



Securities & Exchange Commission

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Office Of The Director General

May 31, 2019.

The Chairman,
Oando Plc,
The Wings Complex,
17a, Ozumba Mbadiwe Street,
Victoria Island, Lagos.

Attention: His Royal Highness, Oba Michael Adedotun Gbadebo CFR.

Dear Chairman,

INVESTIGATION OF OANDO PLC

You would recall that following the receipt of two petitions by the Securities and Exchange Commission (Commission) from Alhaji Mangal Dahiru and Ansbury Incorporated, the Commission in 2017, conducted an investigation into the activities of Oando Plc and observed certain infractions of securities laws by some members of the Board of Oando Plc. Additionally, the findings of the Commission were communicated to the Group Chief Executive Officer of Oando Plc by a letter dated July 10, 2017.

The Commission further engaged Deloitte & Touche to conduct a forensic audit of the activities of Oando Plc.

The findings from the investigations were as follows:

- 1. Corporate Governance Lapses** - There were several corporate governance lapses stemming from poor Board oversight. These include irregular approval of Director's remuneration, Director's participation in matters in which they had declared interest, unjustified disbursements to Directors and Management of the company, failure of the Audit Committee to hold meetings with management, internal auditors and external auditors.



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2.

Failure of Internal Controls - Oando Plc failed to establish an effective system of internal controls as required under Section 61 of the ISA 2007, over its financial reporting thereby compromising the integrity of the company's financial controls and reporting as revealed by the misstatements in the financial statements, high number of related party transactions and unjustified disbursements to directors.

3. Incidental issues arising from the sale of a subsidiary

- 3.1. In 2013, Oando Plc reported the sale of its subsidiary, Oando Exploration and Production Limited (OEPL), to Green Park Management Limited without obtaining the approval of the Commission, (in violation of the provisions of the Investment and Securities Act (ISA) 2007) and the consent of the Minister of Petroleum (as required under the Petroleum Act, 1969).
- 3.2. The purported sale of OEPL enabled Oando Plc to report a profit instead of a loss, thereby misstating its Financial Statements in 2013 and 2014 and consequently misleading investors. This 'fictitious' profit reported in 2013, enabled Oando Plc to declare dividends.
- 3.3. The 2013 misstated accounts and quarterly reports of Oando Plc were included in the 2014 rights circular, thereby misrepresenting the financial status of the company to the public in violation of Section 86 of the provisions of the ISA 2007.

4. Suspected Market Abuse

- 4.1. In 2012, 2013, 2014 and 2015, certain insiders of Oando Plc sold shares of the Company during "closed periods" despite having knowledge of active closed periods by the Company and contrary to the Rules of the NSE. The insiders include Ocean and Oil Investment Limited (OOIL - represented by Jubril Adewale Tinubu and Godwin Omamofe Boyo), Ocean and Oil Development Partners (OODP - represented by Jubril Adewale Tinubu, Godwin Omamofe Boyo, Francesco



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Cuzzocrea), and ECP African Fund II PC (a Company in which Nana Appiah-Korang was director).

This violation is being referred to the Nigerian Stock Exchange.

- 4.2. OODP, the major shareholder in Oando Plc represented by Jubril Adewale Tinubu, Godwin Omamofe Boyo and Francesco Cuzzocrea authorized the sale of 1,210,000,000 units of OODP shares in Oando Plc valued at ₦21,455,909,256. The trades took place between January and October 21, 2015, preceding the release of the 2014 audited financial statements on October 23, 2015, in which Oando Plc declared an unprecedented loss of N183 billion. During this period, these representatives of OODP were insiders of Oando Plc and had access to material non-public information regarding the poor financial status of the company commencing December 2014, in violation of the provisions of the ISA 2007 regarding insider dealing.

This violation is being referred to the appropriate law enforcement agency.

5. **Related Party Transactions** – Oando Plc was involved in several related party transactions linked to key board members particularly Jubril Adewale Tinubu and Godwin Omamofe Boyo. Some of the related party transactions were not disclosed in the company's 2012 and 2014 financial statements. However, an impression was created in the 2013 and the 2015 financial statements that these disclosures had been accurately reported.
6. **Payment of interim Dividend despite liquidity constraints** - In 2014, Oando Plc paid interim dividends when the Company was facing liquidity constraints.
7. **False Disclosures** - Oando Plc failed to fully comply with the SEC Code of Corporate Governance for public companies. The



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company falsely indicated full compliance with the code in its Annual Reports for 2012 and 2013.

8. **Non – disclosure of Beneficial Ownership** - Alhaji Dahiru Bara'u Mangal failed to disclose his substantial ownership in Oando Plc as required by CAMA. Similarly, Oando Plc failed to notify the Nigeria Stock Exchange (NSE) of his shareholding of 5% and above as required by the rules of the NSE.

This is being referred to the Corporate Affairs Commission (CAC) and the Nigerian Stock Exchange (NSE).

9. **Tax related Issues**

- i. Oando Plc deducted an amount representing 24% of the dividend paid to shareholders in 2014 as withholding tax. This exceeded the statutory requirement of 10% as required by the Companies Income Tax Act (CITA).
- ii. Oando Plc failed to comply with several tax laws such as Companies Income Tax Act, Value Added Tax Act, etc.

These tax related violations are being referred to the Federal Inland Revenue Service (FIRS).

In view of the above violations, the Commission hereby directs as follows:

1. Oando plc to pay the sum of:
 - a. **N8,450,000** to the Commission, for publishing untrue statements in its 2012 Financial Statements, in violation of Rule 3 (4) of the SEC Rules and Regulations, made pursuant to the ISA 2007.
 - b. **N7,850,000** to the Commission, for publishing untrue statements in its 2013 Financial Statements, in violation of Rule 3 (4) of the SEC Rules and Regulations, made pursuant to the ISA 2007.
 - c. **N42,750,000** to the Commission, for non-disclosure of related party transactions in its 2012 Financial Statements, in violation of Rule 39 (1 & 7) of the SEC Rules and Regulations, 2013, made pursuant to the ISA 2007.



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- d. **N30,625,000** to the Commission, for non-disclosure of related party transactions in its 2014 Financial Statements, in violation of Rule 39 (1 & 7) of the SEC Rules and Regulations, 2013, made pursuant to the ISA 2007.
2. The under listed directors of Oando Plc shall immediately refund to Oando Plc, the total sum of N145,767,316 (One Hundred and Forty-Five Million, Seven Hundred and Sixty-Seven Thousand, Three Hundred and Sixteen Naira, Only) being remuneration and other benefits paid to them above the provisions of the Board Charter:

Name	Amount (N)
Akinrele Ademola	24,351,158
Ammuna Alli	11,950,000
Engr. Yusuf Njie	3,115,000
Ike Osakwe	24,351,158
Oghogho Akpata	28,975,000
Tanimu Yakubu	24,000,000
Chief Sena Anthony	11,250,000
Oba Adedotun Gbadebo	20,000,000
Total	145,767,316.00

3. In view of the gravity of the corporate governance lapses and internal control failures observed in the company, every person who sat on the Board of the company when the failures occurred to wit:
- HRH. Oba Michael Adedotun Gbadebo **CFR**
 - Mr. Mobolaji Osunsanya
 - Mr. Olufemi Adeyemo
 - Mr. Oghogho Akpata
 - Chief. Sena Anthony
 - Mrs. Ammuna Lawan Alli **OON**,
- a. Should resign his/her position from the Board of Directors of Oando Plc, failing which such person would be barred from serving as a director in any public company for a period of five (5) years.

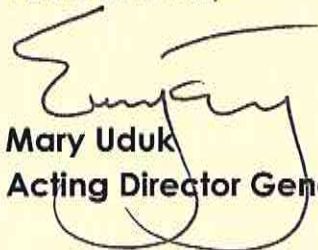


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- b. Oando Plc should convene an Extra-Ordinary General Meeting (EGM) on or before July 1, 2019 to appoint new directors and articulate remedial measures for the observed corporate governance lapses.
4. For Certification of untrue statements of material facts in the 2013, 2014 and 2015 financial statements of Oando Plc in violation of Section 60 (2) (b) (ii) of the ISA 2007, Mr. Jubril Adewale Tinubu (Group Chief Executive Officer) and Mr. Olufemi Adeyemo (Chief Financial Officer) are ordered to pay the sum of **N91,125,000 (each)** to the Commission.
5. Mr. Jubril Adewale Tinubu and Mr. Godwin Omamofe Boyo are hereby barred from being directors of public companies for a period of 5 years for improper conducts in managing the affairs of Oando Plc to wit: market abuse, related party transactions not conducted at arm's length, misstatements in financial statements and inaccurate disclosures in the financial statements of Oando Plc.
6. All monetary penalties referred to in 1 above, should be paid to the Commission immediately.

Please accept the assurance of the Commission's highest regards.

Yours faithfully



Mary Uduk
Acting Director General

CC:

Mr. Adewale Jubril Tinubu
Group Chief Executive Officer,
Oando Plc.

Mr. Omamofe Boyo
Deputy Group Chief Executive Officer
Oando Plc.



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Mr. Mobolaji Osunsanya
Member of Board of Directors
Oando Plc.

Mr. Olufemi Adeyemo
Group Financial Officer
Oando Plc.

Mr. Oghogho Akpata
Member, Board of Directors,
Oando Plc.

Chief Sena Anthony
Member, Board of Directors,
Oando Plc.

Mr. Ammuna Lawan Alli, OON
Member, Board of Directors,
Oando Plc.

Ayotola Jagun
Company Secretary/Chief Compliance Officer
Oando Plc.