



EKITI STATE HOUSE OF ASSEMBLY

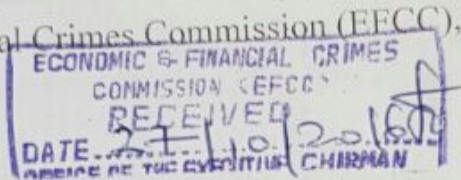
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24th October, 2016.

Your Ref:.....

Date:.....

The Chairman,
Economic and Financial Crimes Commission (EFCC),
Abuja.



Dear Sir,

COMPLAINT OF FRAUDULENT PRACTICES AGAINST FORMER EKITI STATE GOVERNOR AND MINISTER OF SOLID MINERALS, DR. KAYODE FAYEMI & OTHERS: CALL FOR INVESTIGATION & PROSECUTION

Consequent upon the resolution of the House of Assembly, we write to request for the investigation of the following allegations of fraudulent practices against the former Governor of Ekiti State and incumbent Minister of Solid Minerals, Dr Kayode Fayemi and others. These fraudulent practices include, but not limited to contracts inflation, misappropriation of fund, diversion of Local Council and State Universal Basic Education (SUBEB) funds, amongst others.

1: Construction of New Civic Centre (See Document marked ANNEXURE 1)

Contract for the construction of a New Civic Centre was awarded to TIANJIN-YUYANG Construction Eng. Limited on August 30, 2012 at the cost of N2, 573,584,395.75. Consultancy on the construction was awarded to CASA Nig Ltd on June 11, 2012 at the cost of N137, 611,325.07.

As at the end of 2012, a sum of N643,396,098.94 (representing 25% of total contract sum) had been paid to TIANJIN-YUYANG Construction Eng. Limited while the consultant, CASA Nig. Ltd was paid N89,801,901.06 (representing 80% of total contract sum).

In 2013, a sum of N350, 116,245.17 was paid to TIANJIN-YUYANG Construction Eng. Limited, making a total sum of N993, 512,344.11 (representing 45% of total contract sum).

2: New Governor's Office (See Document marked ANNEXURE 2)

2a. Contract for the construction of earthwork for the New Governor's Office was awarded to PONTI-ITALWARE Nig Ltd on March 3rd, 2012 at the sum of N383, 900,911.06, with a sum of N115, 170,273.32 paid to the contractor. The New Governor's Office was proposed to be constructed from the N25 billion Bond obtained by the State Government, with N3, 474,700.000.00 earmarked for the project.

However, despite that N115, 170,273.32 was paid to PONTI-ITALWARE Nig Ltd for earthwork, the site was abandoned, with no significant work done.

BOC ARCHITECTS of 32 Adeola Adeleye Street, Ilupeju, Lagos, the Project Consultant was paid N11,596,746.41.

Despite the payment of N115, 170,273.32, nothing significant was done.

2b. Contract for the construction of the New Governor's Office was awarded to Messrs Interkel Nig. Ltd (12, Maitama Sule Street, Southwest Ikoyi, Lagos 0812900918) on March 1, 2014. The contract sum was N2, 027,495,857.45. Out of the 30% mobilisation fee of N608, 248,757.24, a sum of N100 million was paid to the contractor with nothing to show.

3. N25bn bond and N5bn commercial bank loan (See document marked ANNEXURE 3)

3a. N25 billion was sourced from the capital market to finance capital projects. This was obtained in two tranches of N20 billion and N5 billion in October 2011 and January 2014 respectively.

The Bond Prospectus, which was approved by the House of Assembly was not adhered to as the money was diverted into projects not listed in the Bond Prospectus. For instance, N1 billion was earmarked for the construction of Civic Centre whereas N1, 465,401,522.72 was spent on the project from the bond, with project left uncompleted.

Also, the State Pavilion to which N1, 583,292,358.00 was earmarked and total sum of N1, 457,945,445.44 was paid to the contractor was left uncompleted.

Projects funded from the Bond Proceeds but were not within the scope of the Bond Prospectus are listed in the document marked **ANNEXURE 3**.

3b. Towards the June 21, 2014 governorship election, N5 billion loan was obtained, using Fountain Holdings Limited, a company with N15 million share capital. The N5 billion loan was obtained from EcoBank without recourse to the Debt Management Office (DMO) and it was claimed that the loan was used to execute capital projects like construction of roads.

Our question is; is it part of the responsibilities of Fountain Holdings Limited to execute capital projects like road construction on behalf of Ekiti State Government?

For your information, Fountain Holdings Limited is an investment company owned by the Ekiti State Government. The responsibility of Fountain Holdings Limited is to manage and supervise all companies owned by the Ekiti State Government. The Share Capital of the company is N15m, and we wonder how a company with N15m Share Capital could be granted N5bn loan by EcoBank without any recourse to the DMO!

As at today, there is no single evidence of utilisation of the N5 billion, suggesting that the loan was taken to fund Fayemi's botched re-election bid.

4. New Government House (See Document marked ANNEXURE 4)

Contract for the construction of a new government house was awarded to KOURIS Construction Nigeria Limited on July 27th, 2012. The initial contract sum was N2, 054,573,822.00.

Curiously, another N730, 186,636.87 contract for additional works was awarded to the same company on October 10th, 2014, FIVE days to the end of the government of Dr Kayode Fayemi! It was claimed that the additional works was as a result omissions on the original Bill of Quantities prepared for the project.

For a contract awarded on July 27th, 2012, the question is; why waiting till October 10th, 2014, five days to the end of the government to realise that there were omissions on the original Bill of Quantities prepared for the project?

Curiously again, another N604, 961,645.72 contract was awarded to KITWOOD Nigeria Limited on June 18th, 2014 (three days to the June 21, 2014 governorship election) for the furnishing of the government house.

To show that the State Ministry of Works was not carried along in the contract award and execution, the contractor was asked to report at the office of Fayemi's Chief of Staff, Yemi Adaramodu to sign contractual agreement and also obtain detailed specifications of the items to be procured.

5: Diversion of State Universal Basic Education Board (SUBEB)
(See Document marked ANNEXURE 5)

A sum of N852, 936,713.92 was illegal withdrawn from SUBEB Access Bank Account Number 0065385694 on October 8, 2014, eight days to the end of Dr Fayemi's tenure as Ekiti State governor.

The N852, 936,713.92 was counterpart fund paid by the Ekiti State Government to access the Universal Basic Education Commission (UBEC) 2012 Marching Grant of N852, 936,793.12.

This illegal withdrawal was in contravention of Section 11(2) of the Universal Basic Education (UBE) Act, 2004.

It should be noted that UBEC Deputy Executive Secretary, Dr. Yakubu Gambo told the Senate Committee on Finance's Budget Defence that Dr Fayemi, used the N852.9 million counterpart funds dedicated for education by the federal government through the UBEC for other purposes.

Mr Dapo Kolawole, who was Fayemi's Commissioner for Finance, while defending the allegation, said there was no law forbidding States from borrowing counterpart funds to support states capital development operations.

Consequent upon this illegal withdrawal, UBEC caused a letter to be written to the Ekiti SUBEB in which the commission called for the return of the N852, 936,713.92 to the account of SUBEB.

UBEC also suspended Ekiti SUBEB from accessing any further FGN-UBE Intervention Fund until further notice.

UBEC, in the letter dated April 16, 2015, with Reference Number; UBEC/FA/SUBEB/EK/183/Vol.II/162 described the withdrawal as

criminal act that violated Section 11(2) of UBE Act 2004 and conveyed its suspension of Ekiti State from accessing any further FGN-UBE Intervention Fund.

UBEC letters dated April 16, 2015 and April 29, 2015 as well extract from Ekiti SUBEB Statement of Account are herewith attached.

6: Diversion of State Universal Basic Education Board (SUBEB)

In 2012, contracts worth N4, 246,094,751.14 were awarded through the Bureau of Special Projects (under the Governor's office), headed by Mr. Kelekun. The contracts were for renovation of schools, supply of school furniture and construction of classrooms. Funds for these projects were taken from SUBEB and Local Governments accounts.

Of these contracts, N3, 672,078,820.14 were for renovation of schools alone. Atlantic Offshore & Properties got N1, 152,562,555.14, Strabic Nig. Ltd got N1, 107,744,408.21, Bam Darley Nig. Ltd. got N924, 977,310.95 while Fatub Nig. Ltd got N486, 794,545.84.

Immediately the renovation contracts were awarded, Atlantic Offshore & Properties was paid N750 million (70% of contract sum), Strabic Nig. Ltd was paid N600 million (65% of contract sum), Bam Darley Nig. Ltd was paid N600 million (70% of contract sum) while Fatub Nig. Engineering Ltd was paid N150 million (60% of contract sum).

A total of N2.1bn was paid from SUBEB and LG accounts to these contractors even before the commencement of work, and over 40% of the payment was diverted into private pockets.

In the 2014 Capital Projects Report, payments to the contractors were presented as;

a:	Atlantic Offshore & Properties	-	N1, 022,130,415.64
b:	Strabic Nig. Ltd	-	N957, 237,829.62
c:	Bam Darley Nig. Ltd	-	N742, 730,990.25
d:	Fatub Engineering Nig. Ltd	-	N431, 327,270.41

As at the time N1, 022,130,415.64 was paid to Atlantic Offshore & Properties, only 60% work had been done, meaning that Atlantic Offshore & Properties was only entitled to N691, 537,551. Bam Darley Nig. Ltd that was paid N742, 730,990.25 had done 60% work too and ought to have been paid N554, 986,386.57.

7: Inflation of Road Contracts

Contracts for REHABILITATION of Roads were awarded at highly inflated cost, with some of the roads costing as high N50 million per kilometre. The REHABILITATION only involved cutting of failed portion, filling with laterite and stone base and asphalt overlay. No subsoil drainages, new pipe culverts and box culverts were constructed.

For instance, 10.7km Ado-Afao was awarded at N538, 638,704.26, 17km Ilawe-Igbara Odo-Ibuji road, which was awarded at a little above N200m by the government preceding Fayemi's government was re-awarded at N894,698,043.75, 11.5km Ado-Ilawe road was awarded at N482,849,098.20, 3.6km Ijigbo-Baptist College (Ilawe road) was awarded at N788,038,599.60 while Fajuyi-University Teaching Hospital Road that is less than 3km was awarded at N447,544,063.50

Rehabilitation of 13km Old Garrage-Ado-Ikere road was awarded to Plycon Nig Ltd at N2, 369,833,077.15.

Construction of 0.8km Old Garrage-Ojumose (Ado-Ekiti) road was awarded to Heartland Nig. Ltd at N866, 872,873.13.

8: Diversion of LG Funds to Pav For Roads Awarded By State Govt.

Using the State Public Works Corporation (PWC), rehabilitation 5km township roads were embarked upon in each of the 16 LGs. Contracts for the rehabilitation of these roads were awarded without any input from the respective LGs while fund for the project was deducted from the local councils allocation.

For instance, rehabilitation of 5km roads in Moba LG was awarded for N368, 950,821.09, Ido/Osi LG for N329, 950,821.50 and Ilejemeje LG for N347, 914,157.68. Apart from the PWC, cronies of Governor Kayode Fayemi were also given the contract. Most of the road projects have been abandoned.

9. Fraudulent Purchase of 156 Units of Ford vehicles from Coscharis Motors

N1.2 billion loan was obtained from First Bank Plc for the purchase of 156 units of Ford vehicles from Coscharis Motors Limited, for traditional rulers in the State.

It is on record that only 156 units of the vehicles were delivered while

Coscharis, in its letter dated May 2, 2014 said it delivered 235 units. Up till today, the remaining 79 vehicles are yet to be accounted.

It is also on record that proposal for the supply of vehicles was submitted on November 14, 2013 while the vehicles were distributed to the Obas on August 27, 2013! The supplier, Coscharis also registered as a civil/building contractor in Ekiti State on November 13, 2013.

Coscharis, which supplied the vehicles only registered as a civil/building contractor in Ekiti State on November 13, 2013 and submitted proposal for the supply of the vehicles on November 14, 2013 while the vehicles were supplied in August 2013 and distributed on August 27, 2013, three clear months before the proposal to supply the vehicles was made.

Furthermore, it is also on record that instructions were sent to Local Government Chairmen on November 15, 2013 to deliberate on the proposal sent by Coscharis on November 14, 2013 in their F&GPC meetings and their decision to get back to the Ministry of Local Government and Chieftaincy Affairs not later than November 22, 2013; while the vehicles they were to deliberate upon in the F&GPC meetings in November were delivered in August and distributed to the Obas on August 27, 2013.

Also, while the vehicles were distributed on August 27, 2013 and the tracking done on September 13, 2013, certificate of no objection to procure the vehicles was issued on February 24, 2014.

10. Ado Ekiti Beautification Project (See Document marked ANNEXURE 6)

Contract worth N596, 151,159.10 was awarded for construction walkways and beautification of Ado Ekiti, the Ekiti State capital was awarded to nine contractors. (See Annexure ... for list of contractors).

Total sum of N306, 165,425.90 was paid to the contractors. A visit to the project sites will reveal that nothing significant was done to justify this payment.

Apart from Dr Kayode Fayemi, the following people are involved in the alleged fraudulent practices amongst others.

1. Mr Dapo Kolawole - 08135063506
2. Mr Yemi Adaramodu - 08035019919
3. Mr Abiodun Oyebanji - 08072074878
4. Arc Oyelade (CASA Nig Ltd) - 07059825045

5. Mr Bayo Kelekun – 08129020900
6. Interkel Nig Ltd – 08129009118, 08033223296


Consequent upon these alleged fraudulent practices perpetrated by the immediate past government of Dr Fayemi, Ekiti State has been finding it difficult to meet up with its responsibilities.

It will also interest you that several petitions have been written to your commission both by concerned citizens of the State and the State Government itself.

We are however miffed that nothing has been done to these petitions despite that they were duly received by the commission.

In view of the need for an all-inclusive anti-corruption fight, we implore that you act promptly by directing thorough investigation into the alleged fraudulent practices enumerated above with a view to bringing anyone found culpable to justice.

Thanking you for your anticipated prompt action.



Rt. Hon. Kolawole Oluwawole
Speaker, Ekiti State House of Assembly