

Telephone: 3226112  
3226110

Facsimile: 3210101



Police Headquarters  
P.O.Box 85,  
Konedobu  
Papua New Guinea

ROYAL PAPUA NEW GUINEA CONSTABULARY

*Office of the*  
COMMISSIONER OF POLICE

28 July 2021

## PRESS RELEASE

**"SPECIAL POLICE FORENSIC CRIMINAL INVESTIGATION TEAM HAS COMPLETED THEIR INVESTIGATION AND HAS SUBMITTED A BRIEF OF EVIDENCE WITH REGARDS TO AN ALLEGED FRAUD BY GREGORY JAMES SHEPPARD AND THREE DIRECTORS OF OK TEDI FLY RIVER DEVELOPMENT FOUNDATION LIMITED"**

**TO STAND TRIAL IN THE NATIONAL COURT"**

Special Police Forensic Criminal Investigation Team (SPFCIT) has conducted a combined forensic and criminal investigation into the alleged misappropriation and stealing of K268 Million by management, directors, and lawyers of a purported entity called Ok Tedi Fly River Development Foundation Limited (OTFRDF). The Police Team headed by Commissioner of Police David Manning undertook the high-profile investigation over the last ten (10) months.

The alleged financial crime is the single biggest fraud that has ever been investigated by Police in the history of Royal Papua New Guinea Constabulary (RPNGC). Under the leadership of Commissioner of Police, SPFCIT is determined to expose the alleged perpetrators, bring them to justice, recoup the monies that have been misappropriated and stolen, and implement measures to prevent the reoccurrence of similar 'white-collar' crimes in future.

The total monies valuing K268 Million alleged to be misappropriated and stolen by management, directors and lawyers of OTFRDF are part of Western Province People's Dividends Community Mine Continuation Agreement (WPPD CMCA) Trust Funds held with Australia and New Zealand Banking Group (PNG) Limited.

The Trust Funds rightfully belong to 148 thousand plus people residing in 158 villages located in the CMCA Communities along the Fly River Corridor in Western Province. The WPPD CMCA Trust Funds were received as dividends paid by Ok Tedi Mining Limited between the financial years 2007 and 2014 based on a 5% equity held in the Ok Tedi Mining Project. The monies were captured in the WPPD CMCA Trust Account held with ANZ Bank.

The 5% stake in the Ok Tedi Mining Project was allocated to the people of CMCA Communities in Western Province following the outcome of 2006/2007 CMCA Review. The equity funds were specifically set aside to deliver 'authorised projects' to the people of the CMCA Communities.

Pursuant to Section 15 of the Public Finances Management Act 1995, Minister for Finance Hon. John Hickey, MP, drew up a Trust Instrument and established a Trust

Account called WPPD CMCA Trust Account with ANZ Bank to receive and save the dividends paid based on a 5% stake held in the Ok Tedi Mining Project. The various legislative obligations surrounding the use of WPPD CMCA Trust Funds were enshrined in the original Trust Instrument approved by Hon. John Hickey, MP.

Below are the details of the payments that were withdrawn from the WPPD CMCA Trust Account (No.12767475, ANZ Bank) and unlawfully expended.

No.	Date of Withdrawal	Amount Withdrawn-Kina	Recipients	Purpose of Payment per "ANZ Payment Instruction Application Form"
1)	17 <sup>th</sup> August 2018	K15,000,000.00	Young & William Lawyers	Legal Fees
2)	04 <sup>th</sup> September 2018	K5,000,000.00	OTFRDF Ltd	For International Draft and Telegraphic Transfer
3)	23 <sup>rd</sup> December 2019	K37,000,000.00	Young & William Lawyers	Legal Fees (Ex. Report & Disbursement)
4)	23 <sup>rd</sup> December 2019	K21,000,000.00	OTFRDF Ltd	Payment to 7 CMCA Regions
5)	21 <sup>st</sup> February 2020	K190,000,000.00	OTFRDF Ltd	Payment to CMCA Family Account
		<b>K268,000,050.00</b>	<b>Total withdrawn To Date</b>	

Prior to the above withdrawals were made, WPPD CMCA Trust Account had a balance of K278,278,958.40. After the withdrawals, only K10,620,735.42 remained as of 30<sup>th</sup> November 2020.

In summary, Special Police Forensic Criminal Investigation established that withdrawals of K268 Million were made from WPPD CMCA Trust Account held with ANZ Bank were:

- Not consistent with the original purpose of the WPPD CMCA Trust Funds to implement development projects and programs to benefit the people from the Western Province, and the CMCA Region more particularly, as specified in the Mining (Ok Tedi Restated Eight Supplemental Agreement) Act 1995 (8<sup>th</sup> Supplemental Agreement Act);
- Not authorized by the Minister for Mining as specified in the 8<sup>th</sup> Supplemental Agreement Act;
- Not endorsed or the subject of consultation with the Western Province Provincial Government as specified in the 8<sup>th</sup> Supplemental Agreement Act; and
- Not paid to Ok Tedi Development Foundation which is the exclusive service delivery vehicle contemplated by the Ok Tedi Mine Continuation (Ninth Supplemental Agreement) Act 2001 (9<sup>th</sup> Supplemental Agreement Act).

Police have obtained compelling evidence that management, directors, and lawyers of OTFRDF knowingly accessed the WPPD CMCA Trust Funds which had been set

aside specifically to fund and implement development projects and programs in the CMCA Communities and used them for purposes other than what was intended.

So far, the Special Police Forensic Criminal Investigation Team has arrested and charged Gregory James Sheppard of Young & Williams Lawyers, and three (3) directors of OTFRDF namely Eda Oai, Annie Smerewai and Boston Kassiman. Sheppard has been charged with two (2) counts of money laundering, 2 counts of misappropriation, 2 counts of conspiracy and 2 other charges of false pretense.

Gregory James Sheppard has a total of eight (8) charges placed upon him, Oai, Smerewai and Kassiman have been charged with five (5) counts of misappropriation, 5 counts of false pretense and other 5 counts of conspiracy. Each of the 3 directors were charged with total of fifteen (15) counts.

Sheppard, Oai, Smerewai and Kassiman were arraigned and they are currently facing their charges in the Committal Court.

Police has not been able to arrest and charge chief executive officer Samson Jubi and other directors of OTFRDF as they have evaded Police and their whereabouts are unknown. SPFCIT have requested both the management and directors of OTFRDF to cooperate with the Police Investigation but none of them have come forward.

SPFCIT noted that the Gregory James Sheppard transferred K30 Million from the proceeds of K52 Million into Young & Williams Lawyers' other Trust Account held with Westpac Bank PNG Limited (Westpac Bank). Police obtained a Court Order to search the law firm's trust account held with Westpac Bank but Sheppard successfully obtained an interim court order, and Police has not been able to establish how the defendant exhausted the K30 Million which is a significant portion of the K52 Million. Police strongly believe that the monies contained in the Westpac Bank trust account have been unlawfully depleted for unrelated, unauthorised purposes.

Based on an independent Intelligence Product received through the Office of Commissioner of Police, SPFCIT confidently established that Gregory James Sheppard transferred a total of K21 Million from its Trust Account held with Westpac Bank through International Electronic Funds Transfer (IETF) in small amounts between 25<sup>th</sup> February 2020 and 05<sup>th</sup> May 2020, to another law firm named as TSMP Law Corporation based in Singapore. All payments made to TSM Law Corporation were identified as legal fees.

Police have contacted the Government of Singapore and its relevant authorities to ascertain how K21 Million of the WPPD CMCA Trusts paid to TSN Law Corporation were expended and who benefited from it.

Police are also in the process of calling in Gregory James Sheppard and Chief Executive Officer of OTFRDF Samson Jubi to explain why part of WPPD CMCA Trust Funds that have been set aside to specifically to fund and implement development projects and programs in the CMCA Communities were used to pay unrelated expenditures such as legal fees.

Special Police Forensic Criminal Investigation Team has completed Hand-Up Briefs in relation to the charges for Gregory James Sheppard, Edna Oai, Annie Smerewai,

Boston Kassiman, and all were submitted to the Committal Court. A copy of the Hand-Up Brief was given to each of the four (4) defendants respectively. The Police Prosecutor taking carriage of the four cases was also served with copies.

Whilst submitting the Hand-Up Briefs, SPFCIT requested the District Court to expedite the hearing for the 4 defendants within a reasonable period of time and commit them to stand trial in the National Court on the basis that strong overwhelming evidence exists against the offences that were committed by each of the 4 defendants.

The Commissioner also refuted in the strongest possible terms, the suggestion that this investigation is politically motivated. Nothing of the sort has been stated in court. The fact that significant funds have been expended by “trustees” with no actual benefit to the “beneficiaries” ought to loudly speak for itself.

A handwritten signature in black ink, consisting of a large, sweeping loop that crosses itself, with a small dot above the loop.

**DAVID MANNING, MBE, DPS, QPM**  
Commissioner of Police