### From the Editor!

Welcome to the second edition of “The Legal Luminary”. Many thanks for all the feedback from the first edition. The Luminary as the name suggests will enlighten its readers. It will address various issues involving the NDIC family in a concise manner. In this issue we will talk about the Corporation’s right to pay depositors their insured deposit sums even when the bank has challenged the revocation of its license. Your feedback (Reply Brief) will be highly appreciated.

Chioma N. Momah

### Q & A Are Oral Agreements enforceable in Court?

The general rule is that Oral agreements are enforceable in Courts except those matters involving transfer of an interest in land which must be in writing. Written contracts are binding since they are documented. However if you agree to enter into a taxi cab/bus, or agree to do something, or sell something, and someone else acts on your statement you may have entered into an enforceable contract.

As Oral Agreements are harder to prove in court, the court may infer from aspects of information, from previous documents or memos exchanged, copies of video tapes/recording between parties thus confirming the terms of the agreement. Witnesses are also always relevant, especially if they are not connected to you.

Notwithstanding if the court can with reasonable certainty determine the terms that the parties have agreed to, the court can enforce the alleged contract.

In general, as long as the basic elements of an offer, acceptance and consideration are present, the parties have a valid and binding contract. There is no requirement that the contract be in writing but it is always best to have your agreements in writing as written agreements are always binding except when proved to be due to fraud or undue duress.

### Effectve and Efficient Bank Closing

The last bank closure effected by NDIC had tales of great success as well as a few tales of woe. In carrying out our role as Liquidator of failed banks we need to follow an orderly process so as to reduce the hiccups one experiences.

Bank closing can be categorized into three stages:

- **Pre-closing activities**
- **Closing activities**
- **Post-closing activities**

The pre-closing is probably the most important stage as only proper planning will ensure successful closing. Firstly, we need to discuss the main challenges faced when effecting closures. They include:

- Involvement of other Departments staff as key staff.
- Insufficiency in the current status of IT infrastructure and broken down servers.

To get over these and other issues it is suggested that every closing team should do the following:

- Every closing team (when possible) should be headed by CRD/AMD staff.
- Conduct Annual Mock Bank Closure.
- Conduct pre-closure examination which could be in form in special examination.
- Capacity building in terms of in-house training for all staff of the Corporation in the act of bank closing.
- Completely overhaul the IT infrastructure for a most robust one to adequately capture and provide for all that bank closing requires.
- Effective security of the assets of the closed banks.
- Establish a Record Management Unit which will handle the collection, collation, scanning, micro-filming and storage of bank documents and eventually migrate into a fully Automated Record Management centre.
- The Corporation should make input into account opening information to be obtained by banks from prospective and where possible, existing customers to ensure uniformity of data.
- A well developed Manual of Operation. All this will help achieve more effective and efficient bank closing.

### Social Diary

The year 2010 has come and gone, it was a remarkable year indeed. We at Legal Luminary fondly remember some of the High points of 2010.

- Maiden edition of the Legal Luminary.
- Revocation of the Licences of over 100 Microfinance Banks.
- Confirmation of Acting MD to MD.

Bon anniversaire to Amina Pauline Kwon of the Legal Department who celebrated her birthday on January 6th.

### REPLY BRIEF

Thank you.

I wish to commend you on this initiative in the Corporation.

The newsletter is educative.

Regards,

Tajudeen M. Oyedele (CISA)
ITD
NDIC