



28th June 2012

Mr. John W. Borchert,
Fraud Section,
1400 New York Avenue, NW.
Washington D.C., 20005,
United States of America.

Sub: Bribery Allegations Involving Rental Power Plants.

Dear Sir,

Further to your letter dated 14th June 2012, TI-Pakistan would like to forward the response received from the Securities and Exchange Commission of Pakistan (SECP) through its letter No. CLD/CCD/650/30/2010-1235 dated 27th June 2012, regarding the letter subject.

According to SECP, they are in the process of examining the matter and:

1. Will initiate winding up proceedings against all the companies involved in the RPP fraud in accordance with Section 305 of the Companies Ordinance 1984, and
2. That the persons convicted by a court of law for an offence involving moral turpitude shall not be eligible for appointment as director of a company under Section 187 (e) of the Companies Ordinance 1984.

For your information, a list is mentioned below which includes names of the companies whose contracts have been declared to be non-transparent, illegal and void ab-initio by the Supreme Court of Pakistan. The Court had also declared that "*Consequently, the contracts of RPPs are ordered to be rescinded forthwith and all the persons responsible for the same are liable to be dealt with for civil and criminal action in accordance with law*".

| Company | Project |
|--|-------------------------------------|
| 2006 and onwards | |
| M/S G.E. Power (US Based) | Sharaqpur |
| M/S Alstom | Bhikki |
| M/S Pakistan Power Resources (US Based) | Bhikki (Assigned by Alstom in 2007) |
| 2008 and onwards | |
| M/S Techno E. Power | Samundari Road, Faisalabad |
| M/S Techno Energy (Pvt.) Limited | Sahuwal, Sialkot |
| M/S Pakistan Power Resources (US Based) | Guddu |
| M/S Walters Power International (US Based) | Naudero -I |
| | Naudero -II |
| M/S Young Gen Power | Satiana Road, Faisalabad |
| M/S Reshma Power | Raiwind Road, Lahore |
| M/S Gulf Rental Power | Gujranwala |
| M/S Karkay Karadeniz | Karkay, Karachi |



TI-Pakistan again requests the U.S. Department of Justice to take action against the involved companies in accordance with US laws.

With regards,

Syed Adil Gilani,
Adviser

Encl:

- SECP Letter dated 27th June 2012



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Company Law Division
(Corporatization and Compliance Department)

No.CLD/CCD/650/30/2012 -1235

Islamabad the June 27, 2012

Mr. Syed Adil Gilani,
Adviser,
Transparency International-Pakistan,
5-C, 2nd Floor, Khayaban-e-Ittehad,
Phase VII, Defence Housing Authority,
Karachi

Subject: IMPLEMENTATION OF SUPREME COURT OF PAKISTAN'S ORDER IN RENTAL POWER PLANTS CASE, 30TH MARCH 2012- HUMAN RIGHTS CASE NO. 7734-G/2009 AND 1003-G/2010 (ALLEGED CORRUPTION IN RENTAL POWER PLANTS) AND HUMAN RIGHTS CASE NO. 56712/2010 (FRAUD IN PAYMENT OF RENTAL POWER PLANTS DETECTED BY NEPRA)

Dear Mr. Adil Gillani,

Please refer to the Commission's earlier correspondence on above noted subject whereby it was informed that the Commission would cooperate with the NAB as and when required in the matter. You will appreciate that the Commission is in the process of examining the matter as indicated by you and will initiate winding up proceedings against all the companies involved in the alleged fraud in Rental Power Plants (RPP Fraud) in terms of Section 305 of Companies Ordinance, 1984 (the 'Ordinance'). The relevant portion of the above provision is provided hereunder for ease of reference:-

“Circumstances in which company may be wound up by Court.- A company may be wound up by the Court-

(a)

(f) if the company is-

- (i) conceived or brought forth for, or is or has been carrying on, unlawful or fraudulent activities;
- (ii)
- (iii) conducting its business in a manner oppressive to any of its members or persons concerned with the formation or promotion of the company or the minority shareholders;
- (iv) run and managed by persons who fail to maintain proper and true accounts, or commit fraud, misfeasance or malfeasance in relation to the company; or

2. It will not be out of place to mention here that the persons convicted by a court of law for an offence involving moral turpitude shall not be eligible for appointment as director of a company. The relevant portion of Section 187(e) of the Ordinance is reproduced as under:-

“Ineligibility of certain persons to become director. – No person shall be appointed as a director of a company if he-

(a)

(e) has been convicted by a court of law for an offence involving moral turpitude;

3. At the same time the Commission highly appreciates your valuable contribution in highlighting cases of corruption and efforts regarding elimination of corruption from the country.

Yours truly,



(Anmol Shahzadi)
Deputy Registrar of Companies