

BEFORE THE HONOURABLE COURT (SPECIAL COURT / SPECIAL JUDGE) CENTRAL
 FEDERAL INVESTIGATION AGENCY
 FEDERAL GOVERNMENT OF PAKISTAN
 KARACHI



FIRST INFORMATION REPORT
 FIRST INFORM OF A COGNIZABLE CRIME REPORTED UNDER
 SECTION 154 CODE OF CRIMINAL PROCEDURE

Police Station FIA, CCC, Karachi

FIA, Corporate Crime
 Circle/Sub Circle Karachi

No. 48/2022	Date and hour of occurrence <u>2018 to onward</u>
1. Date and hour when reported.	07.07.2022 at 1715 hours.
2. Name and residence of informant and complainant.	Shaji S/o Sartaj, (CNIC No. 42201-0222515-9), Manager, Quality, Health Safety, Environment (QHSE0, Hala Gas Processed Plant, Hala Sindh, R/o. P-11, KDA Overseas Bungalow, Block-16, A, Gulistan-e-Jauhar, Karachi.
3. Brief description of offence (with section) and of property carried off, if any.	U/s. 34, 406, 409, 109 PPC 5(2) PCA 1947
4. Place of occurrence and distanced and direction from Police Station.	Pakistan Petroleum Pvt Ltd
5. Steps taken regarding investigation, explanation of delay in recording information.	Sub-Inspector Mehwish Iftikhar will investigate the case.
6. Date and hour of despatch from Police Satation.	07.07.2022

The instant case is outcome of Enq No.31/2018, which was registered at this circle on receipt of a written complaint lodged by Shaji S/o Sartaj, (CNIC No. 42201-0222515-9), Manager, Quality, Health Safety, Environment (QHSE0, Hala Gas Processed Plant, Hala Sindh against Syed Wamiq Bukhari and others. The complaint is reproduced as under: -
 6th September, 2018

The Respected Director General
 Federal Investigation Agency (FIA)
 Islamabad.

Subject: **SUBMISSION OF A REPORT ON THE MATTER OF MASSIVE CORRUPTION IN PAKISTAN PETROLEUM LIMITED (PPL)**

Dear Sir;

With profoundest deference I may humbly beseech for bringing in your kind information that there is a huge corruption in Pakistan Petroleum Limited (PPL), which is causing tremendous losses to the national exchequer.

In order to give you a brief on the subject matter, we attach here-with a comprehensive report, for your kind information, review and necessary actions at your end.

The report is submitted with sincerity and positive mindedness for the good of not only for PPL but also for the national exchequer as we believe that no one is above law and also not allowed to make any corruption/ loot money, it's believed that this humble submission will assist you to take appropriate actions.

Thanking you,

Best Regards,

Yours truly,

Shaji Sartaj
Manager, Qualit, Health, Safety, Environment (QHSE)
Hala Gas Processing Plant, Hala Sindh

P-11, KDA Overseas Bungalows, Block 16-A,
Gulistan-e-Jauhar, Karachi

CNIC No. 42201-0222515-9, Cell No. 0311-3835753

Consequent upon Enq No.31/2018, it revealed that: -

1. After discovery of Hydrocarbon(Oil/Gas) by PPL in Gambat South Block, PPL intended to establish a 60mmcf/d Gas Processing Plant on an EPCC basis in April 2015.
2. FEED Study was arranged through a third-party M/s SMEC Oil & Gas Pvt. Limited, who calculated the estimated cost on EPCC basis at USD 130 million. This study was also reviewed by M/s ENAR.
3. Project Evaluation and Approval process form was processed on 30th September 2015 for budget of USD 70million or less whereas M/s SMEC Oil & Gas Pvt. Limited estimated cost around USD 130million.
4. During the course of enquiry, it is revealed that despite the FEED Study of M/s SMEC Oil & Gas Pvt. Limited with calculation of estimated cost USD 130million, the then MD PPL, accused Syed Wamiq Bokhari proposed the budget of USD 70 million, which was almost the same as subsequently quoted by the contractor M/s SPEC Energy DMCC in his bid. It is prima facie established the collusion between the then accused MD, Wamiq Bokhari and the contractor M/s SPEC Energy DMCC.
5. During the course of enquiry, it has been revealed that this budget was proposed based on prior understanding with M/s SPEC Energy DMCC.
6. During the course of enquiry, it is revealed that technical evaluation criteria of GPF-III was relaxed by removing the requirement of LPG extraction unit, whereas LPG extraction unit was included in the scope of work for GPF-III. It is further revealed that M/s SPEC Energy DMCC was rejected for the GPF-II, due to his lack of experience of both Amine Unit as well as LPG Plant. This proved collusion / malafide actions of the then MD in changing the criteria to favor M/s SPEC Energy DMCC.
7. In tendering for GPF-III, PPL received 16 bids. Two technical bids were rejected and 14 were technically evaluated against the technical evaluation criteria. Out of 14 bids, 11 were declared technically compliant.

8. M/s SPEC Energy DMCC was technically disqualified for GPF-II, however, technically qualified for GPF-III, which was a similar and even bigger plant than GPF-II. OMV did not provide any response against the PPL's written query on M/s SPEC Energy DMCC's performance but still M/s SPEC Energy DMCC was declared technically qualified. This also proved malafide act / collusion of the then MD with M/s SPEC Energy DMCC.
9. Subsequently, Previous customer of M/s Spec Energy, M/s OMV issued a certificate to M/s SPEC Energy DMCC for Meher Gas Development Project on 28th September 2016 for a project started on 30th November 2010 with a completion time of 12 months but completed in 37 months ending on 31st December 2013. It is also indicating that even the contract was not completed in 37 months as the certificate was issued on 28th September 2016 at an additional cost of USD 14 million. This has established that M/s SPEC Energy DMCC was declared technically qualified for GPF-III without confirmation of his experience and performance.
10. Commercial bid of M/s SPEC Energy DMCC opened in 2016, was found to be almost the same as the budget kept for the project in 2015. It proved the collusion / malafide acts while keeping budget and changing the criteria to declare M/s SPEC Energy DMCC as technically qualified without confirming the experience and satisfactory performance.
11. Immediately after award of contract, M/s SPEC Energy DMCC started non-professional behavior and started demanding favors which includes but not limited to change in Approved Vendor List, Placement of Orders on different vendors than defined for a particular category, changes / restructuring for Milestone payments, reduction of Advance Payment Guarantee etc.
12. Accused the then MD, Mr Wamiq Bokhari managed to grant undue favors to the contractor by violating PPRA Rules 2004, which exposed the company and caused a huge financial loss due to over and above payments than the equipment supplied / work completed.
13. M/s SPEC Energy DMCC continued their fraudulent practices with full support of the then MD accused Wamiq Bokhari. M/s SPEC Energy DMCC introduced Mr. Sonntag as UOP project Manager during the HAZOP meeting at Jafza UAE. PPL wrote to vendor UOP asking them if Mr. Sonntag was associated with them to which UOP replied that no such person was associated with them and stated that "at this point UOP is not involved in the execution of your project in any manner."
14. In February 2017, M/s SPEC Energy DMCC placed purchase Order for the Amine Package to New Point Gas LLC, which has name similar to the one of the Vendor in the Approved Vendor List. Contractor M/s SPEC Energy DMCC mentioned that the vendor New Point Gas LLC has allowed M/s SPEC Energy DMCC to fabricate the equipment at M/s SPEC Energy DMCC's facility. It was revealed that the vendor was not the same as listed in the PPL's Approved Vendor List and this was a new company registered on 23rd August 2016 after the award of the EPCC Contract to M/s SPEC Energy DMCC with owner name of Mr. Irtiza Shaikh and having same address as that of M/s SPEC Energy DMCC USA office (www.newpointgasllc.com). PPL checked with the owner of the approved vendor New point Gas, who denied any business relationship with the other vendor whom M/s SPEC Energy DMCC had placed the PO for Amine Package.
15. Similarly, M/s SPEC Energy DMCC placed Purchase Order for the HCDP Unit on Dew Point Control Toronto Canada on 28th February 2017. Again, it was revealed that the company to which the PO was placed was not the same as given in the Approved Vendor List. The Approved Vendor Dew Point Control was based in Texas USA and was established in 2003 whereas the Canadian address seemed *fictitious* with web site created on 18th February 2017 (In the same month when M/s SPEC Energy DMCC placed the PO). In response to PPL query, Approved Vendor Dew Point Control USA denied any existence of a Canadian office.
16. Further the Contractor M/s SPEC Energy DMCC also complaint about the cash flows and requested for breakdown of Milestone Payments and refused to renew advance

payment guarantee after the project completion deadline in October 2017. The then MD exposed the company by managing to get Milestone payments amended as per contractor's request and also agreed to reduce to APG amount in violation of PPRA Rules 2004.

17. Instead of taking any action against the contractor, and apprising the board, the then MD replaced the General Manager Project by Mr. Nauman Hussain Tirmizi, who was his close confidant in October 2016. BHRC, in November 2017 directed the management to advertise the position of General Manager Projects. However, Mr. Shahbaz Khan was assigned the role of General Manager Projects in December 2017.
18. During the course of enquiry, it has been revealed that that the contractor raised Change Claims amounting to approx. USD 70 million over and above original contract price. However, these claims were not immediately reported to the board, and neither PPL's position on the claims was clarified. These Change Claims were reportedly not justified and frivolous. It further proved the mala fide plan of the contractor and the then MD, in connivance with other staff to first award the contract at lower rates and, thereafter, pay more than the actual amount of USD 130 million, estimated by M/s SMEC Oil & Gas Pvt. Limited.
19. Despite all these fraudulent practices done by the contractor, accused Syed Wamiq Bokhari the then MD, with the support of his close confidants, Mr. Nauman Tirmizi and Shahbaz Khan did not submit the factual position to the Board and always misrepresented the real facts. Up to June 2018, the project team and MD did not present the factual status of the project to the Board and neither submitted detail of the frivolous change claims raised by the contractor M/s SPEC Energy DMCC.
20. In June 2018, the Board specifically questioned the status of the project, and it was presented to the board by accused Shahbaz, GM Projects and the then MD, accused Syed Wamiq Bokhari that the First Gas would be expected in July 2018. This GPF-III Contract was awarded in 2016 with completion time of 18 months ending in September 2017, but Management never submitted the factual position and concealed information about the poor performance and fraudulent practices of the Contractor from the Board. These misrepresentations and concealment of facts from the board are clear violations of the law.
21. The above acts resulted in loss of Approx. USD 43 million, which was paid to M/s SPEC Energy DMCC without completion of the milestones.
22. Change in Milestone Payment was arranged by the then MD Wamiq Bukhari and GM Projects Shahbaz Khan and got approval from Board through misrepresentation of true project status. Change and restructuring of Milestone is the clear violation of Agreement / Contract clauses. The then CFO Kamran Wahab and GMF Syed Ehtesham Ahmed is also responsible.
23. If the Milestone were not changed, Company would not have released over USD 11 million and Over Rs. 27.8 million to contractor M/s Spec without completion of work as per agreed milestone.
24. Advance Payment Guarantee was required to be released after successful completion of performance test, However, due to change in milestone payments the company's ability to encash APG has been reduced by USD 4 million and Rs. 12.5 million.
25. Total payment made to Contractor M/s Spec is **Approx USD 43 million** without completion of the project.

The review of record award of contract for GPF-III project of PPL, statements of PPL board members and senior staff, it has been concluded that the then MD Mr. Wamiq Bhukhari with connivance of other senior officials of PPL. Awarded the contract M/s SPEC and undue favor with malafied intension by abusing his official authority.

To award contract to M/s SPEC, accused Syed Wamiq Bhukhari along with senior officials of PPL change technical and financial valuation criteria. The removed the requirement the

experience of During the course of enquiry, it is revealed that technical evaluation criteria of GPF-III was relaxed by removing the requirement of LPG extraction unit, whereas LPG extraction unit was included in the scope of work for GPF-III. It is further revealed that M/s SPEC Energy DMCC was rejected for the GPF-II, due to his lack of experience of both Amine Unit as well as LPG Plant. This proved collusion / malafide actions of the then MD in changing the criteria to favor M/s SPEC Energy DMCC.

M/s SPEC Energy DMCC was technically disqualified for GPF-II, however, technically qualified for GPF-III, which was a similar and even bigger plant than GPF-II. OMV did not provide any response against the PPL's written query on M/s SPEC Energy DMCC's performance but still M/s SPEC Energy DMCC was declared technically qualified. This also proved malafide act / collusion of the then MD with M/s SPEC Energy DMCC.

The above acts resulted in loss of Approx.USD 43 million, which was paid to M/s SPEC Energy DMCC without completion of the milestones.

The country also suffered a huge loss of foreign exchange due to purchase of alternate (LNG / Oil) from the overseas market which could be saved if project was timely completed. The Government and the public also suffered loss on account of royalty, taxes and production bonuses etc.

Hence, this case is accordingly registered against (1) Abid Ashfaque Malick SMP (2) Jamil Akhter Manager Project (3) Muhammad Rafique GM Sui (4) Hayat Ahmed GME (F) (5) Fareed Siddique DMD(TS) (6) Saqib Ahmed MCP (7) Mubashir Siddiqui Manager (8) Syed Ehtesham Ahmed GMF (9) Khalid Raza GM (H/GS/M) (10) Nauman Tirmizi SMCP (11) Farooq Maniar GMP (12) Wamiq Bukhari MD (13) Shahbaz Khan GMP (14) Zafar Ikram Shaikh Director M/s Spec Energy Pvt Ltd and others u/s.34, 406, 409, 109 PPC 5(2) PCA1947. However, the role of Board of Directors will be determined during the Course of Investigation. Investigation is being taken up by Sub-Inspector Mehwish Iftikhar of FIA CCC Karachi.

Muhammad Tahir

(Muhammad Tahir)
Sub-Inspector, FIA,
CCC, Karachi

No. FIA/CCCK/FIR-48/2022/9046-54

Dated: 07.07.2022

1. The Director, FIA, Sindh Zone I, Karachi.
2. The Director (Admn), FIA HQs (South) Region Karachi
3. The Deputy Director (Crime), FIA, Headquarters, Islamabad.
4. The Additional Director, FIA Corporate Crime Circle, Karachi.
5. The Deputy Director CCRO, FIA, Headquarters, Islamabad.
6. The Assistant Director (Legal), FIA, Corporate Crime Circle, Karachi.
7. The Reader, FIA, Corporate Crime Circle, Karachi.
8. The IO of the case



Muhammad Tahir
ADDITIONAL DIRECTOR
FIA, CCC, Karachi