

**An Inquiry pursuant to Part IIIC of the Central Bank Act 1942 (as amended) concerning the Irish Nationwide Building Society, Michael Fingleton, William Garfield McCollum, Tom McMEnamin, John S. Purcell and Michael P. Walsh (the “Inquiry”)**

**Inquiry Management Meeting (“IMM”)**

**Monday 17 June 2024**

**Chairperson’s Opening Statement**

We will first take appearances from all participants present.

Welcome remarks

To briefly recap – the Inquiry Members have conducted an inquiry involving multiple oral hearings and examination of relevant documentation into allegations set out in an Investigation Report produced by the Enforcement Division of the Central Bank. This led to the completion of a Findings Report by the Inquiry Members.

The Investigation Report outlined seven suspected prescribed contraventions alleged to have been committed by INBS and these were founded upon 42 specific allegations of non-compliance with INBS’s internal policies. INBS entered into a settlement with the Central Bank on the 14<sup>th</sup> day of July 2015 and accordingly, no sanctions can now apply in respect of any breaches found to have been committed by INBS.

Five Persons Concerned in the management of INBS were suspected of participating in some of these breaches as identified by the Investigation Report. Three of the five Persons Concerned entered into settlement agreements with the Central Bank and, accordingly, they were no longer subject to the Inquiry and are not subject to any sanction arising out of the Findings Report. Mr Michael Fingleton was deemed unable to continue with the Inquiry on medical grounds and therefore, he also is not subject to any findings or sanction.

Only Mr John Stanley Purcell, former Secretary and Executive Director of INBS, is subject to possible sanction arising from the findings in the Findings Report.

The Findings Report issued from the Inquiry to Mr Purcell and to Enforcement, on the 30<sup>th</sup> day of April 2024. It contained the findings of the Inquiry Members that INBS had committed specific prescribed contraventions. A total of 23 such findings were made in respect of INBS out of the total of 42 specific allegations.

Findings of participation were made in respect of certain of these prescribed contraventions by Mr Purcell. The breaches and findings are set out in detail in the Findings Report and are summarised at Appendix 5 of that Report for ease of reference.

In accordance with the legislation governing the Inquiry procedure (Part IIIC of the Central Bank Act 1942) a Sanctions Hearing must now take place.

This IMM is called to address any issues that may arise in respect of the Sanctions Hearing and to set dates for submissions from Enforcement and Mr Purcell. It will also set a date for the Sanctions Hearing itself.

Please note that if the participants intend to refer to any material previously identified as confidential during the course of this IMM, such as information relating to borrowers, the IMM will be required to go into private session.

As outlined above, Part IIIC of the Central Bank Act 1942 sets out the procedure in the event of a finding being made.

Section 33AQ (5) states:

*“If the Bank makes a finding that a person concerned in the management of a regulated financial service provider is participating or has participated in the commission by the financial service provider of a prescribed contravention, it may impose upon the person one or more of the following sanctions:*

- (a) A caution or reprimand;*
- (b) A direction to pay to the Bank a monetary penalty not exceeding the prescribed amount;*
- (c) A direction disqualifying the person from being concerned in the management of a regulated financial service provider for such period as is specified in the order;*
- (d) If the person is found to be still participating in the commission of the contravention, a direction ordering the person to cease participating in the commission of the contravention;*
- (e) A direction to pay to the Bank all or a specified part of the costs incurred by the Bank in holding the Inquiry and in investigating the matter to which the Inquiry relates.*

In the case of this Inquiry, where the suspected prescribed contraventions occurred between 2004 and 2008, the prescribed amount referred to at section 33AQ (5)(b) above is €500,000.00. It should also be noted that section 33AS (2) states:

*“If the Bank decides to impose a monetary penalty on a person under section 33AQ or 33AR, it may not impose an amount that would be likely to cause the person to be adjudicated bankrupt”*

At the conclusion of the Inquiry, section 33AQ (8) requires that the Bank notify the Person Concerned of the decision of the Bank. The section states that the decision must set out:

- (a) its finding as to whether or not the person is participating or has participated in the commission of the prescribed contravention to which the inquiry relates, and*
- (b) the grounds on which the finding is based, and*
- (c) if the Bank finds that the person is participating or has participated in the contravention, the sanctions (if any) imposed under this section in respect of the participation.*

The 2014 Inquiry Guidelines prescribed pursuant to section 33BD of the Central Bank Act 1942 sets out, at section 5, the procedure to be followed by the Inquiry in making written findings.

The ASP Sanctions Guidance, November 2019 provides further guidance on the application of the sanctioning factors.

The Inquiry Members adopted an *“Outline Procedure for the Inquiry pursuant to Part IIIC of the Central Bank Act, 1942 concerning Irish Nationwide Building Society, Michael P.Fingleton, William Garfield McCollum, Tom McMenamin, John S. Purcell and Michael P. Walsh”*, which set out the procedure by which they would conduct the Inquiry. This Outline was issued by the Inquiry on the 30<sup>th</sup> day of October 2015.

I will now ask the LPT to address the IMM. Enforcement and Mr Purcell will then be given an opportunity to raise any issues they wish the Inquiry Members to consider in respect of the Sanctions Hearing. It should be noted that this is not a meeting to consider arguments in relation to the Findings Report or appropriate sanctions, if any, to be imposed on Mr Purcell. These will be addressed at the Sanctions Hearing itself. This IMM is called to ensure that all parties are clear about what the Sanctions Hearing entails and to raise any queries of a general nature in advance.