

**Before the Presbyteral Council of the Archdiocese of Ernakulam-Angamaly
Major Archbishop's House, Broadway, Ernakulam, Kochi 682 031**

REPORT OF THE ENQUIRY COMMITTEE

**Appointed by the Major Archbishop of the
Archdiocese of Ernakulam-Angamaly
on 29 November 2017
at the recommendation of the Presbyteral Council
in connection with Financial and Land transactions of the Archdiocese
for the period from 01-04-2015 to 30-11-2017**

COMMITTEE

**Fr Benny Maramparampil (Convenor)
Fr Lukose Kunnathoor (Member)
Fr Joseph Kodiyan (Member)
Mr. A.J. Thomas Puthenpally (Member)
Mr. Johny Pallivathukkal (Member)
Adv. Abraham P. George (Member)**

04 January 2018

INTRODUCTION

On Wednesday 29th November 2017, at the recommendation of the Presbyteral Council of the Archdiocese of Ernakulam-Angamaly, Mar George Cardinal Alencherry appointed a six-member committee to conduct a detailed study on the alleged land transactions and financial irregularities in the archdiocese from April 1st 2015 to 30th November 2017 (*Annexure-1*). Fr. Benny Maramparampil (Convener), Fr. Lukose Kunnathoor, Fr. Joseph Kodiyan, Mr. A.J. Thomas Puthenpally (Tahsildar-Revenue expert), Mr. Johny Pallivathukkal FCA (Chartered Accountant) and Adv. Abharam P. George (legal expert) were the members of the committee. More than twenty five sittings were held by the panel to examine in detail the land and major financial transactions by the Archdiocese in the specified period. The committee visited all sites of the land properties alienated and purchased by the Archdiocese during this period. The panel examined the account books, bank statements, audited statements of FY 2013-14, 2014-15 & 2015-16, trial balance as on 31st March 2017 and 30th November 2017. The committee also verified minutes of the Finance Council and the College of Consulters. Relevant records from the Archdiocesan Curia were also called for reference. All the registered land documents – 36 (thirty six) deeds of land alienation and 10 (ten) deeds of land purchase were scrutinized by the Committee.

Data regarding issues mentioned in the terms of reference were gathered from Mar George Cardinal Alencherry (Major Archbishop), Mar Sebastian Adayanthrath (Proto-Syncellus), Mar Jose Puthenveetil (Syncellus), Msgr. Sebastian Vadakumpadan (Syncellus), Msgr. Antony Nariculam (Syncellus), Fr. Jose Pollayil (Chancellor), Fr. George Kalapurackal (Vice-Chancellor), Fr. Joshy Puthuva (Finance Officer), Fr. Varghese Palatty (Asst. Finance Officer) and Fr. Mathew Manavalan (Immediate past Finance Officer).

Based on the Code of Canons of the Eastern Churches (CCEO), Particular Law of the Syro-Malabar Archiepiscopal Church, Statutes of the Major Archdiocese of Ernakulam-Angamaly, Income Tax Act 1961, Registration Act 1908 and other relevant laws of the land, the committee tried to understand and analyse the current situation existing in the Archdiocese. The Committee ascertained the irregularities in the financial transactions of the Major Archdiocese of Ernakulam-Angamaly during the period 1st April 2015 to 30th November 2017 and also ascertained the loss to the Archdiocese on account of these financial transactions. The Committee has also suggested some remedial solutions to overcome the financial crisis of the Major Archdiocese of Ernakulam-Angamaly.

The Committee presented an Interim Report on 18th December 2017 in the Presbyteral Council and the College of Consulters, and on 21st December 2017 in the Presbyterium of the Archdiocese. Further, at the recommendation of the Presbyteral Council, responses were sought from the Major Archbishop, Proto-Syncellus, Msgr. Sebastian Vadakumpadan (Syncellus) and Fr. Joshy Puthuva (Finance Officer) on the Interim Report presented. Major Archbishop and Msgr. Sebastian Vadakumpadan verbally refused to give any written response to the Interim Report. Responses received from Mar Sebastian Adayanthrath (Proto-Syncellus) and Fr Joshy Puthuva (Finance Officer) are appended.

Note: There were six members appointed in the Committee on 29 November 2017 to enquire the alleged financial and land transactions in the Archdiocese of Ernakulam-Angamaly. All the six members worked for more than a month, studying and analysing various aspects of the subject matter. Mr. Johny Pallivathukkal, Chartered Accountant by profession, expressed his inability to sign the Reports, as he has professional reasons. Hence he has opted not to sign this document. But his service and expertise have been an asset to the Committee.

As the Convener of the Enquiry Committee, I take this opportunity to thank all the members of the Committee who have worked hard to complete this work. My sincere thanks are also due to all people who have cooperated with the Committee in the course of this hard task. I pray God Almighty that managing this crisis situation may help the Syro-Malabar Church, especially the Archdiocese of Ernakulam-Angamaly, to grow stronger in faith and to reiterate its commitment to values like honesty, transparency, collegiality and the practice of Gospel values.

4th January 2017
Ernakulam

Fr. Benny Maramparampil
Convener, Enquiry Committee

Before the Presbyteral Council of the Archdiocese of Ernakulam-Angamaly
Major Archbishop's House, Broadway, Ernakulam, Kochi 682 031

FINAL REPORT

Final Report of the Enquiry Committee appointed by the Major Archbishop of Ernakulam-Angamaly on 29 November 2017 as recommended by the Presbyteral Council of the Archdiocese in connection with financial transactions of the Archdiocese for the period 01-04-2015 to 30-11-2017.

Committee

1. Fr Benny Maramparampil (Convenor)
2. Fr Lukose Kunnathoor (Member)
3. Fr Joseph Kodyan (Member)
4. Mr. A.J. Thomas Puthenpally (Member)
5. Mr. Johny Pallivathukkal (Member)
6. Adv. Abraham P. George (Member)

Terms of Reference

1. To ascertain the irregularities in the financial transactions of the Ernakulam-Angamaly Major Archdiocese during the period 01-04-2015 to 30-11-2017 and to ascertain the loss to the institution on account of these financial transactions.
2. To suggest remedial solutions to overcome the financial crisis of the Archdiocese of Ernakulam-Angamaly.

Sources / Documents Referred

1. Audited statements of the Archdiocese 2013-14, 2014-15, 2015-16
2. Trial Balance as on 31st March 2017 and 30/11/2017
3. Internal Audit Reports 2015-16, 2016-17
4. Bank Statements, Bank Pass Books
5. Books of Accounts 2015-16, 2016-17, 2017-18
6. Land Sale Documents- (36 Nos.)
7. Land Purchase Documents- three lands (10 Nos.)
8. Minutes of the College of Consulters
9. Minutes of the Finance Council

10. Minutes of the Presbyteral Council
11. Code of Canons of the Eastern Churches
12. Code of Particular Law of the Syro-Malabar Church
13. *Ernakulam Angamaly Athiroopatha Niyamasamhitha*
14. Income Tax Act 1961
15. Village Records at Thuravoor Village Office

Sites Visited by the Committee

1. Land alienated at Maradu at Poonithura Village
2. Land alienated at Nilampathinjamugal at Kakkanad Village
3. Land alienated at Sea Port –Air Port Road, Opp. Bharata Mata College at Vazhakala Village
4. Land alienated at Sea Port –Air Port Road, Opp. Naipunnya School at Vazhakala Village
5. Land alienated at Kollamkudimugal, near Karunalayam at Vazhakala Village
6. Land Purchased at Mattoor, at Thuravoor Village
7. Land Purchased at Muttathupara, at Kottappady Village, Kothamangalam Taluk
8. Land Purchased at Lechmi Estate, at Anaviratty Village, Devikulam Taluk

Data Collection through Interview/ questionnaire

1. Mar George Cardinal Alencherry (Major Archbishop)
2. Mar Sebastian Adayanthrath (Proto- Syncellus)
3. Mar Jose Puthenveetil (Syncellus)
4. Msgr. Sebastian Vadakumpadan (Syncellus)
5. Msgr. Antony Nariculam (Syncellus)
6. Fr. Joshy Puthuva (Finance Officer)
7. Fr. Mathew Manavalan (Immediate Past Finance Officer)
8. Fr. Jose Pollayil (Chancellor)
9. Fr. George Kalapurackal (Vice-Chancellor)
10. Fr. Varghese Palatty (Assistant Finance Officer)

CODE OF CANON LAW FOR THE EASTERN CHURCHES (CCEO)- Relevant canons on administration of temporal goods of the Church

1. CCEO 1022 - §1. It is the responsibility of the eparchial bishop to supervise the administration of all the ecclesiastical goods which are within the boundaries of the eparchy and are not exempt from his power of governance, with due regard for lawful titles giving him greater rights.
§2. Hierarchs are to see that the entire administration of ecclesiastical goods be suitably organized, by issuing appropriate instructions within the limits of common law and of the particular law of their own Church *sui iuris* and with due regard for rights, legitimate customs and circumstances..
2. CCEO 262#1- Appointment of Finance Officer: After *consulting the eparchial consulters* and the *finance council*, the eparchial bishop is to appoint an eparchial finance officer who is a *Christian faithful, expert in financial matters, and outstanding for honesty*.
3. CCEO 215 §3: The eparchial bishop in assessing matters of great importance, especially those of pastoral nature, is to consult auxiliary bishops in preference to others.
4. CCEO 269 §2The eparchial bishop is to hear the presbyteral council in matters of great importance and he must consult it in cases expressly determined by common law.
5. CCEO 271 - §1. The eparchial bishop must establish a college of eparchial consultors to which belong the functions determined by law.
§2. The college of eparchial consultors is to be constituted for a five-year period but upon the expiration of the term they continue in the exercise of their functions until a new college is established.
§3. The members of the college of eparchial consultors must be not less than six nor more than twelve in number; if, for any reason whatever, within the determined five-year period there is no minimum number of members of the college, the eparchial bishop is to restore the college by appointment of new members, otherwise the college cannot act validly.
§4. The members of the college of eparchial consultors are freely appointed by the eparchial bishop from those who, at the time of their appointment, are members of the presbyteral council.

6. CCEO 1035 - §1. In order to alienate ecclesiastical goods which through lawful designation constitute the stable patrimony of the juridic person, it is required that there be:
- 1° a just cause such as urgent necessity, evident advantage, piety, charity or a pastoral reason;
 - 2° a written expert valuation of the goods to be alienated;
 - 3° the written consent of the competent authority, without which the alienation is invalid.
- §2. Other safeguards prescribed by competent authority are also to be observed to prevent loss to the Church. (Alienation includes selling, donation, pledging, mortgaging, giving loans etc. All these require expert study and decision of the finance council and consulters forum).
7. CCEO 1036 - §1. When the value of the ecclesiastical goods whose alienation is proposed falls between the minimum and the maximum established by the synod of bishops of the patriarchal Church or by the Apostolic See, consent is required of:
- 1° the finance council and the college of consultors of the eparchy for the goods of the eparchy;
8. CCEO 1038 - §1. Those whose advice, consent or confirmation is required by law for the alienation of ecclesiastical goods shall not give their advice, consent or confirmation before having been thoroughly informed on the economic situation of the juridic person whose temporal goods are proposed for alienation as well as on previous alienations.
- §2. Advice, consent and confirmation are considered as not to have been given, unless they request lists of the alienations which have already been made.
9. CCEO 1040 - Whenever ecclesiastical goods are alienated contrary to the prescriptions of canon law, but the alienation is civilly valid, the authority superior to the one who carried out the alienation decides, after a thorough review of the situation, whether and what type of action is to be taken to vindicate the rights of the Church as well as by whom and against whom this action is to be taken.
10. CCEO 1042 - The prescriptions of cann. 1035 -1041 must be observed not only in alienations, but also in any business transaction by reason of which the patrimonial condition of juridic persons can be worsened.

PARTICULAR LAW OF THE SYRO-MALABAR CHURCH

Article 214- Alienation of properties for an amount exceeding INR 10 lakhs up to 25 crores (\$15625 to 3.9 million) is to be done only with the consent of the finance council and the college of eparchial consulters. Alienation of properties that exceeds an amount of INR. 25 crores to 50 crores (\$ 3.9 million to 7.81 million) needs the consent of the Major Archbishop who in turn needs the consent of the Permanent Synod. Alienation of property above INR 50 crores (\$7.81 million) can be done only with the consent of the Major Archbishop who in turn needs the consent of the Synod of Bishops.

STATUTES OF THE ARCHDIOCESE OF ERNAKULAM-ANGAMALY

1. Consulters' Forum- to give consultation and consent on all important matters- 16(iii).
Consulters' forum is to be convened at least four times a year.
2. Administration of fixed assets cannot be done without the permission of the Curia: 110(b) and (d).
3. Assets register are to be maintained in all parishes. 110.1, CCEO 1025-26.
4. Finance Officer – to maintain records of the assets of the Archdiocese 122(ii).
5. Finance Council- 123 Has to give consent for all major financial and land transactions.
(i).
6. Details of formalities to be maintained in the sale and purchase of properties.

INCOME TAX ACT 1961

1. As per Section 11(5) The forms and modes of investing or depositing the money is provided.
2. As Per Section12(3)- If the commissioner is satisfied that the activities of trust or institution are not genuine or are not being carried out in accordance with the objects of the trust or institution, as the case may be, the commissioner shall pass an order in writing cancelling the registration of the trust or institution.
3. As Per Section194 (IA)-TDS at the rate of 1% is applicable where the consideration for transfer of an immovable property is INR 50,00,000 or more.
4. As per Section 269SS- Mode of taking or accepting certain loans, deposits and specified sum otherwise than by an account payee cheque or account payee bank draft or use of electronic clearing system.

5. As per Section 271D Penalty for failure to comply with provisions section 269SS. He shall be liable to pay, by way of penalty, a sum equal to the amount of loan or deposit or specified sum so taken or accepted.
6. As per Section 139(4A) Filing of return by a trust or religious institution in accordance with section 139(1).
7. As per Section 12A Audit of accounts of the charitable or religious trust.

REPORT

The Enquiry Committee verified the financial transactions, mainly purchase and sale of landed properties, major receipts and payments and statutory compliances under the Code of Canons of the Eastern Churches, Particular Law of the Syro-Malabar Church, Statutes of the Archdiocese of Ernakulam-Angamaly, Minutes books of the College of Consulters, Finance Council, relevant decisions of the Major Archdiocesan Curia, Income Tax Act etc. during the period 1st April 2015 to 30th November 2017.

I. ALIENATION OF LAND BY THE ARCHDIOCESE

A. Background and Development

On examining the decisions of the statutory bodies of the Archdiocese, the committee found the first reference regarding the alienation of land in the minutes of the Consulters' Forum (*Annexure- 2*) held on 18 July 2012 stating that *the body gave consent to sell the land at Marad for helping the corporate educational agency. This land is to be sold giving required publicity and at the rates decided by the Finance Council.* But the property was not sold at that time. In the same meeting the body rejected the proposal to start a joint venture project at Kalamassery land with Toyota.

On 2nd August 2013 (No.3) the Finance Council (*Annexure-3*) discussed the alienation of **Marad property**, in case there is any fund shortage for the proposed medical college. The Finance Officer informed the Finance Council held on 13 January 2014 that *Edappally forane church had shown interest to purchase 15 cents of land belonging to the Annie Thayyil Trust near Edappally church. INR 25 lakhs (\$ 39062) per cent was proposed to them, based on the market rate. But it was not acceptable to the Edappally church. Considering the pastoral needs of the parish, finance council decided to sell property for a consideration of INR 22 lakhs (\$ 34375) per cent by registering the sale deed.*

In the FC meeting held on 16th December 2014 (No.6) *the Finance Officer informed that there are interested parties to buy the **land near the transport bus stand** and he recommended to dispose of the land since we have no project to start there. The council decided to dispose the land at a price not less than 25 lakhs per cent.*

Further on 31st March 2015 (No.7) *the Finance Officer informed that there are interested parties to buy the **land near the Ambedkar Stadium**. But the council requested the Finance Officer to submit a detailed report on other options also.*

On 2nd December 2015 Finance Officer reported in the FC about the purchase of 23.19 acres of land at Mattoor on 29th May 2015 at a total cost Rs. 59.90 crores. Loan was availed for the purpose amounting to Rs. 58.2 crores.

In the Finance Council held on 2nd December 2015 (suggestion No.7) *the Finance Officer explained financial over load to the diocese at present. Even though the council was fully against the sale of property, as a solution the council suggested selling some of our land properties to overcome the crisis situation in finance matters. For this, council proposed a list of lands, form the priority of land list, for sale, i.e. **Varandarappally, Kundannoor, Pukkattupady** and land near **Ambedkar Stadium** respectively. If these lands cannot be sold, as a last solution, council suggested to sell **Kalamassery** land.*

In the same meeting, suggestion (No.8) states that *because of unfitness to put a priest in front of this land sale business matters, council suggested Mr. Jacob J Mappilassery and Mr. Sunny P.P. to take over the charge to help the Finance Officer to sell these land properties.*

On 18th March 2016 the Finance Council *unanimously agreed to the proposal that 3.5 acres of land property at Mattoor (which was bought earlier from Little Flower Hospital Angamaly) should be sold and the amount should be paid to the bank against the bank loan.*

In the Finance Council held on 18th March 2016 (No.1/2) it is reported that the Consulters' Forum had approved the proposal for selling the land situated at Kalamassery and Kundannoor to clear the debts of the Archdiocese.

A turning point comes in the Finance Council held on 18th March 2016 (Suggestion No.2) *when the Finance Officer asked the council **to give full right to the finance officer** (with the consent of Curia) to sell the listed land property without waiting for an extra-ordinary meeting. And the council agreed to the proposal and suggested Msgr. Sebastian Vadakumpadan to support Fr. Joshy Puthuva for the same.*

Giving full right to the finance officer violates the relevant church laws. Hereafter the Finance Officer seems to have taken unfettered liberties to sell the properties of the

Archdiocese without serious deliberations in the statutory bodies (CCEO 271; Particular Law #214; and the Statutes of the Archdiocese 123 (i)).

In the **Consulters' Forum held on 6th July 2016** Finance Officer reported (p.82) that there is INR 68 crores (\$ 10.62 million) loan for the Archdiocese. *The body accepted the proposal of the Finance Officer and gave consent to sell five plots of land near Karunalayam, Naipunnaya School, BMC, Nilampathinjamugal and Marad. Each of these lands was to be sold as a single unit. The average price of land was fixed at INR 9 lakh (\$ 14062) per cent.* In the same meeting, the Forum demanded that before making a decision of sale of land at Varantharappally, Kundannoor and Stadium, the same should be discussed in the Presbyteral Council.

The extract of the Curia resolution dated 15th June 2016 (**Annexure-4**) authorized the Finance Officer to sell five plots of land at the minimum price of INR 9.05 lakhs (\$ 14740) per cent. Accordingly an offer letter was issued by the Finance Officer dated 21st June 2016 (**Annexure-5**) to Mr. Ajas N.S. of Veekay Builders, Kakkanad, authorising him to sell all the five properties with the condition that land sale should be at the price of INR 9.05 lakhs (\$ 14740) per cent.

The Finance Officer informed the Finance Council held on 19th August 2016 that *a list of land for the sale was prepared (Kundannoor, Marad, Nilamphthinjamugal, Karunalayam, Thrikkakara (2 lands), Kalamassery, Varandarappally, Stadium and Mattoor) in order to reduce the financial overload of our diocese and to execute the new project. But due to the lack of necessary documents, the land sale process is not yet completed. But he explained the process is going on now.*

The Finance Officer explained in the Finance Council held on 19th December 2016 (No.2) *the difficulties in sale of archdiocesan properties in this present scenario mainly due to the lack of required documents of each property especially possession certificate, ownership certificate etc. (The committee could not find any logic in this statement, as it defies truth.) Cardinal suggested to entrust this matter to Fr Joshy Puthuva and sell the lands which have the complete documents for proper sale. The council members agreed to this opinion of Cardinal and suggested to Fr Joshy to wind up all the debts of our Archdiocese as early as possible, even if we have to sell some of our small, but important lands.*

But the Committee verified that **before 19th December 2016 on which Finance Council ascertained the sale of properties, all eight plots at Marad, eleven plots near**

Karunalayam, all four plots at Nilampathinjamugal and the land opposite to BMC were already alienated and registered while many other plots were sold in the successive weeks. It seems that the Finance Officer was concealing facts from the Finance Council and pretending that sale of properties are yet to take place.

For the first time, the value of land sold was mentioned in the Finance Council on 13th September 2017 (No. 2). *Finance Officer informed that the sale of property (five plots) is almost over at the average rate of INR 9.05 lakhs (\$ 14740) per cent, and through which we acquired INR 26 crores (\$ 4.06 million). In this sale deal, they deposited INR 8 crores (\$1.25 million) Rupees in our account and the rest of money they have to give us.* The words of Finance Officer prove that the registration of deeds took place in violation of all norms and even without the receipt of the entire sale consideration as expected.

On verification of the registered deeds, the committee noticed that the value as per registered documents is only INR 4,47,853 (\$ 6997) against the average value fixed by the Curia i.e. INR 9.05 lakhs (\$14140). The minimum total amount receivable through alienation of land as per the decision of the Curia was INR 27,15,00,000 (\$4.25 million). But so far the amount received from land sale into the accounts of the Archdiocese is only INR 9,13,36,600 (\$ 1.43 million) (*Annexure- 6*). That means the Archdiocese is yet to receive INR 18,01,63,400 (\$ 2.82 million) from the agent. Strangely, there is a variation of INR 13,79,48,540 (\$ 2.16 million) between the documented amount and the amount receivable according to the decision of the Curia.

B. Issues involved in sale of Properties

a) Violations of Canon Laws

1. All 36 land sale deeds executed during the period quote the **Decision No. 7 of the Finance Council held on 2nd December 2015** to sell the lands owned by the Archdiocese “...for this, council proposed a list of lands, i.e. *Varandarappally, Kundannoor, Pukkattupady and land near Ambedkar Stadium* respectively. If these lands cannot be sold, as a last solution, council suggested to sell *Kalamassery land.*” But none of these properties were alienated. Lands actually sold are **Marad, Nilampathinjamugal, Opp. BMC, Opp. Naipunnya and near Karunalayam**. Alienation of different plots which are not mentioned in the decision is a grave violation of common law (CCEO 271), particular law (Article 214) and the Statutes of the Archdiocese (123(i)). Moreover, it amounts to naked act of breach of trust and criminal misappropriation of the properties.

It appears that a fake document is created for the purpose of registration fully knowing that there is no such decision on 2nd December 2015 to that effect.

2. **The College of Consulters on 6th July 2016** gave consent to the alienation of land. *The body accepted the proposal of the Finance Officer and gave consent to sell five properties of land near Karunalayam, Naipunnaya School, BMC, Nilampathinjamugal and Marad. The average price of land was fixed at INR 9 lakh (\$14062) per cent.* The records reveal that the Finance Officer had obtained the copy of resolution from the Curia authorizing him for the sale of properties **on 15th June 2016 (Annexure-4)** and that the Finance Officer had issued an offer letter to Mr. Ajas N.S. of Veekay Builders on 21st June 2016 (*Annexure-5*). Here the Finance Officer seems to have misled the members of the College of Consulters regarding the deal that was already fixed weeks ahead.
3. Proper records were not made available to the committee regarding the criteria in fixing the average land value at INR 9.05 lakhs (\$ 14140) per cent. It appears to the Committee that the fixation of average market value was arbitrary without making any enquiry regarding the market value of respective properties. Upon enquiry, the committee found that the average market value of these properties prevailing at that time was about INR 15 lakhs (\$ 23437). **There was no proper discussion in the Finance Council regarding the fixation of average market value at any point of time.**
4. **CCEO 1035#2 demands a written appraisal by an expert about the land to be alienated.** With the given information the committee state that there was no such expert study carried out. This seriously violates the Common law 1035#2.
5. **Article 214 of the Particular Law** of the Syro-Malabar Church unequivocally states that in alienating temporal goods of the eparchy, *alienation of properties that exceeds an amount of INR 25 crores to 50 crores (\$ 3.9 million to 7.81 million) needs the consent of the Major Archbishop who in turn needs the consent of the permanent synod.* It is learned that there was no such consent sought or received from the permanent synod for alienation of the land amounting to INR 28 crores (\$ 4.75 million) or more. This is a **clear violation of Article 214 of the Particular Law of the Syro-Malabar Church.** This also **violates article 123 of the Statutes of the Archdiocese of Erankulam-Angamaly.**

b) Violations of Civil Laws

6. Mr. Ajas N.S. of Veekay Builders was authorized for sale the land by the Finance Officer (*Annexure-5*). There is no reason found as to justify why the property was alienated **without giving any advertisement**, not even informing the priests or institutions of the nearby locations, working under the same Archdiocese. Reason for selecting Veekay Builders for sale of land is not known.
7. The king pin behind the land transaction- **Mr. Saju Varghese Kunnel**, is said to be a dubious character who apparently defrauded the Archdiocese but surprisingly enjoyed the confidence of the Major Archbishop and Finance Officer. **Saju grabbed the prime land of 62 cents opposite to Bharata Mata College without paying the sale consideration.** The committee observes that the higher authorities of the Archdiocese became a tool in the hands of the land mafia and they made the Archdiocese to enter into the real estate foul play and spoil its good will.
8. Property with an extent of 99.500 cents near Karunalayam was **donated by Alexian Brothers** to the Archdiocese vide Doc. No. 4950/2007 (*Annexure-7*) on 10th December 2007 for **CHARITABLE PURPOSES** without consideration. That being so, sale of the above property with commercial intention appears to be against the very spirit and purpose of the settlement deed is illegal and unethical.
9. **Instance of unaccounted money** is another grave issue. The total amount receivable according to the 36 registered deeds is INR 13,52,34,760 (\$ 2.11 million). But there is difference of INR 13,62,65,240 (\$ 2.13 million) between the documented amount and the amount in the Curia resolution. **Receiving unaccounted money is a serious offence according section 271D and 269SS of the Income Tax Act.**
10. The total amount receivable as per the Curia resolution (INR 9,05,000 x 300 cents) is INR 27,15,00,000 (\$4.25 million). But so far the amount received from land sale is only INR 9,13,36,600 (\$1.42 million). That means the Archdiocese is yet to receive INR 18,01,63,400 (\$2.82 million) from the agent. Alienating the temporal goods of the church without receiving its value in advance, even after 18 months, points to the **irresponsibility and carelessness of the people concerned in handling church property and they are accountable for the amount.**
11. **Receiving huge money in cash amounting to INR 1,16,30,800 (\$ 1.82 million) violates section 269SS of the Income Tax Act** where if cash received from a party

exceeds INR 20,000 (\$ 312) as advance or otherwise in relation to transfer of an immovable property, whether or not transfer takes place, a fine of equal amount received under section 271D of the Act will attract (this section is applicable from 1st June 2015).

12. Even though the Archdiocese has received INR 9,13,36,600 (\$ 1.43 million), by way of alienation of properties, no amount has been remitted in to the loan account.

II. LAND PURCHASED BY THE ARCHDIOCESE

1. MATTOOR LAND AND THE MEDICAL COLLEGE PROJECT

A) Background and Development

A series of deliberations on starting a medical college had taken place during the time of late Mar Varkey Cardinal Vithayathil, the former Major Archbishop of Ernakulam-Angamaly. After discussing in various fora, the idea to start the medical college was dropped as it seemed not feasible for the Archdiocese to start and maintain one upholding our value system. But the idea got rejuvenated after the arrival Mar George Cardinal Alencherry as the Major Archbishop of Ernakulam-Angamaly.

The first hint on this project is available in the minutes of the **College of Consulters** (pp. 49-52) and **Finance Council** (No.8) on **22nd April 2013** where detailed discussions and presentations on starting a new medical college took place. Minutes of the **Finance Council** held on the same day- No.8. says: “...for finding out funds for purchasing land for medical college, the landed property of the Archdiocese having less scope for appreciation may be disposed of. It was also decided to avail bank loan to the tune of INR 125 crores (\$ 19.53 million) for purchase of land and construction of the medical college”.

Finance Council held on 2nd August 2013, item No.3 reads “*Finance Officer informed that NOC from the Govt. of Kerala was issued for the medical college. We have entered into understanding for the purchase of land (20 acres) for the medical college. The loan needed is INR 125 crores (\$19.53 million) for the medical College out of which INR 60 crores (\$9.37 million) will be for the land and INR 65 crores (\$10.15 million) for the building.*

The Finance Officer informed the **Finance Council** on 16th December 2014 (No.5) that 26 acres of land at Mattoor was located for the medical college and requested the finance council to proceed with the matter. **The council decided to purchase the property. It was also**

decided to sell the property at Varandarappally to find funds for purchasing the new property...The council further decided bank loan for the construction of the medical college and authorized the Finance Officer to do the needful.

It was informed in the **Finance Council** on 31st March 2015 (No.6) that *the purchase of 23.22 acres of land at Mattoor is on final stage. Registration shall be done in April 2015. The Finance Officer informed that South Indian Bank has sanctioned a loan of INR 48 crores (\$ 7.5 million) at the interest rate of 10.5% for this purpose. They have also sanctioned other two loans worth INR 10.2 crores (\$ 1.59 million) as margin money.*

But this decision was not properly discussed by the College of Consulters. On 2nd December 2015 the College expressed its concern in finalizing the land purchase without its consent (p. 100). Members asked the Finance Officer to prepare a detailed plan and estimate for starting the new medical college. *The body asked to keep them informed about the decisions of the finance council regarding the land sale for repayment of debts of the Archdiocese.*

B) Concerns about Purchase of land at Mattoor

a) Violation of relevant Canon Laws

1. The case of land purchase at Mattoor (23.22 acres) **was not discussed in the Consulters' Forum** (p.74 & 100). This is a clear violation of common law (CCEO 271), particular law (Article 214) and the Statutes of the Archdiocese (123(i)).
2. **According to CCEO 1035-42, and Particular Law 214, any alienation or purchase with a value above INR 50 crores (\$ 7.9 million) can be done only with the consent of the Major Archbishop who in turn needs the consent of the Synod of Bishops.** The transaction at Mattoor was of INR 58,78,25,930 (\$ 9.18 million) and the consent of the Synod of Bishops was mandatory, which was not obtained so far. This case is a clear violation of the above mentioned laws.
3. The committee observes that the Archdiocese jumped into the project of medical college **without conducting a serious viability study by a competent authority / agency** and it is found to be a serious lapse ultimately. The opinion submitted at the Consulters forum on 22nd April 2013 and also before the Finance Council on the same day that the project could be commenced by spending approximately INR 125 crores (\$ 19.53 million) seems to be against facts and misleading. The members could have easily consulted other Catholic medical colleges in Kerala before making such a decision. The committee

observes that the members of both fora are liable for lack of application of mind before taking such a big decision.

4. The decision to purchase the land at Mattoor was made by the Finance Council on 16th December 2014 (Item No.5). But it appears that **the Finance Officer had already given an advance amount of INR 4,00,10,000 (\$ 625156) by 16th October 2014, i.e. almost two months before taking such a decision.** This act of the Finance Officer seems to be tainted with impropriety.

b) Financial Loss and Impropriety

5. The land deed was registered on 29th May 2015 with a total sale consideration of INR 55.42 crores (\$ 8.66 million). Other than the token advance of INR. 10,000 (\$ 156) paid in cash on 30th July 2014, an advance cheque for INR 1 crore (\$ 156250) was paid on the very next day, 31st July 2014 and another advance cheque payment for INR 3 crores (\$ 468750) was made on 16th October 2014. But according to the testimony given by the Finance Officer to the committee, **no sale agreements were entered into** with the property owners for the advance payments. The committee fails to understand that how can the South Indian Bank sanction a huge loan amounting to INR 58.2 crores (\$9.09 million) to purchase land without an agreement.
6. The committee had consulted former Finance Officer of the Archdiocese, Fr. Mathew Manavalan and came to learn that the **very same property at Mattoor was offered for sale at INR 2,00,000 (\$ 3125) per cent**, in January 2014. That being so, due to purchase of the same property in a hush-hush manner, at a higher rate of 2.39 lakhs per cent, cost the Archdiocese a loss of INR 8,98,41,000 (\$ 1.4 million).

c) Lack of proper enquiry

7. On site visit and verification by the committee, it is found that **the land at Mattoor is bordered with an industrial area**, which is occupied by companies like Shakthi Rock Products (high volume metal crusher), three rice mills (Keerthi, Malabar and Surabhi), a petrochemical thinner factory (Q7 thinner), 2M Escalator company etc. Selecting this property for medical college seems to be irrational as the plot may not be suitable for a hospital or medical college.
8. It is found in our enquiry at Thuravoor Village Office that **43.24 cents of purambokku (public land) is passing through the centre of the property.** It points to the fact that there was no thorough prior enquiry about the land from authentic sources before the

purchase. The presence of *purambokku* (public land) will be detrimental to the construction of huge buildings in the said property.

9. About 3000 yielding rubber trees were fell in a haste after occupation of the property. The land remains unutilized for more than two years from taking possession.

2. LAND PURCHASES AT DEVIKULAM AND KOTTAPPADY

A) Background and Development

Seventeen acres of land was registered in favour of the Archdiocese of Ernakulam-Angamaly in the name of Mar George Cardinal Alencherry on 22 February 2017 at Devikulam Sub-registrar office for a total sale consideration of INR 1.6 crores (\$ 250000). But the actual payment made by the Archdiocese, according to the accounts office, was only INR 25 lakhs (\$ 39062).

Registration of the land at Kottappady was done at Kothamangalam sub-registrar office on 7th April 2017 for a sale consideration of INR 6 crores (\$ 937500) only. INR 60 lakhs (\$ 93750) was spent as stamp duty and registration fees. But in the accounts of the Archdiocese it is seen that an additional amount of INR 9.385 crores (\$ 1.47 million) is paid as advance.

A loan of INR 10 crores (\$1.56 million) was availed from South Indian Bank, Market Road Branch, Ernakulam by Archdiocesan Educational and Charitable Trust to make this payment. In fact, availing this loan was not authorized by any canonical body. Proto-Syncellus, who is the president of the trust, as informed, was not aware of this transaction and land deal. It is learnt that false documents were issued by Syncellus Msgr. Sebastian Vadakumpadan and the Finance Officer Fr. Joshy Puthuva in order to avail this loan (*Annexure-8*). The committee is surprised to learn that only three persons from the Curia- the Major Archbishop, one of the Syncelli and the Finance Officer were behind the two land deals, without the knowledge of the Auxiliary Bishops.

B) Concerns about Devikulam and Kottappady Land purchases

a) Violation of Canon Laws

1. **The land purchases at Devikulam and Kottappady were not discussed in the Consulters' Forum nor in the Finance Council** (ref. p. 100). After the purchase of land at Mattoor, the consulters' forum had given a clear warning, not to sell or purchase any

land without proper discussion in the consulters' forum which is reported on p.74 on 2nd December 2015. The same issue was again raised by the members on 9th November 2017 (p.100). **This is a clear violation of common law (CCEO 271), particular law (Article 214) and the Statutes of the Archdiocese (123(i)).**

2. The entire process of transaction secretive. Even the auxiliary bishops and one of the syncelli were unaware of the transactions. **This is violation of collegiality and collective responsibility as mentioned in CCEO 215#3: *The eparchial bishop in assessing matters of great importance, especially those of pastoral nature, is to consult auxiliary bishops in preference to others.***
3. According to CCEO 269#2, the eparchial bishop is to hear the Presbyteral Council in matters of great importance and he must consult it in cases expressly determined by common law. But the Presbyteral council was kept in the dark regarding the purchase of these land.
4. The **College of Consulters'** had some hearsay about this purchase and asked for clarification to the Finance Officer on **4th April 2017**. The Finance Officer informed that **there is no such move in the Archdiocese** (Pp.95-96). But the fact is that Kottappady land was registered on **7th April 2017**, just three days after the meeting, while land at **Devikulam was already bought and registered on 22nd February 2017**.

b) Violation of Civil Laws and Financial Loss Incurred

5. According to purchase documents the total amount of INR 1,76,28,480 (\$ 275445) was spent for the Devikulam property. But the actual amount spent in the book of accounts in only INR 41,17,740 (\$ 64339). The rest of the money, if given as cash, is not accounted in the books of accounts.
6. There are no agreements, previous documents or possession certificate available for verification. There is no *pattayam* (legal validation document issued by the government) issued for the land at Devikulam.
7. Even after ten months from purchase, the Archdiocese has not taken possession of the lands. The Finance Officer has not seen Devikulam land so far, as it was told to the committee.
8. Buying land in such a remote place, where human living is near to impossible, points to the engagement of real estate lobby, to which the Archdiocese seems to have fallen prey

to. It is not easy to find the logic of making such dead investments when the Archdiocese is drowning in huge debt.

9. Devikulam property is within the territorial limits of cardamom settlement area. So, any other use of the property than the cardamom cultivation is prohibited. In a way, it would be a hurdle for the Archdiocese for future alienation. This aspect has been verified from revenue authorities during the site visit by the members.
10. Archdiocesan Social and Charitable Trust (AICO) has availed a loan of INR 10 crores (\$1.56 million) from SIB for the Kottappady land purchase. But this loan was availed without the knowledge of the president of AICO, as informed to the Committee. The resolution of AICO (Annexure -8) in order to avail the bank loan was signed by Msgr. Sebastian Vadakumpadan and Fr Joshy Puthuva without proper authority. According to our information, they have illegally fabricated the said document for the purpose of bank loan. Hence the above act of them invites penal action.

c) Unwelcome Real-estate deals by the Archdiocese

11. **A tragic and suicidal decision of the Archdiocese to enter into a scandalous real estate business to make money is seen in the minutes of the Finance Council held on 9th March 2017 (No.2).** It is stated that *in order to overcome the financial overload of our Archdiocese, the Finance Officer offered the following suggestion: to exchange of our four plots- namely, Perumanoor, Kundannoor, Stadium and opposite portion of Naipunnya Public School at Kochi with 70 acres of land at Kottappady. Later this 70 acres of land may be sold to another buyer at the rate of INR 1.5 lakh per cent.* As it is learned, the Finance Council members were not provided with sufficient data for discussion, hence they were unable to provide their informed consent. It appears to be an orchestrated decision to help the real estate lobby.
12. According to purchase documents, an amount of INR 6.6 crores (\$ 103125) was spent for the Kottappady property But an additional amount of INR 9.385 crores (\$ 1.47 million) was paid to seven persons including Mr. Saju Varghese. There is no document available in the office to prove why this amount is paid to the above persons especially when the Archdiocese is already indebted to the bank for INR 67 crores (\$10.47 million).

III. OTHER GRAVE ISSUES

1. **Moral Crisis and Public Scandal:** The alleged lack of transparency and irregularities in financial and land transactions of the Archdiocese of Ernakulam-Angamaly have created a moral crisis among the members of the church and the general public. As it was widely discussed in the print, visual and online media, the issue has taken a colossal form creating confusion and faith crisis. People have started suspecting the credibility of the Church, especially the bishops and priests. It will adversely affect the ethical stance of the church, especially such one promoted by Pope Francis. More than the financial loss to the church, the shattering of the moral structure of the Church is the most important crisis that the society faces today.
2. **Loss of Credibility of the Bishops and Church Officials:** Church leaders and officials are expected to be people of utmost honesty and transparency. Due to the emerging crisis in the Archdiocese of Ernakulam-Angamaly, people have started doubting the credibility of the ecclesiastical leadership.
3. **Creation of Division among the Faithful:** As a result of the alleged corruption and financial irregularities, people have taken stands. While many have expressed their concern over the crisis, there were some who argued for the church officials, interpreting that what happened was only a human error. Even faithful and general public have become parties to the argumentation. There are some people who interpret this as a reaction of the priests and faithful due to the liturgical feud that used to exist in the Syro-Malabar Church. Therefore, the people are divided on this issue and it does not appear easy to bring back the faith and unity and appears to be lost.
4. **Proposal for further alienation of other properties:** The committee has found with grave concern that many prime properties of the Archdiocese within the Kochi city limits, including Perumanoor, Kundannoor, Kalamassery, Stadium and Ernakulam Market Building are put up for sale (Finance Council, on 13th September 2017- No. 2).
5. **Resignation of two prominent members from the Finance Council alleging lack of transparency:** Dr. V.A. Joseph, former Chairman of South Indian Bank, a leading Bank in India, and Mr. C.V. Alexander, former DGM of the Reserve Bank of India, both with unblemished record of service, resigned from the Finance Council of the Archdiocese.

6. **Guarantee and Collateral Security:** In order to avail various bank loans for the Archdiocese, many of our land, buildings and rental income are pledged as collateral security in various banks (*Annexure-9*). Some of them are:

No.	Property/Asset Pledged	Remarks
1	Mattoor Land	Pledged in SIB
2	Kottappady Land	Pledged in SIB
3	Perumanoor Land	Pledged in SIB
4	Stadium Land	Pledged in SIB
5	Chunangamvely Land	Pledged in SIB
6	Rental Income -BSNL, Customs, Federal Bank, Mar Louis etc. (Ernakulam Broadway Building)	Pledged in SIB
7	Varantharappally Estate	Pledged in SIB

7. **Chakkaraparambu Commercial Building:** Construction of a commercial building was started in 2008 in order to generate income for the Archdiocese. It was expected to complete the construction in October 2013 and to rent out the same from 2014 onwards (Minutes of Finance Council pp. 47). Average rent expected per month was INR 25 lakhs (\$ 39062). Since this could not be actualized the Archdiocese has lost the rent for about 47 months. This estimated loss amounts to INR 11.75 crores (\$ 1.84 million).
8. **Loss on Uncollected Building Rent:** Archdiocese of Ernakulam-Angamaly owns commercial buildings in various parts of the Archdiocese such as Vaikom, Ernakulam, Kalamassery and Aluva (*Annexure-*). According to the document made available from the archdiocesan finance office, rent receivable per month is INR 43,40,940 (\$ 67827) and **there is a total arrear of INR 2.48 crores (\$ 387309)**. This points to the inefficiency and carelessness from the part of Archdiocesan administration.
9. **Huge Financial Liability of the Archdiocese:** As on 31st March 2015 the Archdiocese had a liability of bank loans amounting to INR 8,26,32,748 (\$ 1.29 million) and loan from various institutions amounting to INR 7,57,18,081 (\$ 1.18 million). The total liability in 2015 was INR 15,83,50,829 (\$ 2.47 million). But in three years span the **total loan liability escalated to INR 86,38,13,824 (\$ 13.5 million) as 30th November 2017, with an increase in liability of INR 70.54 crores (\$ 11.02 million)**.
10. **Illegal Transactions:** It is observed that many inter-trust financial transactions have been done in the Archdiocese, especially in the past three years. According to prevailing laws in India, it is illegal and irregular to transfer fund from one charitable

trust to another religious trust or vice versa (Section 12A r/w Section 11(5) of IT Act). For instance, INR 3,29,49,300 (\$ 514832) has been drawn from Annie Thayyil Trust, which was established with the purpose of doing various charitable activities. INR 2 crores (\$ 312500) have been availed from Bharata Mata College Educational Trust (MBA College) while INR 2,78,27,818 (\$ 434809) was taken from Naipunnya Public School, Kochi, under Bharata Mata College Educational Trust. It is also observed that the Archdiocese has spent INR 3.54 crores (\$ 553256) for Bharata Mata School of Legal Studies, under the Bharata Mata College Educational Trust. Such illegal transactions might lead the Archdiocese into financial crisis. **Further, loan to religious trust by a charitable trust may disallow the application of income of the charitable trust and liable to income tax as per section 11(5) of the IT Act.**

11. **High volume of Interest paid to Banks:** From the Archdiocesan accounts the committee verified the high volume of interest remitted in various banks against the loans. In the financial year 2014-15 INR 68,88,653 (\$ 107635) was paid as loan interest. While the interest paid was INR 6,09,39,572 (\$ 952150) in FY 2015-16, INR 6,88,36,963 (\$ 1.07 million) in 2016-17 and INR 3,76,74,280 (\$ 588660) in the current fiscal year as on 30th November 2017. **Over the past four years, the Archdiocese has paid a total of INR 17,43,39,468 (\$ 2.72 million).** In fact, all the money which should have been used for evangelization and charity have been swallowed by the banks as interest.
12. **Advance Paid without Documents:** It is seen in the accounts that INR 9.385 crores (\$ 1.47 million) was paid to seven persons without any documents (*Annexure-6*)

ADVANCE PAID WITHOUT DOCUMENTS			
S. No.	Date	Name of Payee	Amount
1	7.4.2017	Jose Kurian	INR 2,60,00,000 (\$ 406250)
2	7.4.2017	Saju Varghese	INR 2,28,50,000 (\$ 357031)
3	7.4.2017	V.K. Mariamma	INR 90,00,000 (\$ 140625)
4	7.4.2017	Jessy George	INR 90,00,000 (\$ 140625)
5	7.4.2017	Usha Joseph	INR 90,00,000 (\$ 140625)
6	7.4.2017	Valsamma Mathew	INR 90,00,000 (\$ 140625)
7	7.4.2017	Philo Rajan	INR 90,00,000 (\$ 140625)
		SUB TOTAL-C	INR 9,38,50,000 (\$ 1.47 million)

13. Failure to publish income tax return and filing of audit report along with audited

finance statements: The committee observes that the due date of filing the IT Return under section 139(4) r/w section 139(1) is on 7th November 2017. It is found that there was no audit conducted for the financial year 2016-17 and no income tax return is filed so far. This is a clear violation of various provisions under the income tax act inviting reason for cancellation of registration under section 12AA(3) of the Income Tax Act.

- 14. Engagement of Real Estate Agency:** On our verification of the minutes of the Finance Council and Consulters' Forum, it was found that there was no decision to engage any real estate agency or broker for the purpose of alienation of the land property. However, it is found that the Finance Officer issued an offer letter in favour of Mr. Ajas N.S. of Veekay Builders, a real estate dealer based in Kakkanad. As per the statement of the Major Archbishop, Mr. Saju Varghese was introduced by him to the Finance Officer to deal with matters related to land transactions. He was also behind the acquisition of land at Devikulam and Kottappady. Agreed Sale Value as per Curia Minutes dated 15th June 2015 receivable from the real estate agent (300 x INR 9.05 lakhs (\$ 14140) is INR 27.15 crores (\$4.25 million). Actual sale consideration realised as per accounts of the Archdiocese is only INR 9.13 crores (\$1.43 million). As per the accounts and available records perused, and the statements submitted by various persons before the committee, hence we are of the view that the said Mr. Saju Varghese was given an upper hand in the land deal for the sole reason that he was introduced by the Major Archbishop. Hence he was permitted to retain INR 18.1 crores (\$2.82 million), which is unpaid even now. Besides this amount, an advance of INR 9.385 crores (\$ 1.47 million) was given for Kottappady Land without documentation at his instance. Therefore the total amount of money to be realized from the real estate agent, Mr Saju Varghese is actually INR 34.5 crores (\$ 5.39 million). The above

IV. ESTIMATED LOSS INCURRED TO THE ARCHDIOCESE

A. PURCHASE OF LANDED PROPERTIES DURING THE PERIOD

S. No.	Particulars	Extent in Acres	Value paid in Rupees	Stamp Dty& Tax in Rupees	Total in Rupees	Loss in Rupees
1	Mattoor in Thuravoor Village (<i>Annexure-10</i>)	23.22	55,42,41,000 (\$8.67million)	3,35,84,930 (\$ 524764)	58,78,25,930 (\$9.18million)	8,98,41,000*
2	Devikulam in Anaviratty Village (<i>Annexure-11</i>)	17.00	25,00,000 (\$ 39062)	16,04,480 (\$ 25070)	41,04,480 (\$ 64132)	-----
3	Kottappady in Kottappady Village (<i>Annexure-12</i>)	25.00	6,00,00,000 (\$ 937500)	60,00,000 (\$ 93750)	6,60,00,000 (\$1.03million)	-----

*According to the statement filed by Fr. Mathew Manavalan, former Finance Officer, the price offered in January 2015 was INR.2,00,000 (\$ 3125) per cent. Total value offered earlier was INR 46,44,00,000 (\$ 7.26 million). **Therefore there was an estimated loss of INR 8,98,41,000 (\$ 1.4 million)** in the land purchase at Mattoor.

B. ALIENATION OF LAND BY THE ARCHDIOCESE

36 Land sale registrations were signed by the Major Archbishop on behalf of the Archdiocese of Ernakulam-Angamaly from 19th June 2016 to 23rd Auugust 2017. As per the sale documents 280.78 cents were sold in this period. In the land near Karunalayam, more than 21 cents were set apart by the agent for the purpose of internal pathway. Hence, value appreciation was made to the plots sold. It makes a total of 301.780 cents. Therefore the total land alienated is calculated as 300 cents. In the following table.

S. No.	Particulars	Extent in Cents as per Title Deed	Extent Sold in Cents	No. of Plots Sold	Sale Consideration as per Sale Deed in Rupees
1	Marad (See <i>Annexure-13</i>)	54.710	54.150	8	2,16,46,000
2	Nilampathinjamugal (See <i>Annexure-14</i>)	20.350	19.790	4	48,06,000
3	Opp. BMC (See <i>Annexure -15</i>)	62.330	60.290	1	3,99,70,000
4	Opp. Naipunnya School (See <i>Annexure-16</i>)	70.150	68.940	7	3,41,70,000

5	Near Karunalayam* (See <i>Annexure-17</i>)	99.440	77.610*	16	3,45,52,260
	SUB TOTAL	306.980	280.780	36	13,51,44,260

**Difference in measurement of land is 21.830. The extent is set apart for the purpose of internal pathway by the agent.*

C. ESTIMATED MARKET VALUE AND LOSS TO THE ARCHDIOCESE IN LAND ALIENATION

The following are the details of valuation as per valuer, Er. Diaz J Malickan, Government of India approved surveyor/ valuer, vide report dated 3rd January 2018., as per *Annexure 18*.

S.No.	Particulars	Extent Sold in Cents	Estimated Market Value per cent	Estimated total value receivable
1	Maradu	54.150	8,00,000	4,32,88,000
2	Nilampathinjamugal	19.790	10,00,000	1,97,68,000
3	Opp. BMC	60.290	26,00,000	15,67,54,000
4	Opp. Naipunnya School	68.940	24,00,000	16,54,56,000
5	Near Karunalayam	99.500	7,70,000	7,66,15,000
	TOTAL	300.000		46,18,81,000

Estimated Market Value (as per *Annexure-18*) INR 46,18,81,000 (\$7.21 million)
Less Actual Sale Consideration Realised as per accounts INR 9,13,36,600 (\$1.42 million)
Estimated Loss on Sale of Property INR 37,05,44,400 (\$ 5.79 million)

ESTIMATED LOSS ON PURCHASE & SALE OF LAND-

8,98,41,000+37,05,44,400 =

INR 46,03,85,400 (\$7.19 million)

V. ROLE OF INDIVIDUALS IN THE FINANCIAL AND LAND TRANSACTIONS OF THE ARCHDIOCESE

The committee tried its best to collect testimonies and evidences regarding the involvement of various office bearers of the Archdiocese of Ernakulam-Angamaly in the land and financial transactions. Various records like minutes of the Curia, College of Consulters, Finance Council, Presbyteral Council etc. were analysed. Written responses to the set questionnaires were collected from all the major office bearers of the Archdiocese, including the Major Archbishop. All of them played small or big roles in the financial and land transactions in multifarious ways. Role played by the following are briefly analysed below based on the statement of accounts, available records, and their own written statements. (Testimonies received from the members of the Curia and others are appended- (*Annexure*-19 A-K).

- a) **Major Archbishop Mar George Cardinal Alencherry:** It was the Major Archbishop who seems to have fully known and involved in the alienation and purchase of lands by the Archdiocese in the specified period. He is said to be the key-factor in the decision to start the proposed medical college at Mattoor. It was with his knowledge and consent that the land was purchased at Mattoor. Major Archbishop was directly involved in alienating all the five plots (all pages of the sale documents were signed in person), which were sold into 36 pieces. The first deed was registered even before it was discussed in the Consulters' Forum. Decision of the finance council quoted in all the 36 sale deeds is incorrect. The receivable value set by the Curia was INR 27.15 crores (\$ 4.25 million) whereas the value according to the registered deeds was only INR 13,51,44,260 (\$ 2.11 million). But the total receipt of money from the agent was only INR 9,13,36,600 (\$1.43 million). It is painful to note that at the time of execution of the sale deeds, the Major Archbishop has not assured the receipt of money to the archdiocese.

Land purchases at Devikulam and Kottappady were known only to the trio- the Major Archbishop, Msgr. Sebastian Vadakumpadan and the finance officer Fr. Joshy Puthuva. This was not discussed in the Curia, nor was it shared with the Auxiliary Bishops serving in the Archdiocese. Availing the bank loan, through AICO (Archdiocesan Institutions Central Office), amounting to INR 10 crores (\$ 1.56 million), also was hidden from the Proto-Syncellus, who happened to be the president of AICO.

There were numerous instances of violation of Canon Laws and civil laws along with the lack of transparency and collegiality. As the head of the Syro-Malabar Church, he should have taken utmost care in respecting the provisions of the Canon Law. Particular Law of Syro-Malabar Church, which was promulgated by the same Major Archbishop, was violated by him on more than one occasion.

Major Archbishop has stated that it was he who introduced the real estate agent Saju Varghese Kunnel to the finance officer.

When asked to give a written response to the Interim Report, Major Archbishop declined to do so, and asked the Committee to finalise the report without his response.

- b) **Proto-Syncellus Mar Sebastian Adayanthrath:** He was part of the decision making to start a medical college and purchasing land at Mattoor. As he manages the day-to-day activities of the Curia in the capacity of Proto-Syncellus, he should have keenly followed the process of land purchase at Mattoor. He has stated that he trusted the finance officer fully, which turned futile, and in turn affected the financial stability of the Archdiocese. Proto Syncellus seems to have lacked vigilance in this regard.

In the Curia decision to alienate five plots of land, he failed to verify the decisions of the Finance Council and the Consulters' Forum. Fixing the minimum average value of the land was not properly discussed nor studied. After issuing the decision on the sale of properties, the Proto-Syncellus had no idea regarding the further process.

He was totally unaware of the land purchases at Devikulam and Kottappady, which came to his notice only when some of the priests of the archdiocese came up with proof. In many a decision making process the role of Proto-Syncellus was sidelined or ignored.

The Proto-Syncellus was requested by the Presbyterium of the Archdiocese to publish a circular clarifying the present crisis in order to avoid confusion. The Circular, which was published with the consent of the Major Archbishop is appended (*Annexure-20*).

Response given by Mar Sebastian Adayanthrath to the Interim Report is appended (*Annexure-21*).

- c) **Syncellus Mar Jose Puthenveetil:** He was part of the decision making to start a medical college and purchasing land at Mattoor. Mar Jose Puthenveetil in the capacity of the Syncellus, was not given updates about land sale or purchase by the Finance Officer.

Like the Proto-Syncellus, Mar Puthenveetil also was unaware of the land purchases at Devikulam and Kottappady, which came to his notice only when some of the priests of the archdiocese came up with proof. In many a decision making process the role of the second Auxiliary Bishop was side-lined or ignored.

- d) **Syncellus Msgr. Sebastian Vadakumpadan:** Msgr. Sebastian Vadakumpadan is the Syncellus in charge of the institutions in the Archdiocese. The Finance Council on 18th March 2016 suggested Msgr. Sebastian Vadakumpadan to support the Finance Officer for the sale of land. Msgr. Sebastian has stated that he has obeyed whatever he was told by the Major Archbishop, and assisted the Finance Officer in all land dealings. He was part of discussions with Mr. Saju Varghese, the real estate agent. Purchase of land at Devikulam and Kottappady was not revealed to the Auxiliary Bishops till the recent developments. Besides, he was instrumental in availing a bank loan amounting to INR 10 crores (\$ 1.56 million), which he was not authorized to do. Along with the finance officer, Msgr. Sebastian Vadakumpadan seems to have fabricated a trust resolution to avail the loan.

When asked to give a written response to the Interim Report, Msgr. Sebastian vadakumpadan declined to do so, and asked the Committee to finalise the report without his response.

- e) **Syncellus Msgr. Antony Nariculam:** As Syncellus in charge of parishes and the Religious, Msgr. Antony Nariculam was not directly involved in the decision making process of land sale or purchase. He attends the Curia only two days a week. After receiving a complaint from the Superior of SD Convent, Karunalayalm, he tried to negotiate with Saju Varghese for repairing the damage caused to their compound wall. He has reiterated more than once that Saju Varghese appeared to be a fraud character.
- f) **Finance Officer Fr. Joshy Puthuva:** The finance Officer took a lead role in the purchase and sale of properties by the Archdiocese. He states that he has only acted according to the instructions given by the Major Archbishop. He is said to be ignorant of the previous discussions regarding the value of the land at Mattoor. He says he was trying in good faith to build up a medical college for the Archdiocese.

Regarding the sale of plots, offer letter was issued to Ajas N.S. of Veekay Builders, but it was Mr. Saju Varghese who acted as middle man for the land alienation. It was the Major Archbishop, who introduced Saju Varghese to him. There was no attempt made by him

advertisement made about the land sale. He is also said to have failed to give regular report to the Curia, nor to achieve the payment of the sale consideration to the Archdiocesan exchequer. As the Finance Officer of the Archdiocese, he should have been careful enough to assure that sale consideration is received prior to the execution and the registration of the sale deeds.

The committee finds that land purchases at Devikulam and Kottappady were known only to the Major Archbishop, Msgr. Sebastian Vadakumpadan and Fr. Joshy Puthuva. This was not discussed in the Curia, nor was it shared with the Auxiliary Bishops. Along with Msgr. Sebastian Vadakumpadan, he managed to avail the bank loan amounting to INR 10 crores (\$ 1.56 million), keeping the Proto-Syncellus in the dark.

The committee also has found that the Finance Officer issuing many letters to the Bank in the capacity of curia member. He also is said to have failed to present the monthly account statements in the Curia for the past years.

Fr. Joshy Puthuva, despite being the Finance Office of one of the largest dioceses in India, is also the manager of Bharata Mata School of Legal Studies, Choondy and was the manager of Naipunnya Public School Kochi. It is found that he had transferred INR 3 crores (\$ 468750) from Naipunnya Public School to the Archdiocesan accounts without proper authorization.

Response given by Fr. Joshy Puthuva, the Finance Officer, is appended (*Annexure-22*).

VI. RECOMMENDATIONS

1. The Enquiry Committee unanimously recommend the audit and verification of accounts, land and various other transactions of the Archdiocese of Ernakulam-Angamaly by an independent reputed firm of chartered accountants so that a complete assessment of all financial and land transactions of the Archdiocese could be done in a professional manner. That would help to sort out the present issues and to adopt safe and legally acceptable steps in all future transactions.
2. The Committee also recommend appointing a new finance officer, with immediate effect, who is *expert in financial matters*, and *outstanding for honesty* (CCEO 262#1).
3. Efforts should be taken to recover the amount pending with the agent by adapting legal action. Legal action should be initiated against Saju Varghese for the recovery of the unpaid sale consideration pertaining to the property near Bharata Mata College, Thrikkakara, and also to recover the advanced amount to Saju Varghese and others.
4. People who are responsible for the crisis should be tried according the law of the church and necessary action should be taken for the violation of the civil law.
5. Immediate action should be taken to file IT return along with audited financial statements for the year ended 31st March 2017 to avoid huge demand of penalty and other penal provisions.
6. Opinion and creative ideas should be sought from the priests and the lay leaders of the Archdiocese at various levels for raising funds for the Archdiocese to solve the crisis.
7. Provisions of the canon law and civil law must be observed in all future transactions, moreover by the finance office.
8. Action should be taken to repay the loan liability in various banks to avoid huge amount of interest and recovery steps by bank.
9. Inter-trust transfer of funds are illegal and should not be promoted in future.
10. Funds set apart for charity purposes should not be diverted for any other purposes.
11. Finance Council must be reconstituted immediately to overcome the crisis. Members of the Finance Council must undergo an induction programme regarding their duties and responsibilities as well as the laws of the church.

12. Provisions must be made in the Church to avert such scandals happen in the Church. Vigilance mechanism and regular internal auditing have to made mandatory for all ecclesiastical institutions.
13. There should be a concerted effort by all concerned to regain the reputation, good will and credibility of the Archdiocese.
14. To conduct a detailed investigation of the financial transactions of all other associated trusts under the Archdiocese.
15. An external Internal Auditing by a reputed firm of chartered accountants on a regular basis in the archdiocese as well as major trusts.
16. Documentation of all canonical bodies should be precise and accurate, and should stick to standardised format. Practice of preparing the minutes in loose sheets and pasting the same in the registers should be avoided. Language should formal and notes should be taken on the progress of discussions.
17. In order to avail opinion regarding legal, commercial and financial matters should be obtained from a panel of experts. Depending on individual persons on such matters should be stopped.
18. Mutual consultation among the members of the Curia is important. All the canonical bodies must assure proper consultation so as they are able to provide informed consent.
19. Fixed assets register should be maintained immediately to safeguard the precious land properties and buildings of the Archdiocese.

VII. CONCLUDING REMARKS

The enquiry Committee has made our best attempts to conduct this study based on facts and figures which were made available to us, and those which we gathered during the course of our enquiry. The Committee tried to understand and analyse various aspects of the issue under consideration, and has tried its best to give an impartial evaluation and comments on the same. The Committee expects all those concerned to take serious and urgent action to repair the damages that have been created in faith, morals, behaviour and financial transactions in the Syro-Malabar Church, especially in the Archdiocese of Ernakulam-Angamaly.

Dated on 4th January 2018,

1. **Fr Benny Maramparampil (Convenor)**
2. **Fr Lukose Kunnathoor (Member)**
3. **Fr Joseph Kodiyan (Member)**
4. **Mr. A.J. Thomas (Member)**
5. **Mr. Johny Pallivathukkal (Member)**
6. **Adv. Abraham P. George (Member)**