



DEPARTMENT OF FINANCE

Office of the Secretary

Dr. Ken Ngangan PhD CMA CPA
Secretary

12th December 2018

MR. DONALD VALU
Chief Executive Officer
Konebada Petroleum Park Authority
P o Box 614, Waigani, NCD

Dear Mr. Valu,

**SUBJECT: KONEBADA PETROLEUM PARK AUTHORITY (KPPA)
PROSECUTIONS AND RECOVERY OF STATE LOSSES**

The Supreme and National Courts have ruled in favour of the Secretary and the State in respect of all of the attempts by you to stop the enforcement of the directions of the Financial Controller. I regard these constant attempts to avoid the consequences of the application of the Public Finances (Management) Act as a most serious matter. As a result the following actions will be taken.

1. Prosecution of Donald Valu

You, Donald Valu, as the Chief Executive Officer of KPPA will be prosecuted for failing to comply with the directions of the Financial Controller, relating to the provision of financial reports (financial statements, audited accounts etc) as well as the directions to surrender the assets, unless there is full compliance in every respect with the directions of the Financial Controller by 15 January 2019.

If I am forced to prosecute you as a result of your continued contemptuous behaviour, I will instruct the prosecutors to seek the greatest possible prison and financial penalty for each and every one of your instances of failure to comply with the directions. I note the penalties are 15 years imprisonment and a fine of K 2 million for each offence.

2. Surcharge on Donald Valu and all Senior Operations and Financial Staff of KPPA

Section 102 of the PFMA states that a person who, directly or indirectly, in the opinion of the Finance Departmental Head evidenced by notice published in the National Gazette did, authorized or permitted any breach of any financial procedures created or authorised by the PFMA owes as a debt due to the State the amount determined by that section.

A notice shall specify the amount of the debt due and the grounds on which the Secretary formed his opinion. A notice may be entered as a judgement in any court of competent jurisdiction and may be executed upon without further reference to a court.

Unless by 15 January 2019, you make payment to the Receiver of Public Monies at Vulupindi Haus the following amounts to make good the losses you have caused the State, you and each of the senior financial and operational staff (including the fraudulent consultants you used and appointed) of KPPA will be the subject of a surcharge notice that will be immediately recorded as a judgement and enforced against your and their assets.

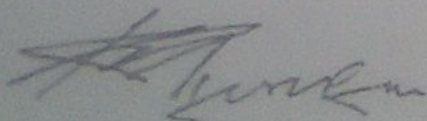
The amount that you personally are required to pay is K10, 294,143 made up of -

- | | |
|-------------------------------------|-------------|
| a. Defrauding IRC of withheld taxes | K5, 931,559 |
| b. Illegal payments to Donald Valu | K1, 497,448 |
| c. Illegal car hire | K2, 865,136 |

3. Legal Costs of Court Action

Costs in respect of all court cases has been awarded against you and you are required to settle all court costs by 15 January 2019, or a surcharge notice will be issued for those costs and further execution will be levied against you.

Yours sincerely



DR. KEN NGAGAN PhD CPA CMA
Secretary

Cc: Chairman KPPA, Minister DPE, Secretary DPE, Solicitor General, Chief Secretary