

FEDERAL MINISTRY OF FINANCE

REPORT

OF

**THE ADMINISTRATIVE PANEL OF
INQUIRY INTO ALLEGATIONS OF
VIOLATION OF THE PUBLIC SERVICE
RULES, FINANCIAL REGULATIONS, AND
OTHER EXTANT RULES AND
REGULATIONS, BY MR. MOUNIR H.
GWARZO, MRS. ANASTASIA OMOZELE
BRAIMOH AND MR. ABDUSALAM NAIF H.
OF THE SECURITIES AND EXCHANGE
COMMISSION (SEC).**

(VOLUME 1 - MAIN REPORT)

SUBMITTED TO

THE HONOURABLE MINISTER,

FEDERAL MINISTRY OF FINANCE

JANUARY, 2018

**THE REPORT OF THE ADMINISTRATIVE PANEL OF INQUIRY
INTO VARIOUS ALLEGATIONS OF VIOLATION OF THE
PUBLIC SERVICE RULES, THE FINANCIAL REGULATIONS
AND OTHER EXTANT RULES AND REGULATIONS BY MR.
MOUNIR H. GWARZO, MRS. ANASTASIA OMOZELE
BRAIMOH AND MR. ABDULSALAM NAIF. H OF THE
SECURITIES AND EXCHANGE COMMISSION (SEC).**

1.0 Preamble:

1.1 An anonymous letter titled "Petition against Mr. Mounir H. Gwarzo in his capacity as the Director-General of the Securities and Exchange Commission"(which was already in the public domain) was received on the Whistle Blower platform on or about the 27th October, 2017, alleging breach of some provisions of the Public Service Rules (PSR), Public Procurement Act(PPA), the Financial Regulations(FR), and other extant Rules and Regulations against three principal officers of the SEC, namely Mr. Mounir H. Gwarzo, (Director-General); Mrs. Anastasia O. Braimoh (Head, Legal Department); and Mr. Abdulsalam Naif H. (Head, Media Department).

1.2 The details of the allegations made against each of the officers are as follows:

1.2.1 That Mr. Mounir H. Gwarzo;

- (a) Collected Severance Package in the sum of N104,851,154.94 (One Hundred and Four Million, Eight Hundred and Fifty One Thousand, One Hundred and Fifty Four Naira, Ninety Four Naira) only while still in service;
- (b) Served as a Director in Medusa Investments Limited while in the Public Service, in violation of PSR 030424

which prohibits Public Officers from holding office as Director in Private Companies;

- (c) used his position as Director-General of SEC to award contracts to Medusa Investment Limited wherein he was serving as Director, thus resulting in conflict of interest;
- (d) expended about N2 Billion without appropriation, contrary to extant Financial Regulations;
- (e) recruited staff into SEC without following laid down procedures for such exercise in the Public Service; and
- (f) collected kick-backs from Contractors and Consultants who rendered services to SEC.

1.2.2 That Mrs. Anastasia Omozele Braimoh:

- (a) served as a Director in Micro Technologies Limited while in the Public Service as Head (Legal Section) in SEC, in violation of PSR 030424 which prohibits Public officers from holding office as a Director in Private Companies; and
- (b) had contracts awarded by SEC to the same Company (in which she had vested interest), thus resulting in conflict of interest.

1.2.3 That Mr. Abdulsalam Naif H.

- (a) Served as a Director in Tida International Limited while in the public service as Head, Media Department in SEC, in violation of PSR 030424 which prohibits Public officers from holding office as a Director in Private Companies; and
- (b) Had contracts awarded to the same Company (in which he had vested interest) by SEC, thus resulting in conflict of interest.

1.2.4 Considering the gravity of the allegations, the Honourable Minister directed that a Preliminary Letter be issued to each of them with a directive to submit their respective representations to the Honourable Minister within 48 hours of receipt of the Preliminary letter. A copy each of the Preliminary letters, dated 3rd November, 2017, signed by the Permanent Secretary, is attached hereto and marked as **Annexure 1a, 1b and 1c**, respectively.

1.2.5 The Ministry received the representations of the said officers, which were duly examined and found to be unsatisfactory. Consequently, the Honourable Minister as the Board, formally suspended Mr. Mounir H. Gwarzo from office and directed that the two other officers be equally suspended in line with the Public Service Rules (PSR) 030406, pending the determination of their respective cases. Copies of their representations are attached hereto and marked **Annexures 2a, 2b and 2c**, respectively. Copies of the letters of suspension dated 29th November, 2017 issued to Mr. Mounir H. Gwarzo and the other officers are also attached hereto as **Annexures 3a, 3b and 3c**, respectively.

1.2.6 Arising from the need for an in-depth examination and determination of the matter and in compliance with the provisions of PSR 030307 (v), the Honourable Minister constituted an Administrative Panel of Inquiry (hereinafter referred to as "the Panel") on the 5th day of December, 2017 made up of the following members:

- (i) Dr. Mahmoud Isa-Dutse, Permanent Secretary.....Chairman;
- (ii) Olubunmi O. Siyanbola (Mrs.), Director, Home Finance, Member;
- (iii) Dr. M. K Dikwa, mni, Director, Special Project5.....Member;
- (iv) Mr. Christopher Gabriel, Director, Legal ServicesMember;
- (v) Mrs. Anita A. Shitu, Director, Human Resource, Member/Sec

1.2.7 The Secretariat included the following:

Mr. Shimave C.I, Deputy Director (APD) Head

Dr. A. Abubakar, AD-Special Duties —Presidential Initiative on Continuous Audit (PICA) Member;

Mr. O. Omotola, AD (Legal Services)IMember;

Mr. Gabriel N. Igbo, CEO (BFI) Member

Mr. Mohammed Audu, PAO (PICA)Co-opted.

1.2.8 Terms of Reference (TOR) of the Panel:

- (i) To investigate allegations of serious misconduct levelled against the three(3) Principal officers of SEC; namely (a) Mr. Mounir H. Gwarzo (Director-General); (b) Mrs. Anastasia Omozele Braimoh (Head, Legal Department); and (c) Mr. Abdulsalam Naif. H (Head of Media Department).
- (ii) To determine the extent to which these officers breached the Public Service Rules (PSR), The Financial Regulations (FR); The Public Procurement Act (PPA) and other extant provisions.
- (iii) To examine any other matter that the Panel may consider relevant to the investigation;
- (iv) Co-opt any other officer(s) as the Panel may consider relevant to facilitate the conduct of the assignment; and
- (v) To make appropriate recommendations and submit its report within three (3) weeks of its inauguration.

2.0 Methodology

2.1 In carrying out its assignment, the Panel:

- i) Paid visits to SEC, called for and examined all relevant documents;
- ii) Paid visits to the Corporate Affairs Commission(CAC) and carried out search into the files of all registered Companies allegedly used by the three officers to secure award of contracts for their individual benefits;
- iii) Called for documents from relevant banks and examined the account mandates, where necessary, and transactions carried out by each of the officers as Directors/Shareholders of Companies to whom contracts were allegedly awarded by SEC;
- iv) requested for and received written representations from each of the officers on issues raised in their Preliminary letters; and
- v) invited them for an oral interview on their written representations and the additional findings on the 10th January, 2018;

2.2 The Panel interacted with some senior officers of SEC and requested for and obtained the Certified True Copies of the following documents for its examination in order to confirm the Veracity or otherwise the allegations made against the officers:

- i) Details of the Severance Allowance paid by the Commission from 2013 to November 2017;
- ii) Copies of the Investment and Securities Act 2007; Board Resolutions and Conditions of Service for SEC staff on the payment of Severance Allowance;

- iii) Corporate Profiles(as registered with CAC) of all companies that secured contracts in excess of N250,000 from SEC from 2013 to November 2017;
- iv) Details of payments for Training Expenses (Local and Foreign) incurred by SEC from 2013 to November 2017;
- v) Details of Management staff who voluntarily exited from SEC from 2013 to November, 2017;
- vi) Nominal Roll of SEC for the years 2013, 2014, 2015, 2016 and 2017;
- vi) Details of Recruitments/Replacements and Exits from 2013 — 2014
- vii) Internal/External Auditors Reports including the Management Letters and Qualified Reports of the External Auditors from 2013-2016;
- viii) Payslips of the suspended officers for October 2017, including theft Bank Verification Numbers (E3VN);
- x) Details of Board Executive/Top Management Expenses for the period 2013 = 2017;
- ix) Approved Annual Budget of SEC from 2013-2017; and
- x) Ten copies of the investment and Securities Act, (ISA) 2007.

2.2 The Panel also engaged the staff of PICA who were able to request in writing and obtained from CAC, Search reports and Certified True Copies of Particulars of Directors, Return of Allotment of shares indicating Directorship and shareholdings of the officers under investigation, in some Companies. PICA also obtained from some banks Certified True Copies of the account mandates and other relevant documents in relation to both personal accounts and corporate accounts involving some of the officers, to establish their relationship with the Companies vis-a-vis the allegations leveled against them and being investigated. Useful documents were also obtained from the Independent Corrupt Practices (and other related offences) Commission (ICPC), the Economic and Financial Crimes

Commission (EFCC) and Special Investigative Panel on the Recovery of Public Properties (SIPRPP).

3.0 The Panel's Proceedings:

3.1 The Panel held series of meetings during which all documents listed in paragraphs 2.2 and 2.3, obtained from SEC and other relevant Agencies were carefully examined. The assessment of the said documents were carried out vis-a-vis the Preliminary Letters and the individual representation of the affected officers. The Panel gave the officers ample opportunities for fair hearing. The Panel also requested for and received further written representations from the officers in relation to issues arising from their earlier representations and additional information obtained from documents made available to the Panel by PICA, EFCC, SIPRPP and the ICPC,, in relation to the allegations made against them.

3.2 As part of his written representation on further issues as indicated in 3.1 above, (Annexure 4a) which he later adopted before the Panel, Mr Mounir H. Gwarzo protested the jurisdiction of the Panel to hear and determine the allegations made against him on the following grounds:

- i) That the constitution of the Panel was inconsistent with the provisions of:
 - a) the Public Service Rules (PSR)160101, 160102, 160103, 160201 (b) and c), and 160501;
 - b) Section 1 (d) of the Investment and Securities Act, 2007; (ISA, 2007);
 - c) Section 36 (1) of the Constitution of the Federal Republic of Nigeria, 1999.

- ii) He also cited the case of *Stitch Vs. The Attorney-General of the Federation and Ors* (1986) 5 NWLR (pt. 46) 1007; and other cases to support his claim in 3.2 above.

3.3 Mr. Mounir H. Gwarzo submitted in particular that in line with the wordings of his appointment letter, he was only subject (for all purposes, including discipline) to the provisions of the ISA 2007. He stated that PSR 160201 expressly prohibited the Board from being involved directly in the day-to-day management of a Parastatal. He further referred to PSR 160201 (c) and stated that the Minister could only exercise control of a Parastatal (in this case, SEC) at policy level through the Board of a Parastatal only, and submitted that the Minister had no power to constitute an Administrative Panel against SEC staff, including himself. He also alluded to the first part of PRS 160101 which states that "A Parastatal is a government-owned organization established by statute to render specified services to the public. It is structured and operates according to the instrument establishing it".

3.4 Other representations made by Mr Mounir H. Gwarzo as contained in Annexure 4a bore no material difference from his earlier position as contained in his representation on the Preliminary Letter except for the admission of his Directorship/established interest both in Medusa Investments Limited and Outbound Investment Limited (which shall be further addressed in the relevant Sections of this report).

3.5 At his appearance before the Panel on the 10th January, 2018, Mr Mounir H. Gwarzo affirmed his position as earlier stated in paragraph 3.2 and 3.3 in relation to the propriety of the Panel.

3.6 Responding to Mr. Mounir H. Gwarzo's claim on the impropriety of the Panel, the Panel assured him that like the Administrative Proceedings Committee (APC) of SEC, the Panel was purely administrative in nature and objectives (as opposed to a

regular Court). He was further assured that the Panel's recommendations were not final in themselves and therefore subject to review by higher authorities.

3.7 The Panel referred Mr. Mounir H. Gwarzo to the concluding portion of PSR 160101 (deliberately omitted by Mr. Mounir H. Gwarzo in his submission), which states that Parastatals are subject to the policy directives of Government. PSR160201© explicitly states that a Minister exercises control of Parastatals at policy level through the Board of the Parastatal (if in existence).

3.8 Furthermore, the Panel particularly informed Mr. Mounir H. Gwarzo that the Minister, as in other similar circumstances, and in accordance with the provisions of Section 298 of the ISA, 2007, had powers to constitute an Administrative Panel of inquiry. The Panel stated, in particular, that bearing in mind that the petition was received from Whistle Blowers and in line with the Whistle-Blower Policy of Federal Government, the Minister of Finance is empowered to order investigations, albeit through PICA (which operates the Whistle-Blower platform) into issues of this nature. The Panel also informed Mr. Mounir H. Gwarzo that in the absence of SEC Board (same having been dissolved more than two years ago), the Minister, being the Supervising authority of SEC, could legally exercise the powers of the Board, including disciplinary powers over the Director-General of the SEC.

3.9 On the issue of his suspension from office, which Mr. Mounir H. Gwarzo contested as being illegal and inappropriate, the Panel referred him to PSR 030406, which states as follows:

"030406- Suspension should not be used as a synonym for interdiction. It shall apply where a prima fade case, the nature of which is serious, has been established against an Officer and it is considered necessary in the public interest that he/she should forthwith be prohibited from carrying out his/her duties. Pending investigation into the misconduct, the Federal Civil Service Commission or the Permanent Secretary/ Head of Extra-

Ministerial office (if within his/her delegated powers) shall forthwith suspend him or her from the exercise of the powers and functions of his/her office and from the enjoyment of his/ her emolument,"

3.10 Flowing from the above provision, the Panel informed him that his suspension was legal and within the powers of the Honourable Minister given that from the serious nature of the allegations against him and his consequent representations, a prima facie case had been established, which needed to be investigated. His suspension therefore, became necessary in order to prevent possible interference with investigation into the allegations.

3.11 The Panel therefore interrogated Mr. Mounir H. Gwarzo on issues relating to each of the allegations and to which he provided answers as detailed in the record of proceedings herein attached as **Annexure 23.**

4.0 Consideration of the Allegations:

4.1 The following are the Panel's consideration on each of the allegations levelled against the officers, respectively:

4.2 Mr. Mounir H. Gwarzo:

4.2.1 Allegation No 1:

4.2.1.1 Collection of severance package in the sum of ₦104,851,154.94 while still in service.

4.2.2 Mr. Mounir H. Gwarzo's Representation:

4.2.2.1 In a letter of representation dated October 27, 2017, (already referred to as Annexure 2a above), he acknowledged receipt of the severance package, stating that the payment was made pursuant to a Board Extract dated 12th July 2002 in respect of the 8['] meeting of SEC Board held on the 11['] July, 2002 (a copy of which is attached hereto as **Annexure 4**). He argued that "the benefit in question ran with the office being occupied by a person

and not the individual who occupies the office". He added that at the point of his appointment as Director-General in May 22, 2015, he had ceased to occupy the position of Commissioner for Operations Directorate. He further stated that with his appointment as the Director-General of SEC, it was assumed that he must have left the Board of the Commission as a full time member and a Commissioner, and therefore, would be entitled to all benefits as per the Board extracts if he had served for a minimum of two years before his appointment as Director-General".

4.2.2.2 In his representation dated 10th January, 2018, Mr. Mounir H. Gwarzo also stated that he was appointed a full member of the Board of SEC on 9th January, 2013 by the President, Federal Republic of Nigeria. He was also appointed as Director-General of SEC with effect from 20th May, 2015 with his emoluments and other conditions of service governed by Section 9(1) of the Investments and Securities Act, 2007 (ISA, 2007) which provides that the Director-General and the three full time Commissioners shall be paid such remuneration and allowances as may be determined by the Board of SEC. He attached a copy of his appointment letter to his representation, which is hereby received and marked as **Annexure 4b.**

4.2.2.3 He further argued that given the provisions of Section 5(1) of ISA, 2007, which states that the Director-General and the three full time Commissioners of SEC shall be appointed by the President upon the recommendation of the Minister and confirmation by the Senate, his appointment was political and not a promotion or transition from one level of the Public Service to the other, within the SEC. He added that having served as a full time Commissioner for two years and five months from 7th January, 2013 to 20 May, 2015, he was entitled to be paid the benefits, which ran with the office he occupied, since he had fulfilled the conditions prescribed by the Board of SEC for payment of severance benefits.

4.2.2.4 Arguing further, Mr. Mounir H. Gwarzo insisted that the opinion of the Acting Head (Legal) on the matter at stake derived from a Memo from the Board Secretariat (which emphasized retirement and resignation) and not the decision of the Board. He claimed that the Legal opinion of the Ag. Head (Legal) was dismissed by a counter opinion proffered by the then Ag. Executive Commissioner (Legal and Enforcement) who was superior in rank to the Ag. Head (Legal) as well as the opinion of the Executive Commissioner (Corporate Services). Mr. Gwarzo further stated that the benefit was eventually approved by the Executive Commissioner (Corporate Services) after providing justifications.

4.2.2.5 He further mentioned that the propriety of the severance allowance became the subject of investigation by the EFCC and ICPC, to which appropriate responses were made between February 6 and September, 2017. Mr. Mounir Gwarzo confirmed that the circumstances of his severance were unprecedented, hence the controversies.

4.2.2.6. Mr. Mounir H. Gwarzo also alluded to the report of a Committee (within SEC) set up by him in 2017 to examine the propriety of his severance allowance, which report justified the allowance. A copy of the report is hereby marked as **Annexure 4 c**.

4.3.1 Panel's Findings/ Observations:

4.3.1.1 After examining Mr. Mounir H. Gwarzo's written and verbal representations on the allegations and having carefully perused and painstakingly analyzed relevant documents made available by SEC in relation to the matter, the Panel made the following observations:

- i) The Board of SEC at its 8th meeting held on 11th July, 2002, conveyed by Board Extract dated 12th July, 2011, approved the payment of Severance Allowance for

retiring/resigning political appointees (earlier referred to as Annexure 4);

- ii) Deriving from the above mentioned approval, several political appointees had benefited from the payment, having served out their respective tenures between 2002 and 2015;
- iii) However, the case of Mr. Mounir H. Gwarzo was considered unprecedented as no political appointee of the SEC had voluntarily exited mid-term to take up another appointment within SEC. This observation was corroborated by the Board Secretary of the Commission and one of the Directors of the Commission who were interviewed by the Panel;
- iv) Mr. Mounir H. Gwarzo served as an Executive Commissioner in SEC until 20 May, 2015 when he was appointed as Director-General with effect from the same date. On the 25th May 2015, barely a week afterwards, he applied for his severance allowance in the sum of ₦104,851,145.94.
- v) The Ag. HOD (Legal) whose opinion was sought on the issue, had advised against the payment, arguing that Mr. Mounir H. Gwarzo had not completely exited the service as contemplated by the Board decision on payment of severance allowance.
- vi) The position of the Ag. HOD (Legal) was dismissed by the Ag. Executive Commissioner, Legal Services who recommended the request to the Executive Commissioner Corporate Services (ECCS) for approval. The ECCS approved the payment vide SEC Internal Memo dated 27th May, 2015, (a copy of the Memo, which

reflected the Legal opinion and counter-opinion of the ECCS is attached hereto as **Annexure 5**).

- vii) Based on the approval of the ECCS, the sum of ₦104,851,145.94 was paid to Mr. Mounir H. Gwarzo's UBA PLC Account. The relevant Statements of account indicating the payment is attached hereto as **Annexure 6**.

4.4.1 **Panel's Comments/Analyses.**

4.4.1.1 The Panel considered the implication of the words "Severance", "Retirement" and "Resignation" vis-à-vis the Extract from the Board decision approving payment of severance allowance in SEC. Accordingly, in the absence of any clear definition of the words "severance", or "resignation" in the Public Service Rules, the Panel resorted to the definitions provided by the Oxford Advanced Learners Dictionary, New 8th Edition, at pg. 1352 wherein the word "Severance is defined as "the act of ending somebody's work contract" or "ending one's relationship".

4.4.1.2 At page 1256, the phrase: "to resign" was defined as "officially telling somebody that you are leaving an organization". However, a public officer is deemed to have retired from office after putting in 35 years into the public service of the Federation or after attaining the age of 60 years while in service, whichever is earlier, (see PSR 020810).

4.4.1.3 Applying the above definitions to the situation at hand, the Panel is of the opinion that the terms "resignation" and "severance" apply to a circumstance whereby an employee exits an organization completely. In the case of Mr. Gwarzo there was no such exit, as he merely transited from one post to a higher post within the same organization. The implication is that he would be entitled to severance package at the final point of exit. In this connection, Mr.

Mounir H. Gwarzo should have waited until the expiration of his tenure as Director-General to earn his severance benefits.

4.4.1.4 It had been stated earlier in this report that Mr. Mounir H. Gwarzo's movement from the position of Commissioner to that of Director-General was unprecedented. This position was corroborated by the Secretary to SEC Board and also confirmed by Mr. Mounir H. Gwarzo himself during his aforementioned interaction with the Panel. This admission therefore pre-supposes that the Board which passed the resolution on severance package never contemplated a situation as Mr. Mounir H. Gwarzo's. This is the more reason Mr. Mounir H. Gwarzo should have consulted appropriate higher authorities for guidance when his claim became contentious.

4.4.1.5 Mr. Mounir H. Gwarzo had also submitted that the contentious issue of payment of his severance package was being investigated by the Economic and Financial Crime Commission (EFCC) and the Independent Corrupt Practices and Other Related Offences Commission (ICPC). However, Mr. Mounir H. Gwarzo failed to disclose the outcome of these investigations.

4.4.1.6 The Panel was of the opinion that if Mr. Gwarzo had been appointed as Director-General of SEC from a position such as Executive Director in Nigerian Deposit Insurance Corporation(NDIC), he would have formally and expectedly resigned his position as Executive Director, NDIC before taking up his appointment as Director-General of SEC. This would have differentiated one position from the other even though the processes of appointment into each of the positions were the same. Therefore the fact that Mr. Mounir H. Gwarzo failed to formally submit a resignation letter upon his appointment as Director-General is a tacit admission on his part, that his movement is more of a continuum rather than a severance.

11.4.1.7 Furthermore, Mr. Mounir H. Gwarzo in his verbal representation, argued that former Directors-General of SEC and other Chief Executives of Federal Government Agencies who were

re-appointed were known to have collected severance benefits at the expiration of both terms without formally resigning at the end of their first term in office. Reacting to this claim by Mr. Mounir H. Gwarzo, the Panel reminded him that the term "resignation" applied basically to unexpired term and had nothing to do with a tenure that had fully run to its logical end. The Panel is therefore, of the opinion that Mr. Mounir H. Gwarzo should not have collected the severance benefits.

4.5.1 Recommendation:

4.5.1.1 Having therefore expressed the opinion that the severance package paid to Mr. Mounir H. Gwarzo was wrongly collected, the Panel recommends that he should refund the total sum of ₦104,851,145.94 as the severance package paid to him.

4.6.0 Allegation No. 2:

4.6.1 Directorship in Medusa Investment Ltd while being Director- General of SEC.

4.6.2 Mr. Mounir H. Gwarzo's Representation:

4.6.2.1 In his written representation as well as his disclosure during his interaction with the Panel, Mr. Mounir H. Gwarzo acknowledged that the Company was his family business in which he was a Director until 19th December, 2012. He attached a letter dated 19th December, 2012, by which he purportedly resigned from the Company with effect from the said date (a copy of the said letter is attached hereto as **Annexure 7**).

4.6.2.2 He therefore denied being a Director and/or Shareholder of the Company. He also claimed not to have had any transactional relationship with Medusa Investment Limited while asserting that the Company was not an operator in the Nigerian Capital Market.

4.6.3 Panel's Observations/Findings

4.6.3.1 Inquiry made and documents obtained by the Panel at CAC revealed that Mr. Mounir Gwarzo was still a Director of the Company as well as a major Shareholder thereof with a shareholding of 1.2m as at the date of the said search. His purported letter of resignation dated 19th December, 2012 was not part of CAC's records even as at the date of the Inquiry. A copy of the letter dated 7th November, 2017, from CAC conveying to the Panel Certified True Copies of Form CO 7 (Particulars of Directors and of any changes therein) and the Return of allotment of Shares (Form CO 2), confirming Mr. Mounir H. Gwarzo's status in the Company as a Director and Shareholder are attached hereto as **Annexures 8, 8a and 8b** respectively.

4.6.3.2 It was equally discovered from the Account opening Mandate obtained from GT Bank in relation to Medusa Investment Limited that Mr. Mounir H. Gwarzo was as at the date of the Inquiry, a signatory to account No. 322324264/1/110 maintained by the Company with the Bank. The Panel was also furnished with a letter dated 24th July, 2015, addressed to the Bank, signed by Mr. Mounir H. Gwarzo as a Director of the Company, requesting for a change of Account officer on the basis of a resolution passed and signed by the Directors of the Company to that effect. Also discovered was a letter dated 16th August, 2016 signed by Mr. Mounir H. Gwarzo as a Director of the Company, requesting for the issuance of a Credit Card in relation to the said account. The aforementioned documents are attached hereto as **Annexures 9, 9a and ab**, respectively.

4.6.3.3 When the Panel confronted Mr. Mounir H. Gwarzo with copies of the letters dated 24th July, 2015 (Request for change of Account officer) and that of 16th August, 2016 (Request for Naira Credit Card for Directors of Medusa Investments Limited), he

admitted to have authored and signed the said letters, but claimed that it was a regrettable action.

4.7.0 Mr. Mounir H. Gwarzo's Directorship in Outbound Investments Limited:

4.7.1 Upon further examination of the documents made available to the Panel by SEC, as well as enquiries made at CAC, it was revealed that Mr. Mounir Gwarzo was also a Director in **Outbound Investments Limited** which also benefited from not less than eleven (11) contracts awarded by SEC between April 2015 and April 2017 amounting to **₦33,736,596.00**. SEC Treasury documents indicating various contracts awarded to the Company are attached hereto and marked as **Annexures 10a – 10k (v)**. The UBA PLC letter dated 11th December, 2017 addressed to the Chairman, Special Presidential Investigation Panel conveying the Company's Statements of Account covering the period January, 2016-26th April, 2017 and which indicated payments from SEC to Outbound Investments Limited account Na. 1016723428 with UBA Plc. for various contracts awarded to the Company is attached hereto as **Annexures 11 and 11a-11d**. The Schedule of payments made to Outbound Investments Limited by SEC for various contracts executed between April 2015 and April 2017 is attached hereto as Annexure 12. Also attached is a copy of the CAC's letter dated 6th November, 2017 which conveyed the Company's most current Form CO 7 and Form CO 2 to the Panel. The letters indicated Mr. Mounir H. Gwarzo's Directorship and Shareholding in Outbound Investments Limited. See **Annexures 13, 13a and 13b** respectively.

4.7.2 When the Panel confronted Mr. Mounir H. Gwarzo with CAC letter dated 6th November, 2017 and the accompanying Forms CAC 2 and CAC 7 indicating his Directorship and Shareholding in Outbound Investment Limited, he stated that he was only representing his wife on the Board of the Company (which purportedly belongs to the Wife's family) and had resigned his Directorship upon his

appointment as an Executive Commissioner (Operations) in SEC. He denied having any financial transaction with Outbound Investment Limited. He was confronted with documents which indicated award of contracts by SEC to **Outbound Investments Limited (Annexures 11a-11k)** and he admitted that the Company benefited from a few contract awards for the supply of diesel to SEC. He however posited that even if contracts were indeed awarded, the Company had right, just like any other Nigerian Company to bid for, and if successful, execute contracts for SEC.

4.7.3 Panel's Opinion

4.7.3.1. Based on the revelations from the afore-mentioned documents and his admissions during interaction with the Panel, it is the Panel's opinion that Mr. Mounir H. Gwarzo's status as Director in both Medusa Investment Limited and Outbound Investment Limited while in post as the Director-General of SEC has raised and established a fundamental issue of conflict of interest against him. The Panel considered his purported resignation from the Board vis-a-vis his statement that he was only representing his wife on the Board of the Company as invalid.

4.7.3.2 The Panel noted the provisions of Section 22(1) (iv) of the Companies and Allied Matters Act, CAP C20, 2004 Laws of the Federation, which provides that a Director ceases to be a Director of a Company by notice in writing to the Company. However, this provision cannot, in the opinion of the Panel, avail Mr. Mounir H. Gwarzo because while he remained on the Board of Outbound Investments Limited (even though he claimed to be representing his wife thereon) he was in a position to have known that his purported resignation was not filed at the CAC, but he did nothing about it. Accordingly, Mr. Mounir H. Gwarzo remained, for all legal purposes, a Director of the Company.

4.7.3.3 The Public Service Rules (PSR) 030424 expressly states as follows:-

"030424..... (a) Public Officers are not prohibited from holding shares in both public and private companies operating in Nigeria or abroad except that they must not be Directors in private companies and may only be Directors in public companies if nominated by government".

4.7.3.4 Furthermore, Section 6 of the Investment and Securities Act, 2007 states as follows:-

"6-The Director-General and the full time Commissioners shall devote their full time to the service of the Commission and while holding office, shall not hold any other office or employment except where appointed by virtue of their office in the Commission into the membership of the Board of any Agency of the Government in Nigeria or any International organization to which the Commission is a member or in affiliate".

4.7.3.5 Given his Directorship in Medusa investments Limited and Outbound Investment Limited while occupying the office of Director General of SEC, the Panel is of the opinion that Mr. Mounir H. Gwarzo was in breach of PSR 030424 and PSR 030102 (s) (divided loyalty, which is classified as an act of serious misconduct). He is also found to be in breach of Section 6 of the Investment & Securities Act (supra) by virtue of his Directorship in both Companies.

4.7.3.6 The Panel is also of the opinion that, being a Shareholder in Outbound Investment Limited, Mr. Gwarzo used his position as Director-General of SEC to influence the award of several contracts to the Company between April 2015 and April 2017 amounting to an aggregate sum of ₦33,736,596.00 as detailed in paragraph 4.7.1 above. This conduct amounts to conflict of interest which is defined in Section 57 (12) (b) of the Public Procurement Act, 2007 as follows:

"(12)--A conflict of interest exists where a person:

(b) possesses a direct or indirect interest in or relationship with a bidder, supplier, contractor or service provider that is inherently unethical or make possible personal gain due to the person's ability to influence dealings".

4.7.3.7 Section 5 of the Code of Conduct Bureau and Tribunal Act CAP C15, 2004 Laws of the Federation of Nigeria, which also prohibits public officers from manifesting conflict of interest also states as follows:

"A public officer shall not put himself in a position where his personal interest conflicts with his duties and responsibilities,"

4.7.3.8 Mr. Mounir He Gwarzo having manifested conflict of interest in breach of Section 57(12) (b) of the Public Procurement Act, 2007 and Section 5 of the Code of Conduct Bureau and Tribunal Act referred to above, the Panel is of the view that his infraction is punishable under Section 58 of the Public Procurement Act, 2007 which defines offences under the Act and prescribes punishment due to each offence. For ease of reference, the section states in Sub-section 5 thereof as follows:-

"(5)- Any person who, while carrying out his duties as an officer of the Bureau, or any procuring entity who contravenes any provision of this Act commits an offence and Is liable on conviction to a cumulative punishment of:

a) Term of imprisonment of not less than 5 calendar years without any option of fine; and

b) Summary dismissal from government services.

4.7.4 Panel's Recommendation:

4.7.4.1 Having manifested divided loyalty, Mr. Mounir H. Gwarzo has committed an act of serious misconduct and the Panel therefore recommends his dismissal from service as prescribed in PSR 030407.

4.7.4.2 Furthermore, having breached Section 57(12) b) of the Public Procurement Act, 2007 and Section 5 of the Code of Conduct

Bureau and Tribunal Act, referred to above by manifesting conflict of interest, Mr. Mounir H. Gwarzo's should be dismissed from the Public Service of the Federation in line with Section 58(5) of the Public Procurement Act, 2007.

4.8.0 Allegation No. 3:

4.8.1 Award of contracts to Medusa Investment Limited, a Company owned by Mr. Mounir H. Gwarzo.

4.8.2 Representation:

4.8.2.1 According to Mr. Mounir H. Gwarzo, Medusa Investment Limited (The Company) never benefited directly or indirectly from any contract awarded by SEC between 9th January 2013 and 30th November 2017.

4.8.3 Panel's Observation/Recommendation:

4.8.3.1 Having thoroughly examined the documents made available by SEC in relation to the Company, the Panel was unable to establish any direct link between Medusa Investment Limited and SEC in terms of any award of contract during his period of service at SEC.

4.9.0 Allegation No. 4:

4.9.1 Funding of Golden handshake in the sum of about N2Billion in 2015 to staff of SEC who voluntarily disengaged from service without approval.

4.9.1.1 The petitioners alleged that Mr. Mounir H. Gwarzo as Director-General of SEC, spent about N2billion in 2015 to fund special retirement benefits to staff of SEC upon their voluntary retirement. He was alleged to have made the payment in spite of the fact that the payment was not part of SEC's Appropriation for the year 2015.

4.9.2 **Representation:**

4.9.2.1 According to Mr. Mounir H. Gwarzo, the Golden handshake was approved by the Board in March 2015 as an incentive to staff of SEC, who voluntarily opted to retire from service. The amount payable to each officer was approved by the Board at its sitting on March 12, 2015. He attached a copy of the said Board Approval to his representation. He stated that the scheme was funded from the Appropriation for the year. He added however, that due to paucity of funds, the required balance for the payment of the retirement incentives was sourced from other votes in the Appropriation for 2015. He also stated that the fund was disbursed in line with statutory procedures laid down for SEC.

4.9.2.2 In his verbal representation before the Panel on the 10th January, 2018, Mr. Mounir H. Gwarzo admitted that there was a virement but stated that insofar as the object of the virement had to do with the Capital Market operations, the Commission had already been empowered to use its funds in such ways as will improve the operations of the Capital Market. He therefore stated that SEC's budget was not subject to the approval of the National Assembly. He further stated that laying SEC's budget before the National Assembly was not a legal requirement.

4.9.2.3 However, the Panel referred him to Section 26 of the ISA 2007 which states as follows:

"26-(1) The Board of the Commission shall cause to be prepared, not later than the 30th day of September in each year, an estimate of the income and expenditure of the Commission during the next succeeding year and when prepared, they shall be submitted to the Minister and the National Assembly."

4.9.2.4 Consequently, in reliance on the above provisions, the Panel stated that SEC's budget must necessarily be submitted to the Honourable Minister of Finance who subsequently forwards it to the

National Assembly for appropriation. The Panel also reminded him that SEC's budget being part of the Appropriation Act of the National Assembly, could not be adjusted either in terms of addition (Supplementary) or subtraction or transfer (virement) unless such action is approved by the Honourable Minister of Finance and thereafter, the National Assembly.

4.9.2.5 Mr. Mounir H. Gwarzo was also reminded by the Panel that no section of the ISA provided for virement. Virement, as a Public accounting terminology is only contained in and explained by the Financial Regulations which is applicable to all Public officers and Public offices (vide paragraph 105 of the Financial Regulations, Government Notice 291 published in Gazette No. 72, Vol. 96 of 27th October, 2009 (The Financial Regulations)).

4.9.1 **Panel's Findings/Observations:**

4.9.3.1 The Panel actually confirmed that there was a Golden Handshake carried out in 2015 by the Director-General involving a total of forty four (44) staff, amounting to **₦1,703,724,848.32 (One Billion, Seven Hundred and Three Million, Seven Hundred and Twenty Four Thousand, Eight Hundred and Forty Eight Naira, Thirty Two Kobo) only**. A copy of the document titled as "**2015 Golden Handshake cost implications**" indicating the names of the SEC staff who benefitted from the Golden Handshake and the payment made to them is attached hereto as **Annexure 14**).

4.9.3.2 SEC was expected to present its budgetary proposals to the National Assembly through the Ministry of Finance in line with the requirement of the Fiscal Responsibility Act, 2007 and Section 26 of the Investments and Securities Act, 2007. However, having gone through SEC's Appropriation for 2015, the Panel discovered that there was no provision for Golden Handshake therein as claimed by Mr. Mounir N. Gwarzo. A copy of SEC's Appropriation for 2015 is attached hereto and marked as **Annexure 15**.

4.9.4 Panel's Opinion:

4.9.4.1 Although the Commission is empowered by Section 20(c) of the Investment & Securities Act to apply its funds to any of the matters prescribed or specified under the said Section, this does not detract from the fact that such expenditure should have been appropriated in the budget for the year in which it was to be incurred, in this case, the 2015 Budget.

4.9.4.2 It needs to be appreciated that there was no provision for Golden Handshake in the 2015 Appropriation from which Mr. Mounir H. Gwarzo claimed to have funded the expenditure. The Committee is of the opinion that virement involves an authorized movement of funds from one existing sub head to another existing sub-head in the appropriation document. The Panel is concerned that Mr. Mounir H. Gwarzo did not only move funds to a non-existing sub-head in the appropriation document but did so without obtaining the authorization of the Honourable Minister as required by paragraph 313 and 316(4) of the Financial Regulations (Government Notice No. 291) revised to January 2009 (The Financial Regulations). The Panel considers this action of Mr. Mounir H. Gwarzo as an act of financial recklessness and misappropriation which is classified as an act of serious misconduct under PSR 030402.

4.9.5 Panel's Recommendation:

4.9.5.1 The Panel is of the opinion that Mr. Mounir H. Gwarzo violated the provisions of paragraphs 313 and 316(4) of the Financial Regulations by not seeking the authorization of the Minister of Finance before engaging in extra-budgetary expenditure and virement.

4.9.5.2 Paragraph 124 of the Financial Regulations also states that all Officers controlling votes are personally and pecuniarily

responsible for the due performance of the financial duties of their Ministries/ Extra-Ministerial Departments and for any inaccuracies in the account rendered by their offices under their authority. The fact that he delegated authority for approval to the Executive Commissioner Corporate Services (ECCS) does not relieve him of responsibility of any financial infraction. See Rule 125 of the Financial Regulations.

4.9.5.3 In view of paragraphs 4.9.4.2 and 4.9.5.1 and 4.9.5.2 above, the Panel recommends that Mr. Mounir H. Gwarzo be dismissed from the service.

4.10.0 **Allegation 5:**

4.10.1 **Recruitment of Staff without following due process**

4.10.2 **Representation:**

4.10.2.1 According to Mr. Mounir H. Gwarzo, all necessary approvals were obtained from the relevant authorities before carrying out all recruitments into SEC under his administration. He made reference to letters of Waiver of Advertisement issued by the Federal Character Commission enabling him in that respect. He also alluded to an approval from the Hon. Minister of Finance in that respect.

4.10.3 **Panel's Findings/Opinion:**

4.10.3.1 Having examined the documents made available by Mr. Mounir H. Gwarzo as well as documents obtained from SEC in relation to the subject, it appears that due process was followed in carrying out the recruitments made by Mr. Mounir H. Gwarzo during the relevant period.

4.10.4 Recommendation:

4.10.4.1 The Panel recommends that in the absence of any concrete evidence of breach of due process in carrying out the recruitments allegedly carried out, the allegation is not proved and should therefore be discountenanced.

5.0 Other findings in relation to the official conduct of Mr. Mounir H. Gwarzo.

5.1 Alleged relationship with and award of contracts to other Companies.

5.1.1 It was alleged in the petition under reference that Mr. Mounir H. Gwarzo as Director-General of SEC had relationship with the following Companies and to whom he awarded several contracts since he became Director-General of SEC: Outlook Communications Limited; Balfort International Limited; Razzle Dazzle Global Services; A G Farinwata; MAT Consults Limited; MAT Consults Limited; Interactive Worldwide Nigeria Limited; Accromac Global Investment Limited, and Northwind Environmental Services.

5.1.2 Panel's observations/ findings

5.1.2.1 In seeking to address the issue, the Panel requested for and painstakingly examined the Profile for each of the said Companies as provided by SEC but was unable to discover any direct or indirect relationship between Mr. Mounir H. Gwarzo and any of the said Companies to establish conflict of interest on his part.

5.1.3 Panel's recommendation

5.1.3.1 Due to lack of concrete proof of the allegations referred to in paragraph 5.1 above, it is recommended that the item of petition be discountenanced.

6.0 Determination of issues relating to the other two officers named in the petition.

6.1 The Panel observed that SEC has a Staff Manual which prescribes disciplinary procedures for all its Staff, except political appointees. Given the grade levels of Mrs. Anastasia Omozele Braimoh in SEC (Deputy Director) and Mr. Abdulsalam Naif H (Principal Manager), the Panel decided that issues of discipline relating to the officers should be referred to SEC for further necessary action.

6.2 However, having further observed that the petition was received through the Federal Government Whistle-blower Platform, which empowers the Minister of Finance to administer and investigate disclosures made thereon, the Panel deemed it proper to investigate the allegations contained in the petitions and forward its findings to SEC for further necessary action in line with SEC Staff Manual.

6.3 It is pertinent to note that the "officers had in their separate oral submissions before the Panel on the 10th January, 2018, questioned the legality of the constitution of the Panel. They also challenged the application of the Public Service Rules to their cases. The Panel, relying on the administrative principles as applied in paragraphs 6.1 and 6.2 above, laid the protests of both officers to rest

6.4 In the light of the above, the Panel decided to conduct investigation into the petitions against the said officers as mandated.

6.5 Mrs. Anastasia Omozele Braimoh

6.5.1 Allegation No. 1:

6.5.2 Mrs. Anastasia Omozele Braimoh is a Director in Micro Technologies Ltd while being a Public Officer, contrary to PSR 030424.

6.5.3 Mrs. Anastasia Omozele Braimoh Representation:

6.5.3.1 By her letter of representation dated 10th November, 2017, she Made the following submissions:

- i) That she was a Director of the Company upon incorporation on the 5th September, 1991;
- ii) That she had resigned her appointment as Director of the Company vide a letter dated 7th June 2002 upon her employment by SEC;
- iii) She referred to the letter of resignation, which was attached to a Corporate Affairs Commission (CAC) Form CO 7 dated 26th June, 2006; and
- iv) iv) That the afore-mentioned CAC documents certified on November, 2017 had, attached to it, a letter dated 29th June, 2002 from Micro-Technologies Limited accepting her resignation.

6.5.3.2 Mrs. Anastasia Omozele Braimoh submitted that Micro Technologies Limited was incorporated by her husband who made her a co-Director. She however, denied involvement in the Company's day to day running as the Company was being run by her husband. She also denied knowledge of the Annual Returns filed on the 5th February, 2008, indicating her as a Director of the Company.

6.5.3.3 She stated that she headed the Procurement Department at its inception in 2014 and became Head of Legal Department in

2015. She stated that whatever contracts Micro Technologies Limited had From SEC was obtained by it on its merit.

6.5.4 Panel's Observations/ Findings:

6.5.4.1 By a search conducted at CAC, it was discovered that Micro Technologies Ltd was incorporated on 5th September, 1991 with the following as Directors:

- (i) Samuel Onimisi Braimoh of K2B Polytechnic Rd., Tudun-wada Kaduna; and
- (ii) Anastasia Omozele Braimoh

6.5.4.2 There were conflicting documents emanating from the Corporate Affairs Commission relating to Mrs. Anastasia Omozele Braimoh's status in Micro: Technologies Limited. While she attached a Form C 0 7 dated 26th June, 2002 and filed on the 15th July, 2002 to her denial of Directorship, the Panel received a Certified True Copy of the aforesaid Form C07, dated 26th June, 2002 confirming her resignation on the said date. The Certified True Copy of the said document was conveyed by a CAC letter Ref RGO/SU/VOL7/2017/0754 dated 6th December, 2017. The said letter and Form C07 are hereto attached as **Annexure 16 and 16a**, respectively.

6.5.4.3 However, attached to the same CAC's letter dated 6th December, 2017 is also a Form CAC 10 (Annual Returns) filed on the 5th February, 2008, indicating that Mrs. Anastasia Omozele Braimoh was still a Director of the Company as at the date of filing the Annual Returns. The said Annual Returns is annexed hereto as **Annexure 16b**. Therefore the Panel is in doubt that she actually resigned her directorship on the 7th of June, 2002 as claimed by her.

6.5.5 Panel's Recommendation:

6.5.5.1 Given the position expressed by the Panel in paragraph 6.1, 6.2, 6.3 and 6.4, as well as its observations/findings above, the Panel recommends that the case of Mrs. Anastasia Omozele Braimoh and all the documents referred to in paragraph 6.5.4.2 and 6.5.4.3 above be forwarded to SEC to enable further examination and decision in accordance with its Staff Manual.

6.6 Allegation No.2:

6.6.1 Award of Contracts by SEC to Micro Technologies Limited of which Mrs. Anastasia Omozele Braimoh is a Shareholder, resulting in conflict of interest.

6.6.2 Anastasia Omozele Braimoh's Representation:

6.6.2.1 By her representation dated 10th November, 2017, as well her oral submission when she appeared before the Panel on the 10th January 2018, she denied being a Shareholder of the Company. She stated that shares were allotted to her by her husband without her knowledge. On the basis of this argument, she stated that she was only a promoter of the Company but not a Shareholder. She further stated that she was not aware of any payment for shares allotted to her by the Company nor was any dividend paid to her on the basis of her shareholdings.

6.6.2.2 In both her written representation (**Annexure 16c** and verbal submissions before the Panel on the 10th January, 2018, Mrs. Anastasia Omozele Braimoh insisted on the position expressed in her aforesaid letter dated 27th November, 2017. She however, added that in her position as both Ag. HOD Procurement and Head (Legal Department), she never used her position to benefit Micro Technologies Limited in the award of any contract by SEC, going by the fact that she had no knowledge of the details of the procurement documents sent to her either by her subordinates or

superiors for further necessary action. On the basis of that, she claimed not to be aware of the numerous contracts that were awarded to Micro Technologies Limited by SEC between 2014 and 2017.

6.6.23. She stated that advertisement, as a pre-requisite for procurement did not apply in all instances in SEC as bidding Companies which had track records of satisfactory performance were invited most often through phone calls to submit their bids. She further posited that the procurement processes in SEC were so rigorous that it was impossible for either processing or approving authorities to influence the outcome of the processes.

6.6.3 **Panel's Observation/Findings:**

6.6.3.1 Search report made available by CAC indicated that Mrs. Anastasia Omozele Braimoh remained a Shareholder in Micro-Technologies Limited as at the 7th December, 2017, even though had resigned her position as a Director of the Company. The report indicated the she has 20,000 units of shares out of the Company's 100,000 allotted shares of ₦1.00 each. Attached hereto as **Annexure 17** is the said Search report dated 7th December, 2017.

6.6.3.2 **Documents received from SEC also revealed as follows:-**

Micro Technologies Limited was awarded a contract for the supply and installation of Projectors, Projector screens, Smart Board, e t in November, 2014 in the sum of ₦4,972,590.00 and which items were delivered to SEC in February 2015 and the contract sum was paid vide PV TRY/1139. Certified True Copies of the procurement documents and payment vouchers are attached hereto as **Annex 18-18a (xv)**.

- i) Micro Technologies Limited was awarded a contract for the supply and installation of Ultra-short throw Projector on the 10th August, 2015 in the sum of ₦998,025.00,

which contract sum was paid to the Company vide PV.TRY/5722. CTC of the Procurement Document and Payment Voucher are hereto attached and marked as **Annexure 18b - 18b(xx)**.

- ii) Additional information obtained from an earlier preliminary investigation conducted by the EFCC, made available to the Panel revealed that eight (8) other contracts were awarded to the Company by SEC with the values and evidence of payment as indicated in **Annexures 18c-18j**.

6.6.3.3 From the evidence made available, it is clear that Micro Technologies Limited, a Company in which Mrs. Anastasia Omozele Braimoh is a shareholder, benefited from at least 10 (Ten) contracts awarded by SEC in the aggregate value of ₦21,221,385.00 (Twenty One Million, Two Hundred and Twenty One Thousand, Three Hundred and Eighty five Naira Only) during the period under review.

6.6.3.4 Between 2014 and 2017 when these contracts were awarded, Mrs. Anastasia Omozele Braimoh served first as Ag. Head (Procurement Division) in charge of the procurement, and later doubled as both Head (Legal Department) and Ag. Head (Procurement) before being assigned as Head, Legal Department which drew up the Agreements for the contracts. From the foregoing, the Panel finds it hard to be convinced that Mrs. Anastasia Omozele Braimoh, at the level of a Deputy Director and Head (Legal Department) had no knowledge of the details of the procurement documents sent to her as she claimed in paragraph 6.6.2.2.

6.6.5 Panel's recommendation:

6.6.5.1 Notwithstanding the findings of the Panel above, it is recommended that the case of Mrs. Anastasia Omozele Braimoh, together with the Panel's findings and supporting documents should be referred to SEC for appropriate disciplinary action in line with the provisions of the domestic Staff Manual of SEC.

7.0 Abdulsalam Naif H. (Head, Media Department)

7.1 Allegation No. 1:

7.1.1 Being a Management Staff of SEC, Abdulsalam Naif H. is a Director in Tida International Limited, in violation of PSR 030424 which prohibits public officers from holding office as a Director in Private Companies.

7.2 Representation:

7.2.1 In his representation vide an undated letter addressed to the Federal Ministry of Finance, received by the Ministry on the 8th December, 2017, he stated as follows:-

- i) That the Company which was incorporated on 12th day of October, 1978 belonged to his late father;
- ii) That the Company was registered when he was a minor;
- iii) That he was a Director genetically and that he had never invested in the Company nor operate in any capacity as owner or representative of the Company; and
- iv) That after the death of his father in 2014, and in accordance with Islamic provisions on inheritance, he relinquished his interest in the Company in a letter dated 20th June, 2014 by which he resigned as a Director of the Company.

7.2.2 In his further written representation dated 10th January, 2018 (**Annexure 19**) and verbal representation before the Panel on the said date, Mr. Abdulsalam Naif H. adopted his earlier representation referred to in paragraph 7.2.1 above and added that Tida International Limited was being run by his siblings; as such, he had nothing to do with the running of the affairs of the Company.

7.3 **Panel's Observation/Findings:**

7.3.1 From the Certified True Copy of the Form CAC 7 hereto referred as **Annexure 20** forwarded to the Ministry of Finance vide an earlier mentioned CAC's letter Ref. RGO/SU/VOL.7/2017/0164 dated 7th November, 2017, (Annexure 8). Mr. Abdulsalam Naif H. was confirmed as a Director of the Company as at 8th August, 2011 when the most current Particulars of Directors of the Company (Form CAC 7) was filed. Although he claimed to have resigned as a Director of The Company with effect from 20th June, 2014, there is no document filed at CAC to give effect to his purported resignation. He is therefore, still recognized as a Director of the Company as at the date of the CAC's letter under reference, in the absence of a filed proof to the contrary.

7.3.2 Information obtained from SEC indicates that Abdulsalam Naif H. was born on 30th January, 1975 in Dambatta Local Government Area of Kano State. He was employed by SEC on the 12th June, 2001 at the age of 26 years. Therefore, when Abdulsalam Naif H. purportedly resigned his directorship in 2014, he had served as an adult Director in Tida Investment .Limited for 21 years (1993- 2014) and 13 years (2001-2014) as both staff of SEC and director of Tida Investment Limited.

7.3.3 The Panel also observed that there was no filed evidence of resignation by Abdulsalam Naif H. at CAC.

7.4 Panel's recommendation:

7.4.1 Notwithstanding the findings of the Panel above, it is recommended that the case of Mrs. Anastasia Omozele Braimoh, together with the Panel's findings and supporting documents should be referred to SEC for appropriate disciplinary action in line with the provisions of the domestic Staff Manual of SEC.

7.5 Allegation No. 2:

7.5.1 SEC awarded contracts to Tida International Limited, In which Abdulsalam Naif H. is a Director, thus resulting in conflict of interest.

7.5.2 Representation:

7.5.2.1 In his representation vide an undated letter addressed to the Federal Ministry of Finance, received by the Ministry on the 8th December 2017, as well as his aforementioned further written representation dated 10th January, 2018 (Annexure 22a) and verbal representation before the Panel on the said date, Mr. Abdulsalam Naif H submitted as follows:-

- (i) He was not a party to the procurement process, neither as a staff of the Procurement Department, Finance and Accounts; Internal Control; nor a member of the Quality Control; Major or Minor Tenders Board to have being in a position to influence the award of contracts to Tida International Limited in SEC;
- (ii) He got to know of the contract only when his brother him the award letter; he was aware of the award of only one contract, as against the allegation of award of contracts to Tida International Limited by SEC. He added that no financial benefit had ever come to him from the

Company in question either on this transaction or previous businesses of the Company;

- (iii) He further submitted that since he assumed the position of Head (Media Department), only one contract (on procurement of Security outfit) had been advertised by his Department. He added that all other small contracts were advertised by the Procurement Department on SEC's Notice Board, thereby corroborating Mrs. Anastasia Omozele Braimoh's earlier claim that not all contracts were advertised in line with the provisions of Section 25(2) (ii) of the Act.

7.5.3 Panel's Observations/Findings

7.5.11 Documents made available by SEC on contracts awarded to Tida International Limited showed the following facts:-

- i) Tida International Limited was awarded a contract on 28th December, 2016 for the supply of three (3) Nos. Split AC (Panasonic) with installation; four (4) Nos, three tons Standing AC (Panasonic); 9 Nos. C-way Water Dispensers; 10Nos Refrigerators (Thermo-cool) in the total contract sum of ~~₦~~4,903,000.00 (Four Million, Nine Hundred and Three Thousand Naira) only, and for which payment was made. Certified True Copies of the relevant Procurement documents and Payment Voucher No. TRY/1100 of 20th March, 2017 are attached herein as **Annexure 21(0-21(x))**.

7.5.3.2 From the evidence made available, it is clear that Tida International Limited, a Company in which Abduisalam Naif H. is a Shareholder, benefited in 2017 from the award of a contract by SEC in the sum of ~~₦~~4,903,000.00 (Four Million, Nine hundred and Three thousand Naira) only, while he was the Head, Media Department.

7.5.4 Panel's Recommendation:

7.5.4.1 Notwithstanding the findings of the Panel above, it is recommended that the case of Mr. Abdulsalarn Naif H., together with the Panel's findings and supporting documents should be referred to SEC for necessary action in line with the provisions of the domestic Staff Manual of SEC.

8.0 Summary of Recommendations:

8.1 In the light of the foregoing, the following recommendations are presented by the Panel for the Honourable Minister's consideration and approval in relation to each of the officers:

8.1.1 Mr. Mounir H. Gwarzo:

- i) should be directed to refund the sum of ₦104,851,154.94 (One Hundred and Four Million, Eight Hundred and Fifty One Thousand, One Hundred and Fifty Four Naira and Ninety Four Kobo) only, which he illegally collected as severance package;
- ii) should be dismissed from the Public Service of the Federal Government for holding the position of a Director in private Companies (Medusa Investment Limited and Outbound Investments Limited) while service as the Director-General of SEC in breach of PSR 030424, PSR 030402 and Section 6 of the Investment & Securities Act, 2007;
- iii) should be referred to the ICPC for further investigation of the allegation of using his position as Director-General to influence the award of contracts to Outbound Investments Limited in view of the provisions of Sections

57 (12) (b) and 58(5) of the Public Procurement Act, 2007;

- iv) should be dismissed from the Public Service of the Federal Government, in line with PSR 030402 (in relation to the allegation on Golden Handshake), having breached paragraphs 313 and 316(4) of the Financial Regulations (Government Notice No. 291 of 27th October, 2009) (engaging in extra budgetary expenditure without appropriate approval);
- v) should be discharged on the allegations of award of Contracts to Medusa Investments Limited; award of contracts to other companies as mentioned in paragraph 5.1.1 and to which no relationship with Mr. Mounir H. Gwarzo was sufficiently established.

8.2 **Mrs. Anastasia O. Omozele Braimoh's** case, together with the Panel's findings and supporting documents should be referred to SEC for appropriate disciplinary action in line with the provisions of the Staff Manual of SEC.

8.3 The case of **Mr. Abduisalam Naif H.**, together with the Panel's findings and supporting documents should be referred to SEC for appropriate disciplinary action in line with the provisions of the Staff Manual of SEC.

9.0 **General Recommendations:**

9.1 As the assignment is concluded, it is pertinent to bring to the notice of the Honourable Minister some of the incidental issues that confronted the Panel and which, in the opinion of the Panel, requires the decided attention of the Federal Government. These include the following:

9.1.1 The urgent need to re-orientate public servants to the very fact that the Public Service Rules and Financial Regulations are the ground norms of every Government Service Contract, be it at the Federal, State or Local Government levels. Accordingly, all Government Extra-Ministerial Departments and Agencies should be made to understand that the PSR and FR are superior to whatever specific legislations and domestic arrangements that guide their operations, except when such issues were not covered by any provision of the PSR.

9.1.2 The Boards/Governing Councils of Federal Government Agencies should be prevailed upon to establish approval thresholds for its top management officers. It is not enough that the Public Procurement Act, 2007 set approval thresholds only for procurement issues; there should be put in place a similar arrangement to guide the approvals of Chief Executives and others who hold such authority, especially as they relate to personal emoluments and other recurrent issues.

9.1.3 The Panel also discovered that Management Letters issued by External Auditors after carrying out audit assignments are often treated with near disclaim. The Management Letters, as you are aware, are financial management control tools that highlight deviations and point ways forward. A situation where a Chief Executive Officer would refuse or neglect to act on audit advice on the frivolous and ridiculous claim that the error was committed by his predecessor runs counter-productive to the Federal Government's policy on transparency and accountability and the doctrine of continuity of government.

9.1.4 The Financial Regulations is the primary document for management of public finance in Nigeria. The current edition of the Regulations was published in 2002 and revised in January, 2009 vide Government Notice No. 291 of 27th October, 2009. Since the revision

of 2009, there has been various policy initiatives by the Federal Government, aimed at ensuring that the Country's public finance management system is responsive to domestic imperatives while aligning with global best practices. These policy initiatives included but not limited to the following:

- i) Treasury Single Account (TSA)
- ii) Government Integrated Financial Information System(GIFMIS);
- iii) Bank Verification Number(BVN);
- iv) Integrated Personnel Payroll System(IPPIS);
- v) International Public Sector Standard(IPSAS);
- vi) Voluntary Assets and Income Scheme (VAIDS)
- vii) Presidential Initiative on Continuous Audit (PICA).

9.1.4.1 The capacity of these well thought out initiatives of Government to effectively and perpetually yield the expected dividends will depend primarily on the quality of the legal instruments establishing each of them. Unfortunately, none of the initiatives enjoys any such legislative enablement. It needs to be emphasized that the absence of enabling laws on these initiatives will not only expose them to the personal whims and caprices of power holders but may as well be exploited by those with negative tendencies. It is recommended that appropriate enabling laws be enacted to give legal vent to these policy initiatives, lest they be washed away by another doctrine of necessity.

10.0 **Appreciation:**

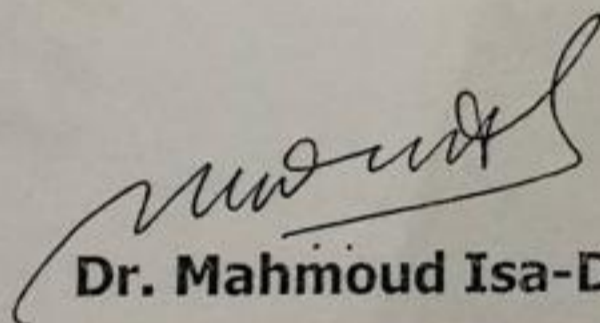
10.1 The Panel wishes to express gratitude to the Honourable Minister for finding its members worthy of this important

assignment. Lessons learnt from the exercise will surely modify imaginations and further illuminate our minds on the enduring concepts and traditions of the Public Service.

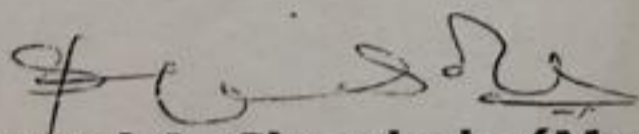
10.2 The Panel wishes to convey its deep appreciation for the commitment and dedication of members of its Secretariat. It was easy to see the desired face of the new Public Service in the positive spirit that was deployed to the assignment.

10.3 Also worthy of appreciation are the various public servants who provided relevant information and valuable assistance to enable the Panel carry out its assignment.

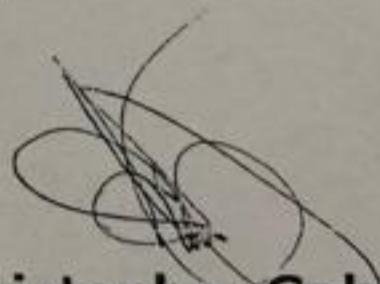
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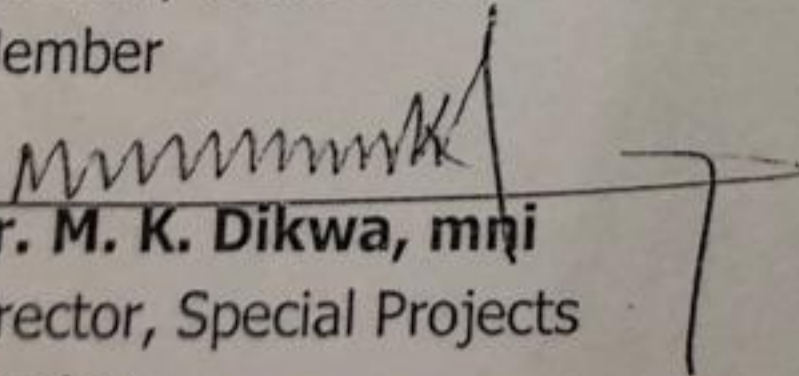
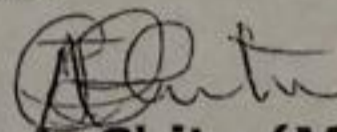
Dr. Mahmoud Isa-Dutse
Permanent Secretary
Chairman



Olubunmi O. Siyanbola (Mrs.)
Director, Home Finance
Member



Christopher Gabriel
Director, Legal Services
Member



Dr. M. K. Dikwa, mni
Director, Special Projects
Member

Anita A. Shitu (Mrs.)
Director, Human Resources
Member/Secretary

Dated This 28th Day of January, 2018