Associates  
Attorney-at-law & Notaries Public  
No. 218  
Hulftsdrop Street  
Colombo 12

Dear Sir,

**Supreme Court Judgment in SC (FR) Application No. 158/2007  
Sri Lanka Insurance Corporation Ltd. case**

We write with reference to your letter dated 16<sup>th</sup> September 2009 addressed to Ms. Yamuna Kuruppu our Instructing Attorney and her subsequent acknowledgement dated 07<sup>th</sup> October 2009. We wish to inform you that the Institute of Chartered Accountants of Sri Lanka has initiated the Disciplinary Inquiry on the above case as per the provision in the law.

Yours faithfully,

Secretary  
The Institute of Chartered Accountants of Sri Lanka

-ck/-

**Yamuna. S. S. Kuruppu**  
Attorney-at-law & Notary Public

No.7, Ascot Avenue,  
Colombo 5.

Tele: 2580529

REGISTERED POST

9<sup>th</sup> October 2009.

Abdeen Associates  
Attorneys-at-law & Notaries Public  
218, Hulftsdorph Street,  
Colombo 12.

Dear Sir,

**Supreme Court Judgment - SC (FR) Appl. No. 158/2007**  
**Sri Lanka Insurance Corporation Ltd. Case.**

Your letter dated 16<sup>th</sup> September 2009 has been forwarded to the Chief Executive Officer/Secretary of the Institute of Chartered Accountants of Sri Lanka.

A further communication from the Institute of Chartered Accountants of Sri Lanka will follow.

Yours faithfully,

Yamuna S. S. Kuruppu



**REGISTERED POST**

16<sup>th</sup> September 2009

Ms. Yamuna S.S. Kuruppu  
Attorney-at-Law  
No. 7, Ascot Avenue  
Colombo 5.

Dear Ms. Kuruppu,

**Supreme Court Judgment in SC (FR) Application No. 158/2007**  
***Sri Lanka Insurance Corporation Ltd. Case***

We write with reference to your Letter dated 12.8.2009 in response to our Letter dated 15.6.2009.

Our Client is indeed surprised at the brief and evasive contents of your Letter, in that, the Institute of Chartered Accountants of Sri Lanka were Respondents in the aforesaid Case, and was therefore well and truly aware of the facts disclosed before the Supreme Court, particularly pertaining to the conduct and actions of Sri Lanka Insurance Corporation Ltd.'s Auditors, Ernst & Young and Government's Consultants, PricewaterhouseCoopers

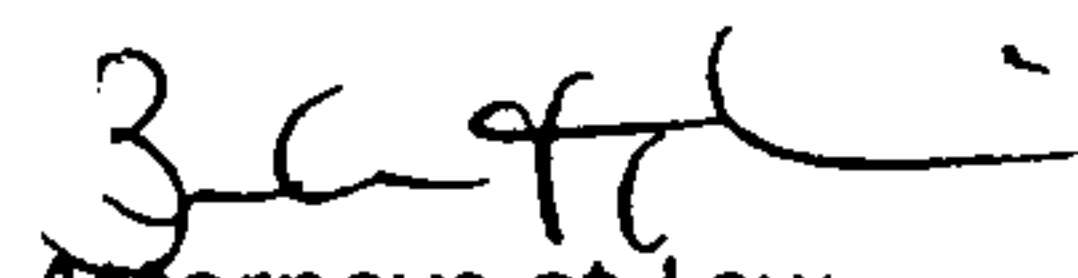
The Supreme Court specifically stated in its Judgment that it confined itself to executive and administrative actions that fall within the purview of Fundamental Rights Jurisdiction, and that the Court had not given findings on the other matters outside such ambit, and that the Petitioner was free to pursue such matters according to law. Hence our Letter dated 15.6.2009.

However, the Supreme Court in its Judgment dated 4.6.2009 directed that Ernst & Young, Chartered Accountants be removed forthwith, as Auditors of Sri Lanka Insurance Corporation Ltd., and subsequently in a consequential Order directed that the Accounts of Sri Lanka Insurance Corporation Ltd., be re-audited by the Auditor General from the date of privatization on 11.4.2003 upto date of handover back to the State on 4.6.2009.

It is indeed appalling that the Institute of Chartered Accountants of Sri Lanka has upto now questionably been tardy in taking action on Complaint made in 2005 and the facts disclosed in the above Case in 2007.

In the circumstances, our Client wishes to have, as a matter of priority, the names and addresses of the Members of the Council of the Institute of Chartered Accountants of Sri Lanka from 2005 upto 2009, and the names of the Members of the Ethics Committee during such period, indicating the respective periods during which each of them held such office, together with the addresses of the said persons, for contemplated Action in Court in the public interest.

Yours faithfully,

  
Attorneys-at-Law

cc: Secretary, Ministry of Trade, Commerce & Consumer Affairs  
Hon. Attorney General  
Mr. Nihal Sri Ameresekere, 13<sup>th</sup> Respondent, who supported the Application, making  
*extensive Oral and Written Submissions*

**Yamuna. S. S. Kuruppu**  
Attorney-at-law & Notary Public

No.7, Ascot Avenue,  
Colombo 5.

Tele: 2580529

**REGISTERED POST**

12<sup>th</sup> August 2009.

Abdeen Associates  
Attorneys-at-law & Notaries Public  
218, Hulftsdorph Street,  
Colombo 12.

Dear Sir,

**Supreme Court Judgment - SC (FR) Appl. No. 158/2007**  
**Sri Lanka Insurance Corporation Ltd. Case.**

Your letter dated 15<sup>th</sup> June 2009 addressed to the President of the Institute of Chartered Accountants of Sri Lanka has been referred to me with instructions for reply.

I am instructed to inform you that prior to the Supreme Court Judgment, the Council has received complaints alleging professional misconduct of the two member firms referred to in your letter. The Council of the Institute of Chartered Accountants of Sri Lanka is examining the Supreme Court decision in so far as it pertains to the two member firms concerned, in order to decide whether any other acts of professional misconduct have been committed by them and if so what action should be taken.

Yours faithfully,

Yamuna S. S. Kuruppu



# ABDEEN ASSOCIATES

(Attorneys - At - Law & Notaries Public)

Lazmara Abdeen

Miss Bushra M. Hashim, LL.B.

Mrs Manjula Pasqual, B.A.

Miss Asirinie Wanniarachchi, B.Sc. (Spl)

Miss Urapola Gamage Gayani, B.A.

ATTORNEYS-AT-LAW & NOTARIES PUBLIC

218, Hulftsdorp Street,

Colombo 12, Sri Lanka.

Phone : 2334677 , 2424799 , 2459954

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email: abdeen@sltnet.lk

Your Ref: **BY COURIER**

Our Ref:

15<sup>th</sup> June 2009

President,  
The Institute of Chartered Accountant of Sri Lanka  
30A, Malalasekera Mawatha  
Colombo 7.

Dear Sir,

**Supreme Court Judgment in SC (FR) Application No. 158/2007**  
***Sri Lanka Insurance Corporation Ltd. Case***

We write as instructed on behalf of our Client, Mr. Vasudeva Nanayakkara, Petitioner in the above Case

We enclose a copy of the Judgment delivered by the Supreme Court on 4.6.2009 in the said Case

You were the 31<sup>st</sup> Respondent, and the Chairman of a Panel of the Ethics Committee of your Institute the 12<sup>th</sup> Respondent, in the said Case.

Your kind attention is drawn to the findings in the Judgment, disclosing several wrongful, unlawful, illegal and fraudulent acts. Accordingly, the Supreme Court annulled the transaction put in issue.

The Judgment also draws attention to the fact that several allegations have been made against several persons in connection with the above wrongful, unlawful, illegal and fraudulent acts, but that the Supreme Court had stated that it had confined itself to executive and administrative actions, coming within the purview of fundamental rights jurisdiction of the Supreme Court. Your kind attention is drawn to the conduct and actions of two Member Firms of your Institute in the perpetration of the said wrongful, unlawful, illegal and fraudulent acts, namely, Ernst & Young, and PricewaterhouseCoopers, who were also as you are aware, Respondents in the said Case.

In the given circumstances, if upon Notice of the Petition and Documents, which had been served on you and the 32<sup>nd</sup> Respondent, as far back as May 2007, you have not already taken action to investigate this matter and to prosecute those involved in terms of the provisions of the Institute of Chartered Accountants Act No. 23 of 1959 and Regulations, and *other relevant Statutes, which are enforced by bodies, in which you are an ex-officio Member*, on the conduct and actions of the said Members of your Institute, our Client requires you, as warranted, to forthwith carry out investigations in terms of the said Statutes, and to take action and/or cause action to be taken against those, who have committed offences thereunder, irrespective of their socio-political and/or socio-economic standing and/or status, since as you are aware, no one is above the 'rule of law'.

The other Members of the Council and the Members of the Ethics Committee of the Institute are also put on notice hereby.

Yours faithfully,



Attorneys-at-Law

cc: Secretary, Ministry of Trade, Commerce & Consumer Affairs  
Hon. Attorney General  
Mr. Nihal Sri Amersekere, 13<sup>th</sup> Respondent, who supported the Application, making  
*extensive Oral and Written Submissions*



DE SILVA & PERERA  
SOLICITORS ATTORNEYS—AT—LAW & NOTARIES PUBLIC

TELEPHONE: 27767

YOUR REF:

OUR REF:

34/64, 65 & 1/49, New Lawyers Complex,  
San Sebastian Hill, Colombo 12.

J.W.D. PERERA  
Solicitor, England & Wales, Attorney at Law  
& Notary Public.

Residence:  
16, Sinsapa Road, Colombo 5. Telephone: 583508

VERNON GOONERATNE  
LLB Ceylon Attorney at Law

Residence:  
10, Terrace Avenue, Mount Lavinia

9th October '93

REGISTERED POST

The President & Members of the Council,  
The Institute of Chartered Accountants of Sri Lanka,  
30A, Malalasekera Mawatha,  
Colombo 7.

CONFIDENTIAL

Gentlemen,

CEREMONIAL AWARDS PRESENTATION

"FOR EXCELLENCE IN ANNUAL REPORT & ACCOUNTS - 1992"

Our Client Mr. Nihal Sri Ameresekere, a Fellow Member, an award winner and a former Member of the Council of your Institute, is in receipt of your invitation to the Ceremonial Awards Presentation - "For Excellence in Annual Report & Accounts - 1992" and we have instructions to respond as follows

Your attention is drawn to Letters forwarded to you by our Client and ourselves, specifically on the subject of *Hotel Developers (Lanka) Ltd., a Public Listed Company*, in the matter of complaints made to the Securities & Exchange Commission of Sri Lanka, as per the provisions made therefor, in the Securities & Exchange Commission Act No. 36 of 1987 as amended.

The aforesaid correspondence was addressed to you, since the President of your Institute is an ex-officio Member, representing the Institute, on the aforesaid Commission, as per the provisions of the aforesaid Act and more so particularly as our Client is a Member of your Institute and the said matter, inter-alia, specifically pertained to the violation of the Accounting Standards of your Institute, further mandated under the aforesaid Act upon the Auditors of Public listed Companies; your Institute being the authority thereon.

In addition to the aforesaid correspondence, as a Member of the aforesaid Commission, your President has been in receipt of the totality of the submissions made, in relation to the litigation instituted by our Client, in the public interest, as a *Derivative Action* by a Shareholder of the aforesaid Company, in the right and on behalf of the said Company, on the premise of *fraud under circumstances of "wrong-doer control"*, which has been upheld by the Supreme Court, presided by His Lordship the Chief Justice, and also in relation to a further connected litigation instituted by our Client, *to prevent the adoption of Annual Accounts of the said Company*, notwithstanding such circumstances of fraud, *which Annual Accounts have been enjoined by Court*.

Mr. K.N. Choksy P.C., M.P., at the relevant time, was a *Director of the said Company* and is a *Defendant* in the aforesaid *Derivative Action*. He has also been cited as a *wrong-doer Director*, who had persistently obstructed our Client, a Professional Accountant, in the discharge of his duties and responsibilities, as a Director of a Public listed Company; whereas our Client acted in the interest of the Company and its Shareholders, who in the majority is the Government, to investigate and prevent a fraud on the said Company, and *which action is also in the interest of the public of this Country*, in the context of State Guarantees in issue, amounting at present to about US \$ 220.0 Mn. i.e. Rs 10,800.0 Mn.

Our Client was supported by the Government Nominee Directors, Mr.M.T.L. Fernando, Precedent Partner, Ernst & Young and a Fellow Member and a former Council Member of your Institute and by Dr.A.G. Randeni, the then Director Economic Affairs, Ministry of Finance and also by Mr.K. Shanmugalingam, Deputy Secretary Treasury. *Mr.K.N. Choksy however, obstructed and prevented a proper examination, which would be warranted by the basic professional rubrics and practices of your Institute.*



The Learned District Judge, in issuing the Interim Injunctions, in his *Order*, inter-alia, observed;

- *the other Defendants, the Directors, as persons having connections and showing interest concerning the Company, acting to obtain monies, had not readily acted to conduct a correct examination*
- *the said persons having prevented such correct examination were attempting to, howsoever, effect the payment of monies*
- *whether, these persons are exercising the influence, that they have gained in society, to prevent the raising of questions concerning the matters of work in connection with the Contracts and the Prospectus etc*
- *the collaboration of the said persons, was adverse to the interest of the Shareholders of the Company, and that they were acting through such collaboration, in a manner amounting to defeat the interests of the Shareholders of the Company*

*Significantly in his Order made in Sinhala, the Learned District Judge has pointedly interpolated the English term - "Influence".*

Mr.K.N. Choksy having not objected to the granting of the Enjoining Orders and the Interim Injunctions in the District Court, notwithstanding our Client's exhortation to him to do so if he could, and having not filed Answer in the District Court, nor an Appeal in the Court of Appeal, however intervened through Counsel in the Appeal Hearings of the Japanese Collaborators, to oppose our Client's Action, submitting through Counsel, that our Client had no right to bring this Derivative Action, and accordingly sought to have the said Action dismissed, disregarding that such Action had been instituted, also in the interest of the public of this Country. *The Supreme Court however, correctly refused to even hear the Counsel for Mr.K.N. Choksy, in that he had no status.*

The Supreme Court, presided by His Lordship the Chief Justice, in its *Judgment* upholding the Orders of the Learned District Judge, inter-alia, observed;

- *the Plaintiff has succeeded in establishing that he has a legally enforceable right and that there is a serious question and prima-facie case of fraud and wrong-doer control, and that the Company is entitled to the reliefs claimed - [One of the reliefs claimed being an Order that the Japanese Collaborators are not entitled to any payments whatsoever]*
- *the Plaintiff has a reasonable and real prospect of success, even in the light of the defences raised in the pleadings, objections and submissions of the Defendants*
- *the Plaintiff's prospect of success was real and not fanciful and that he had more than a merely arguable case*
- *Interim Injunctions were granted to prevent the "syphoning out of money" from the Company and the Country*

The said Annual Accounts enjoined by Court in the aforesaid other litigation, is not only in gross violation of the Accounting Standards of your Institute, but also, is in violation of the very basic professional rubrics and practices enunciated by your Institute and more so, is in violation of those requirements mandated by law. *Mr. K.N. Choksy was one of the Directors, who endeavoured to adopt the said Annual Accounts, notwithstanding our Clients objections thereto.*

In the aforesaid known circumstances, it is not only questionable, but mala-fide and not in the best interest of the Institute and the profession, that Mr. K.N. Choksy should have been invited to be the Chief Guest, ironically at the aforesaid presentation of Awards - "*For Excellence in Annual Report & Accounts*". It is a poor reflection on the dignity and sanctity of the obligation cast on Accounting Professionals to uphold such Accounting Standards. *Far from excellence does it not make it a mockery of the very obligation to attain excellence?* The aforesaid matters were morefully dealt with in the said several submissions forwarded to the Members of the Securities & Exchange Commission and was accordingly, known to your President.



*Would not a Member of your Council be exposed to influencing and/or compromising circumstances, where interested and/or affected persons have been or are co-Partners and/or co-Directors in family and/or other Companies ?*

Our Client, being himself a Fellow Member of your Institute and in addition, a Fellow Member of the Institute of Management Accountants, U.K. and having also been one time a Member of the Council of your Institute, his opinion on the said several matters should have mattered and been of concern to your Institute; and whereas accordingly, you should have acted cautiously, prudently and with a greater sense of sensitivity.

It is a tragedy for any professional body, to compromise professional integrity independence and values, for short-sighted and ill-conceived political expediency and in this instance case, in the known circumstances, *it would appear to be an endeavour towards white-washing and sanctifying wrong-doing.* Surely, could not the Institute have found *a more fit and proper person*, in keeping with the obligation to uphold such Accounting Standards with dignity and sanctity ?

Let alone the intrusion into the realm of professional duties and responsibilities expected of professional Accountants and the obstructions caused thereto, at present, consideration is being given by our Client's Counsel, as to whether not, Mr. K.N. Choksy contravened specific provisions of the Constitution of this Country, in continuing to be a Director in Companies, having contracts with the Government and/or its Agencies. In similar but lesser circumstances, the Attorney General has given opinion, *that even in the absence of any express provision in the law, that it is contrary to law*, for even a Provincial Council Member, to be a Director of such a Company.

Yours faithfully,



Attorneys-at-Law

Mr. Nivard A L Cabraal, President  
Mr. Mohan A Abeynaike, Vice President  
Mr. M.H.G.A. Brito-Mutunayagam, Member  
Mr. N.S.C. De Silva, Member  
Mr. H.G. Fonseka, Member  
Mr. W. Gamini Epa, Member  
Mr. M. Reyaz Mihular, Member  
Mr. V. Lal C Nanayakkara, Member  
Mr. Samy M Pasupati, Member  
Mr. Fredrick H Puvimanasinghe, Member  
Mr. Lakshman R Watawala, Member