

## Menorah executives knew of improper loans (globes)

**The Barlev Investigative Auditing report does not include operative or personal recommendations.**

Sources inform "Globes" that Menorah Mivtachim Holdings Ltd. (TASE: MORA) executives knew of the improper loans awarded by the company. A source familiar with the affair and the audit told "Globes" today, "Menorah's management was aware of the actions taken, permitted them, apparently unaware that they were improper." Menorah today notified the Tel Aviv Stock Exchange (TASE) that it has received the draft report of Barlev Investigative Auditing from the Ministry of Finance about the "special loans granted by Menorah to its policyholders without guarantees at the time of the loans, and the retroactive measures undertaken in the company's policies". The disclosures about the two affairs - the loans and the backdating - in the fourth quarter of 2009 resulted in the Ministry of Finance appointing an auditing team headed by Yehuda Barlev CPA.

Menorah added, "The draft audit includes details of the finding and ostensible flaws relating to improper conduct by Menorah Insurance, its management, and other officeholders whose actions sometimes did not comply with the provisions of various laws."

The report mainly deals with the improper loans made by Menorah.

Menorah today declined to comment on the matter. The statement to the TASE said, "The company intends to study the draft report and it will respond as required by the Supervisor of Insurance."

So far as is known, Menora has 45 days to respond to the Ministry of Finance's Supervisor of Capital Markets, Insurance and Savings about the audit.

The audit apparently includes facts relating to the two affairs from the Ministry of Finance's perspective, and it focuses on previously discovered details about the sequence of events. The audit apparently does not include operative or personal recommendations, or recommend possible sanctions against individuals or the company. It is, however, partly based on preliminary suspicions that the loans were granted in violation of the relevant regulations and Ministry of Finance rules.

Menorah's share price fell 0.9% today to NIS 55.50, giving a market cap of NIS 3.54 billion.

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