

**BY HAND**

7<sup>th</sup> May 2008

Mrs. J.A.N. Dissanayake  
Secretary  
Presidential Commission of Inquiry to Investigate  
into Matters relating to Failed Finance Companies  
Room No. 2-G30  
BMICH  
Baudhaloka Mawatha  
Colombo 7.

Dear Madam,

I refer to your Letter dated 30.4.2008 received on 5.5.2008.

I have examined the Terms of Reference contained in the Warrant issued under Section 2(c) of the Commissions of Inquiry Act, more particularly Item (a) of the Warrant, which refers to, *inter-alia*, the deficiencies in connection with the items highlighted in the COPE Report of 22.6.2005, pertaining to the period 1991 to 2005.

Accordingly, I intend to place for consideration before the Commission, facts and documents, with clarifications, pertaining to the aforesaid deficiencies, on which COPE had made recommendations for actions to be taken thereon.

Briefly I set out the following :

1. Bullet 6 under the Heading – “Financial Performance of CBSL” and the connected Bullet 7 under the Heading – “General Observations of Your Committee” and connected Bullets 2 and 13 under the Heading - “Your Committee in Conclusion Recommends”

The national economic proportions and grave implications of the foregoing, in relation to which, facts and data are available, are much more graver and have a direct material impact on the current financial position of the country, than the matters dealt with in the rest of the COPE Report, more particularly *vis-à-vis* Finance Companies, which are more or less of a historical nature, and comparatively financially not so significant, but I believe had got highlighted in the COPE Report due to political nuances

The credibility of the Central Bank put in issue in the COPE Report, not only underscores, but also gives validity to the matter referred to above.

2. Observations adducing certain facts and documents in relation to Finance Companies.

Recommendations in relation to current / future monitoring

Particularly of concern is that funding under the Medium & Long Term Credit Fund of the Central Bank for warranted financial rehabilitation of companies, particularly financially sick industries, was stopped, I believe, as a consequence of the foregoing debacle *vis-à-vis* the Finance Companies.

I am sorry I am being brief, since I am preparing my Written Submissions to be tendered to the Supreme Court on 9.5.2008 in a public interest matter, dealt with in the COPE Report 2007, where the financial implications / losses to the State and the public on one transaction, I believe is larger than the total financial outlay on the Finance Companies referred to in the COPE Report 2005 !

Thanking you,

Yours faithfully,



Nihal Sri Ameresekere