



**MAHAMA AYARIGA** LL.B, BL, LL.M.

**Member of Parliament  
Bawku Central Constituency  
Representative to the ECOWAS Parliament**

December 20, 2021

The Governor  
Bank of Ghana  
Accra

**CEASE AND DESIST ORDER TO GAT: STOP THE FRAUD**

Recent events have necessitated the writing of this letter to your good office to bring some pertinent matters to your attention. These matters which have the tendency of adversely affecting the banking industry involves Ghana Amalgamated Trust (GAT) and its relationship with the various banks it invested in sometime in 2019 to enable the banks meet the minimum capital requirement directive of the Bank of Ghana (BoG).

GAT engaged the various banks at sometime in 2019 when the banks urgently needed capital injection to meet the new BoG recapitalization requirement. Though some of the banks were, prior to the closing of the transaction, described as "solvent, well governed and well managed", these banks were "forced" by the circumstances of having to meet the BoG's minimum capital requirement within the stipulated time frame to accept the offer from GAT. GAT knew the difficulty being faced by these banks and took undue advantage of them knowing full well and unbeknown to the banks how it intends to recover its equity investment in the banks.

GAT have since the completion of the transaction engaged in various negative acts that collectively seem to be geared towards weakening the corporate governance capacity of some of the banks thereby making them vulnerable within the financial sector.

More worrying is the steps being taken currently by GAT to pass the benefits gained when Government first invested in these banks at depressed values resulting from perceived arm twisting of the banks through the Ministry of Finance. There is the question of the character of those posing as private individuals to whom GAT is planning to sell off its shares in these banks at the original discounted pricing Government bought these banks. It is crucial to investigate and ascertain if GAT is currently using companies that are connected to agents of the Minister of Finance to determine the value at which it should sell its shares.

I am reliably informed that GAT has submitted a prospectus to Securities and Exchange Commission (SEC) for approval to enable it sell off its shares in these banks to some private individuals whose identity calls for some investigation. This conduct of GAT is completely unacceptable as GAT invested in these banks by purchasing its shares at a

discounted rate from its existing shareholders. GAT cannot therefore be seen within only two (2) years after its equity investment in the banks to be taking steps to sell off its shares to these individuals who must be investigated. GAT's investment in these banks was originally to enable them recapitalize and meet BoG's recapitalization as per the Press Statement issued by the BoG at the time. However, the Minister of Finance through GAT is currently using GAT's position as shareholder in these banks to questionably offload GAT's investments to individuals in an obvious scheme to pass on value in an undeserving way to those individuals.

The Minister of Finance in the 2022 Budget Statement communicated the intention to change the structure of GAT and to offload its shares to private individuals. It is important to note that before the Budget could even be considered by Parliament, the Minister of Finance, his cronies and former Databank staff at SEC are busy approving Prospectus for an IPO with the intention to offload GAT's investments to private individuals by 6<sup>th</sup> January, 2022. This is unprecedented and should not be allowed to proceed as the Minister of Finance and his cronies at SEC are working to approve this Prospectus under a certificate of urgency during the Christmas festivities in order to hide it from the vigilant eyes of the public.

The above-mentioned issues were the same issues we raised in our suit in 2019 against GAT, the Attorney-General and NTHC (nominee shareholder) as defendants. As you will recall, these issues were at the time of our suit were thought to be mere suspicion until they materialized in the issuance of the prospectus currently submitted to SEC for approval. You will recall that the Member of Parliament (MP) for Bolgatanga Central who is a member on the Finance Committee of Parliament filed the said suit challenging the legality and the structure of GAT in borrowing funds from Government and Bank of Ghana (BoG) to fund its equity investment in each of the selected indigenous banks.

In the suit, the MP sought, among others, a declaration to the effect that the agreements and arrangements executed between GAT and each of the selected indigenous banks which used borrowed funds to purchase shares in those indigenous banks was illegal as contravened Section 9(d) of the Banks and Specialized Deposit Taking Institutions Act, 2016 (Act 930). The MP also sought a declaration that the purported approval of the request by the Minister for Finance for the issuance of GHS2Billion sovereign guarantee to support the borrowing of funds by GAT to enable it purchase shares in the selected local banks does not serve to cure the breach of Act 930.

It will be recalled that the lawmaker in his submissions during a presentation to the media and in an article on GAT described GAT "...as a complete scam, dubious arrangement and national tragedy knitted together by persons pretending to be interested in the wellbeing of Ghana but with a clear plan to get you and I to pay astronomically over the next five years so that Ken Ofori-Atta through conies can take over these banks."

In the said article, the MP further stated that he will also expose how the entire arrangement is already cooked up for Franklin Templeton (FT) Plc of the 2017 'Ken Bond fame' to come and takeover through various third party schemes put together by Ken Ofori-Atta, the Minister of Finance.

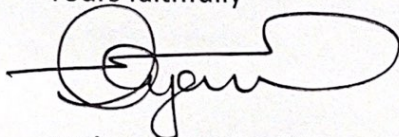
It is noteworthy that in arriving at the decision to aid these selected local banks, the Minister of Finance used a selection criteria from BoG that these institutions were solvent, well governed and are well managed. Per the provisions contained in the various investment agreements between the various beneficiary banks and GAT, there appear to be various grave issues, which necessitated this letter for your urgent attention:

1. The Finance Minister through its agents at GAT and SEC is in the process of offloading GAT shares to its third party nominees without giving opportunity to original Ghanaian shareholders to buy same. This questionable conduct must be investigated by BOG and halted immediately or else BOG will be seen as complicit if it is ultimately proven to be fraudulent and this will expose the bank to grave liability.
2. Investigation into Board Chairman and CEO of GAT: The two individuals, Mr. Albert Essien and Mr. Eric Otoo (Chairman and CEO of GAT respectively) are coordinating with the Ministry of Finance and the Second Deputy Governor of BoG to implement the above mentioned questionable transaction.
3. Appointment of Directors: GAT's appointment of political directors who are representatives of Government is problematic. These mode of operation by GAT gives room for political agents to disturb and politicize operations of these banks which the Bank of Ghana had already identified to be well governed and well managed.
4. Fees charged by GAT: We find the management fees charged by GAT as fraudulent or at best unethical. This is because the said fees is not in good faith in the light of the announcement by Government to help these banks who could not raise capital to meet the BoG minimum capital requirement. The equity investment by GAT only gives GAT a right to dividends when same is declared as their investment was in the purchase of shares in the selected local banks. One is then left wondering how these banks can raise the necessary money to repay Government if these fees continue to be charged to the banks. We therefore demand accountability through further investigation to determine how the Chairman and CEO of GAT utilized the monies collected from these banks so far. We further request the Bank of Ghana to intervene to stop GAT in the interim and to direct the banks to refrain from paying these monies to GAT.

Governor, it is therefore our hope that the above concerns will be thoroughly investigated by BoG. We believe that the cease and desist letter to GAT Chairman and the CEO will be complied with to preserve sanity in the Banking Sector. If they refuse to heed this advice to stop the fraudulent IPO, we will certainly cause a thorough parliamentary inquiry and investigation into this whole saga. In the meantime, we will have no other option than to take legal action against the BoG, SEC and GAT in this matter for their various roles in this questionable transaction.

We await your response and action within 5 days from receipt of this letter. We will not hesitate to take further actions in the best interest of the Tax Payer and Ghanaians in general should your Office fail or neglect to cause an investigation into the matters raised.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ayariga', with a large, stylized flourish extending to the right.

**Mahama Ayariga MP**  
**Bawku Central**

CC:

Minister, MOFEP

Chairman, GAT

Chairman, OMNI-BSIC

Chairman, ADB

Chairman, UMB

Chairman, Prudential

Chairman, SEC

DG, SEC

All Transaction Advisors

All Press Houses