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MEDIA RELEASE

Statement of the OCG Regarding the UDC's Decision to Complete the Sale of its Property to Bashco Trading Co. Ltd.

Kingston; November 10, 2011 – Yesterday's decision by the Urban Development Corporation (UDC), made on the advice of the Office of the Attorney General (OAG), to complete the sale of its property at 35 West Parade, to Bashco Trading Company Ltd. (Bashco), will not halt the Office of the Contractor General's (OCG's) Investigation into the circumstances which surrounded the sale.

While the OCG will not comment upon its ongoing Investigation, nor the confidential information regarding the matter which is presently within its custody, the OCG believes that the circumstances which prompted its Investigation in the first place have so far been heightened even if one is to have regard solely to the disclosures which the UDC itself has since placed upon the public record.

Among the referenced questions and issues of concern, which the UDC's public statements have raised, are the following:

- (1) The UDC has stated, quite alarmingly, that it was, for "20 years", unaware of the applicable Government-owned asset divestment procedures as are documented in Minister Paper #34. Minister Paper #34 requires that the sale of State-owned assets should be publicly advertised.

The UDC's questionable ignorance about Ministry Paper #34 is brought into sharp relief by the fact that the OCG, in its Media Release of October 18, 2011, disclosed that former Prime Minister Bruce Golding, who had portfolio responsibility for the UDC, had, as recently as May 17, 2011, given his written assurance to the OCG that "the procedures outlined in Ministry Paper #34, for the privatization of Government owned assets, will be observed in relation to any such activity".

- (2) Of even greater concern is the public statement that the UDC Board Chairman has made on more than one occasion, that neither he nor the UDC Board was aware that 35 West Parade was the subject of written and competing offers from at least two other bidders.

Both bidders had been occupying the premises for more than 30 years, and had repeatedly signaled their willingness to purchase the property at sums which would, based upon their most recent offers, exceed the Bashco offer. However, the two (2) bidders were consistently ignored by the UDC which advised, among other things, that the property was required for "road-widening".



- (3) These revelations by the UDC have, in turn, raised extremely worrying questions about the UDC's existing good-governance corporate structures, its due-diligence mechanisms and its institutional checks and balances.

Is the UDC Chairman, for example, saying that the General Manager of the UDC was authorized to sell UDC-owned properties to whomever she chose, and on whatever terms she chose, and without any reference whatsoever to the UDC's Board of Directors? Or is the Chairman saying that the UDC's General Manager, in the instant matter, deliberately withheld pertinent information from the UDC Board as regards the sale of 35 West Parade to Bashco?

Either way, these UDC statements would mean that there are extremely grave and outstanding questions of national import to be addressed and clarified to determine, among other things, not just what led to the UDC's admitted irregular conduct in the matter, but whether there is also any evidence of impropriety in the circumstances which surrounded the sale. The matter must, therefore, be thoroughly interrogated and independently investigated by the OCG and its findings made public.

Additionally, if any public officer or person has acted improperly or unlawfully in the matter, then it is clear that such an officer or person must be held accountable. The matter cannot be considered to be at an end merely because the OAG has opined that the sale of the property to Bashco must be completed.

Finally, it must be said that the UDC's admission that Bashco had made an **unsolicited proposal**, which just happened to coincide with the UDC's **un-advertised** development plans for downtown Kingston, invites, at best, the suggestion of either clairvoyance or plain luck on the part of Bashco. Put another way, if the UDC did not advertise its development plans for the immediate area, the question naturally arises as to how did Bashco learn about same such that it was placed in a preferential position over all other potential bidders, including the building's tenants of 30 years?

The circumstances of the case also beg the obvious question as to why did the UDC fail to publicly advertise its development plans for the area and, thereafter, invite tenders from interested parties that would be consistent with the said development plans, so as to ensure competition, transparency and value for money in the disposition of the property.

Is the UDC advancing the ludicrous proposition that Bashco was the only entity in Jamaica that was capable of purchasing and developing a \$32 million property, why the UDC failed to solicit other bids from the open market even after it had purportedly received Bashco's unsolicited proposal?

The OCG remains extremely concerned about the Government's questionable and embarrassing approaches to the divestment of publicly owned assets. The OCG has insisted, and will continue to publicly insist, that all State-owned assets must be divested in a manner which assures independent scrutiny by the OCG, transparency, accountability, competition and value for money.

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