

Committee of Inquiry starts probe into Cyprus crisis

NICOSIA, March 4 (Xinhua) -- A three-man panel has launched an inquiry on Thursday into the Cyprus economic crisis, looking for those who might be responsible for leading the economy of the eastern Mediterranean island to the brink of collapse. The panel, or the Committee of Inquiry, was made up of retired judges who sworn in on Tuesday. They were appointed by President Nicos Anastasiades after Cyprus' Eurogroup partners forced him into accepting an unprecedented haircut on bank deposits in return for a bailout of 10 billion euros (12.8 billion U.S. dollars). Georgos Pikis, a former Supreme Court president and a former member of the International Criminal Court, chaired an initial closed-door session of the inquiry board which set down the procedure for the probe before it starts hearing witnesses and examining documents. The other two board members are former Supreme Court Judges Panayiotis Kallis and Yiannakis Constantinides. In appointing the Committee of Inquiry, President Anastasiades called on them to investigate criminal, civil and political responsibility for events going back to 2006 that led to the world-first haircut on bank deposits in the island's largest lender, Bank of Cyprus, the liquidation of the second largest bank, Popular Bank which its the "good" part merged into Bank of Cyprus. Several large savers who have lost deposits of over 100,000 euros in Popular Bank have filed petitions in the Supreme Court challenging the decision by Central Bank of Cyprus, acting as resolution authority, to wind down the Bank. All 13 judges of the Court will sit on Friday to hear arguments before deciding on whether the action had been contrary to constitutional provisions. Anastasiades has asked the Committee of Inquiry to give priority and special attention to allegations that people related to him by marriage had withdrawn large sums of money and sent them abroad just a few dates before a Eurogroup meeting in Brussels decided on March 16 to force a downsizing of the banking system. Press reports alleged that Anastasiades' relatives had made two separate withdrawals on March 12 and 13 of about 10 million euros each and hinted they had acted on inside information. Anastasiades strongly denied that he had any involvement in the case. A company belonging to his marriage relatives issued a statement saying that it had transferred a large amount from Laiki to Bank of Cyprus and then sent a similar amount to a British bank to facilitate bidding for the purchase of a building. It said that if the purchase is not finalized it will impose a voluntary haircut on the amount sent to Britain and the rest, about 6 million euros which will be give to charity organizations caring for jobless people in need. The panel of inquiry will probe deeply into the buying of large amounts of Greek bonds by the two largest Cypriot banks, which suffered an estimated 4.5 billion euro loss when the European Union decided a 75 percent haircut on the Greek debt. It will also investigate actions or omissions by officials of the Central Bank in relation to the expansion of Bank of Cyprus to Russia and Romania. Former Cyprus Finance Minister Michal Sarris, who negotiated the bailout with his Eurogroup counterparts, resigned after only five weeks in office, because he was Popular Bank's chairman when it started receiving ELA from the European Central Bank. Sarris has said he could not be in office when the Committee of Inquiry will be looking into his actions as Popular Bank's senior official.