

COURT ORDERS BANK PHB TO RELEASE 8.9 BILLION NAIRA

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Hearing into a matter relating to the revocation of a contract for the construction of Medical Centres in each of the 774 Local Government Areas of the country awarded by former President Olusegun Obasanjo at the last days of his administration took a dramatic turn this morning as the court ordered Bank PHB to give up the whopping sum of 8.993 billion Naira belonging to the company to whom the contract was awarded.

On assumption of office, President Umaru Yar'Adua, through the National Economic Council suspended the contract on the ground that the process leading to the award and the circumstances surrounding the contract did not comply to rule of law as the Local Government Areas on whose behalf the contract was awarded and payment of which is to be deducted at source from their statutory allocation as the third tier of government was unlawful as the local councils made no input in the award of the contract to the company.

Following the cancellation, the National Executive Council ordered the Central Bank of Nigeria to suspend further deduction from the accounts of the Local Government Areas under the auspices of ALGON and to retrieve the monies already paid to the company in its account domiciled with Bank PHB (also known as Platinum Habib Bank).

The company; Mathan Nigeria Limited dragged the Attorney General of the Federation and the Central Bank amongst others to court challenging the revocation of the contract and the refusal of Bank PHB to allow it access to the funds in the company's account with the bank. The company urged the court to set aside, nullify and put in abeyance the decision of the National Economic Council terminating the contract.

While the matter was pending before the court, the company sought the court's order to transfer the entire monies in its account at Bank PHB to another account operated by the company in Afri Bank Plc on an allegation that Bank PHB had tampered with the money in the account. The Bank refuted this claim and averred that the money it deducted from the controversial account were operational charges that normally accrue to the bank for the maintenance of the account.

At the ruling on the application for the transfer of the money to Afri Bank PLC this morning, Justice Garba Umar ordered Bank PHB to release within one week, the entire money amounting to about 8.993 billion Naira inclusive of the amount deducted from the account for whatever charges. The judge further ordered that the money be paid into an account yielding account in Afri Bank.

To forestall further tampering of the money by any of the parties including the owner company, the judge ordered that the account to which the huge sum should be transferred should be opened in the name of the Chief Registrar of the Federal High Court pending the determination of the substantive suit.

Counsel to Bank PHB; Mr Faruk Asekhome tried to persuade the court from ordering the bank to give up the huge funds and claimed that the money is part of the working capital of the bank and that it would be very difficult to mop up such amount from the bank in one week but the judge will hear non of it, moreso since the money does not belong to the bank.

Further hearing on the substantive matter was subsequently adjourned to Thursday, 30th July 2009.