



CONFIDENTIAL

MEMORANDUM

September 14, 2022

TO: Sok Voeun  
Sok Sophal

FR: Mintz Group Asia

RE: LOLC Cambodia Matter: Results of Investigation Phase 2

This memorandum summarizes an investigation into allegations made against former loan officers of LOLC (Cambodia) Plc. (“LOLC”) in a May 2022 Bloomberg article, which you provided to us, pursuant to your request and at your direction to assist you in your internal investigation process.

SCOPE OF INVESTIGATION

This investigation focused on conducting interviews with current and former LOLC customers who may have had knowledge of an incident referenced in the abovementioned May 2022 Bloomberg article, where an LOLC Cambodia Loan Officer was alleged to have pressured a borrower in October 2020 to sell her land to repay an outstanding loan balance she was behind in under COVID-19 hardship. We also asked customers about the reputation of the four former LOLC employees whom you identified in the said allegations and who all previously worked at LOLC in Popel Village, Thmar Ed Commune, Kampong Tralach District: Chou Kimhong, former branch manager; Koy Songhak, former head of financial sales advisor (“FSA”); Chann Kimsan former FSA for small and medium enterprises (SME); and Chhay Buntheang, former specialist FSA.

## HIGHLIGHTS

- Following a thorough investigation, we found no evidence to substantiate the allegations made in a May 2022 Bloomberg article. None of the interviewees were familiar with the incident in question.
- As part of this, we also investigated the four loan officers involved in this transaction: Chou Kimhong, former branch manager; Koy Songhak, former head of financial sales advisor (“FSA”); Chann Kimsan former FSA for small and medium enterprises (SME); and Chhay Buntheang, former specialist FSA. Our investigation did not uncover any other serious allegations against any of them.

## METHODOLOGY

- We approached interviewees by telephone from a list of 197 current and former customers provided by you on August 22, 2022. We conducted the interviews in Kampong Chhnang from August 29<sup>th</sup> to September 1<sup>st</sup>, 2022.
- We conducted interviews in seven villages across Kampong Chhnang - Khna Kandal, Chrey Kaong Lech, Svay Kraom, Tradak Pong, Trapeang Srangae, Praklout and Daeum Popel – all of which were located within Sameakki Mean Chey and Kampong Tralach districts. We conducted the interviews in person at the interviewees’ homes. Much of the contact information on the list provided by the Client were outdated or inaccurate - of the 139 customers contacted by telephone, 119 did not result in interviews. This number comprises of unreachable customers, wrong or invalid numbers, or customers who were unwilling to speak with us. Of the latter sub-category, the main reason was scheduling conflicts. In an effort to fulfil the objective of this project, we interviewed a further seven customers not originally included on your customer list. We identified these customers via ties with customers on the original list, such as neighbor or relative who also had a loan with LOLC. We note that the majority of customers provided to us made timely repayments to LOLC and would not have been subject to undue pressure during collection efforts to sell land or housing like those allegedly experienced by the woman highlighted in the May 2022 Bloomberg article.

## SUMMARY OF FINDINGS

- None of the interviewees were able to verify the allegations in the Bloomberg article nor were they unfamiliar with the incident or the customers it allegedly affected. However, when discussing the allegations, nine interviewees stated that the incident “probably” took place, and in a different village. Five interviewees also said they had heard of similar allegations, although they were unable to

provide any details as such stories were shared either through gossip or online social media platforms like Facebook.

- A total of eight interviewees had varying degrees of familiarity with one or more of the four LOLC officers under investigation: Chou Kimhong, Koy Song Hak, Chann Kimsan and Chhay Buntheang. Chou Kimhong and Koy Song Hak held more senior roles of the four, as branch manager and head of Financial Sales Advisor (FSA), respectively, and therefore customers were generally less familiar with these two individuals. One interviewee, however, who had ‘worked’ informally with LOLC to promote the company within his village and help secure customers, said that the pair could sometimes be “hard” on their subordinates and fellow employees but stated that, to his knowledge, this did not extend to LOLC customers. Another interviewee, whose brother previously worked for LOLC as an FSA, stated that he was not aware of any reputational issues related to Chou Kimhong or Koy Songhak specifically.
- Only one interviewee was familiar with Chhay Buntheang (FSA – Specialist) and provided insight into his character. The interviewee described him as “helpful,” “friendly” and “detail oriented.” When asked to expand on what was meant by “detail oriented”, the interviewee clarified that Chhay Buntheang was well-versed in LOLC’s policies and was easily able to guide customers through the loan and repayment process.
- We received negative customer responses related to only one of the four officers, Chann Kimsan (FSA – Small and Medium Enterprises). One interviewee described the officer as having “bad morality” – they explained that he was known to use “bad words” to customers. Another interviewee expressed similar sentiments and said that Chann Kimsan had used “strong words” with her and her family when they had enquired about taking out a larger loan with the company. The interviewee had had an existing loan with LOLC but wanted to take out a second, larger loan to repay the first in full and use the remainder of money on home repairs. We note that this is not an uncommon request and that some customers are successful, while others are not, in getting such requests approved, although we were unable to determine the reasons behind these decisions based on our limited customer interviews. It is likely to do with the company’s perception on how well the customer is able to make repayments, based on previous loans and ability to provide extra land titles as collateral. However, the interviewee who helped LOLC gain more customers in his village described Kimsan in a positive light based on a field visit made by the former. Another interviewee, whose loans were processed by Chann Kimsan and who, coincidentally, was now a neighbor of the loan officer and his wife, stated that he was a “good neighbor” and that she was not aware of any reputational issues related to the individual.

- None of the interviewees were able to comment on the reasons behind the departure of the four former LOLC employees, with only a handful being aware that they had left the company.

### UNETHICAL METHODS OF COLLECTION RAISED

- Some interviewees raised potential ethical challenges with loan collection for LOLC to address, with one interviewee (whose brother had previously worked for LOLC) stating that the current batch of LOLC loan officers were known to have a temper and would often use “bad” or “strong” words when dealing with customers. He elaborated that this change in demeanor took place around 2018, when a new batch of employees replaced loan officers who were close to retiring age. He also stated that it was common knowledge that loan officers would station themselves outside of the homes of borrowers who were late on their payments between 5pm and 8pm, when they knew customers would be returning home from work. In his opinion, it was “common” for LOLC loan officers to “harass” customers in this way. He added that while this was not strictly the company’s policy, it could also not be dismissed as the work of “a few bad individuals” as FSA’s are required to obtain permission from branch managers to use company resources – namely motorbikes – to carry out such activities.
- We interviewed two customers who had made late payments and cited similar levels of pressure from LOLC officers as those described in the May 2022 Bloomberg article. Both interviewees noted that four to five loan officers would arrive at their house in the evening and often stayed until 10pm on payment due dates. One interviewee stated that the loan officers would sometimes show up twice a day. She said that for each day late on a payment, she was subjected to a USD 1 fine. The other interviewee shared that, during the COVID-19 pandemic, her children lost their jobs and were unable to make timely repayments. The family’s request for an extension was denied, despite only having one month left in the term period. The interviewee eventually sold her residential land to pay off the loan, although she stated that loan officers did not threaten her to make this sale. Rather, she wanted to be cleared of any remaining debt and made the choice to do so independently.
- Not all customers we interviewed shared the same sentiment. At least four customers who had personal experience dealing with one LOLC officer (not one of our four subjects) had “very positive” experiences and spoke highly of the individual.