

REPUBLIC OF VANUATU  
OFFICE OF THE OMBUDSMAN

PUBLIC REPORT  
ON THE  
MISUSE OF MP ALLOCATION FUND  
BY FORMER MEMBER OF  
PARLIAMENT FOR BANKS &  
TORRES, MR. STANLEY REGINALD

8 April 2003

1183/2003/05

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**PUBLIC REPORT  
ON THE  
MISUSE OF MP ALLOCATION FUND  
BY FORMER MEMBER OF PARLIAMENT FOR BANKS & TORRES,  
MR. STANLEY REGINALD**

**SUMMARY**

This report covers findings made by the Ombudsman in his investigation into the former Member of Parliament, Mr. Stanley Reginald (Mr. Reginald). Mr. Reginald, in his term as Member of Parliament for Banks and Torres constituency, is alleged to have misused his MP allocation fund for the years 1999 and 2000. Goods and money were requested by unknown people and were thus never received by various communities who later discovered their names in the government invoices, LPOs and GPVs.

The Ombudsman finds that Mr. Reginald violated his obligations as a leader under the Leadership Code Act by having conflicts of interest and apparently committing theft. The Ombudsman is recommending that legal proceedings be taken against Mr. Reginald for using public money for his own interest instead of the public good and that the release of allocation funds should be strictly monitored and accounted for.

## 1. JURISDICTION

- 1.1 The Constitution, the Ombudsman Act and the Leadership Code Act allow the Ombudsman to enquire into the conduct of government, related bodies and the Leaders. This includes the former Member of Parliament for Banks & Torres, Mr. Stanley Reginald (Mr. Reginald) who was a leader at that time of the actions discussed in this report.

## 2. PURPOSE, SCOPE OF INVESTIGATION AND METHODS USED

- 2.1 The purpose of this report is to present the findings of the Ombudsman as required by the Constitution, the Ombudsman Act and the Leadership Code Act.
- 2.2 The scope of this investigation is to establish the facts about the alleged misappropriation of his MP (Member of Parliament) allocation fund by former MP for Banks & Torres, Mr. Reginald. The allegations involve goods and money from the allocation fund not being received by various communities in his constituency, missing goods obtained from his allocation fund and the involvement of personal interest.
- 2.3 This investigation has been hampered by the difficulty in getting Mr. Reginald to provide the information in relation to the allegations in this report.
- 2.4 This Office collects information and documents by informal request, summons, letters, interviews and research.

## 3. RELEVANT LAWS, REGULATIONS AND RULES

- 3.1 Relevant parts of the following laws are reproduced in **Appendix A**.
- 3.2 Articles 66 and 67 of the Constitution provides the definition of a leader and conduct expected from a leader.
- 3.3 Section 11 of the Ombudsman Act gives power to the Ombudsman to investigate leaders under the Leadership Code Act.
- 3.4 Sections 7, 18, 20 & 24 of the Leadership Code Act define conflict of interest, private interest and outline breaches of the Code.

## 4. OUTLINE OF EVENTS

- 4.1 On 18 September 1998, it is alleged that Mr. Reginald used money from his allocation in LPO 318956 (Local Purchase Order) worth vt113,000 to purchase some items for donation to Sereti village. See **Appendix B: LPO 318956**. From the copy of the Micro Project Application Form, the following goods were applied for; 2 cooking pots, 2 Coleman lights, 2 spades, 2 shovels, 6 rakes and 2 pinch bars; See **Appendix C: Micro Project Application Form**. It was claimed that the following items were received: the 2 cooking pots, 6 shovels, 6 spades and 6 rakes. The items were contrary to what was paid for. There was supposed to be only 2 shovels and 2 spades and not 6 as presented to the community of Sereti. Also the 2 pinch bars and the 2 Coleman lights were not received.

- 4.2. On 18 September 1998, it is alleged that Mr. Reginald used funds from his MP allocation in LPO 318956 in the name of Barvet village, Gaua Island to purchase 20 bags of cement worth vt26,250 for his nephew Masten Harris. See **Appendix D: LPO 318956**.
- 4.3. On 31 March 1999, it is alleged that Mr. Reginald used his MP allocation in the name of Letoltol community (which is the same as Sereti where he comes from) in order to obtain goods amounting to vt290,000 in LPO 328139. The money was used to purchase a 25 HP outboard motor engine. It is alleged that Mr. Reginald's brother and father are in possession of the engine. See **Appendix E: LPO 328139**.
- 4.4. On 9 April 1999, it is alleged that Mr. Reginald used his MP allocation from LPO 297089 to donate vt100,000 to Bigstone community, however, it is claimed that the money was not received. See **Appendix F: LPO 297089**.
- 4.5. On 11 June 1999, it is alleged that Mr. Reginald used his allocation as a donation to the people of Merig Island via GPV 298468 (Government Payment Voucher). It is claimed that the money was not seen. See **Appendix F: GPV 298468**.
- 4.6. On 31 March 1999, it is alleged that Mr. Reginald used his allocation fund to purchase some agricultural supplies for the community of Lembal, East Gaua. It is claimed that the goods were not received.
- 4.7. It is also alleged that for the year 2000, Mr. Reginald did not make any contribution to his constituency. For the year 2001 as well, nothing happened, except for the construction of Mr. Reginald's bungalow, his private property.

## 5. **RESPONSES BY THOSE WITH FINDINGS AGAINST THEM**

- 5.1 Before starting this enquiry, the Ombudsman notified all people or bodies complained of and gave them the right to reply. Also a working paper was provided prior to this public report to give another opportunity to respond. No response is received from people concerned.

## 6. **FINDINGS**

- 6.1. **Finding 1: The Ombudsman finds that Mr. Reginald may have breached section 20 of the Leadership Code Act.**

Section 20 of the Leadership Code Act states that a leader must not use or agree to use public money other than for the purpose which it may be lawfully used. An MP allocation fund is public money and is to be used for the needs of the people of Vanuatu. Failing to meet the request of people or withholding goods purchased from the allocation fund (or cash from the fund itself) is a misuse of public money. MP Reginald was found to have withheld some goods and money that was supposed to be donated to communities in his constituency.

- 6.2. **Finding 2: The Ombudsman finds that Mr. Reginald may have breached section 24 of the Leadership Code Act.**

Mr. Reginald allegedly purchased 20 bags of cement for his nephew, Mr. Masten Harris on 18 September 1998. This is regarded as a conflict of interest, in breach of section 24 of the Leadership Code Act.

In section 7(2) of the Leadership Code Act, conflict of interest is defined as a personal benefit a leader directly or indirectly obtains from a decision on an official matter. Section 24 states that if a leader has a conflict of interest on a matter, he must not act in relation to the matter in such a way that the leader or a close member of his or her close family benefits from the action.

- 6.3. Finding 3: **The Ombudsman finds that Mr. Reginald may have breached section 20 of the Leadership Code when he applied his contribution mostly to the construction of his bungalows and not to providing any service to his constituency during year 2001.**

It is alleged that Mr. Reginald was constructing his private bungalows in the year 2001 and did not make any contribution to his community.

- 6.4. Finding 4: **The Ombudsman finds that Mr. Reginald may have committed theft.**

In this allegation, the Ombudsman found that MP Reginald may have stolen the Coleman lights and the pinch bars purchased from LPO 318956, vt100,000 from GPV 297089 meant for a donation to Bigstone community, vt104,500 obtained from GPV 298468 meant for a donation to the people of Merig Island and the agricultural supplies intended to be a donation to the people of Lembal community.

## **7. RECOMMENDATIONS**

- 7.1 Recommendation 1: **Legal proceedings be taken by the Public Prosecutor against Mr. Stanley Reginald for the breaches of the Leadership Code Act and any other law mentioned in this report.**
- 7.2 Recommendation 2: **The Office of the Speaker and the Finance Department should develop a more effective system for monitoring how MP allocation funds are used.**

Dated the 8th day of April 2003.



**Hannington G ALATOÀ**  
**OMBUDSMAN OF THE REPUBLIC OF VANUATU**

**8. INDEX OF APPENDICES**

- A** Relevant laws.
- B** Copy of LPO 318956.
- C** Copy of Micro Project Application Form.
- D** Second copy of LPO 318956 relating to the purchase of 20 bags of cement.
- E** Copy of LPO 328139.
- F** Copy of GPV 297089.
- G** Copy of GPV 298468.

## **ANNEXURE 'A'**

### **RELEVANT LAWS**

#### **CONSTITUTION OF THE REPUBLIC OF VANUATU**

##### **CONDUCT OF LEADERS**

- 66.(1) Any person defined as a leader in Article 67 has a duty to conduct himself in such a way, both in his public and private life, so as not to-
- (a) place himself in a position in which he has or could have a conflict of interests or in which the fair exercise of his public or official duties might be compromised;
  - (b) demean his office or position;
  - (c) allow his integrity to be called into question; or
  - (d) endanger or diminish respect for and confidence in the integrity of the Government of the Republic of Vanuatu.
- (2) In particular, a leader shall not use his office for personal gain or enter into any transaction or engage in any enterprise or activity that might be expected to give rise to doubt in the public mind as to whether he is carrying out or has carried out the duty imposed by subarticle (1).

##### **DEFINITION OF A LEADER**

67. For the purposes of this Chapter, a leader means the President of the Republic, the Prime Minister and other Ministers, members of Parliament, and such public servants, officers of Government agencies and other officers as may be prescribed by law.

#### **OMBUDSMAN ACT 27 OF 1998**

##### **FUNCTIONS OF THE OMBUDSMAN**

11. (1) The Ombudsman has the following functions:
- (a) in respect of conduct of a leader occurring on or before the 1st day of July 1998, to enquire into any case of alleged or suspected breach of Chapter 10 (Leadership Code) of the Constitution;
  - (b) in respect of conduct of a leader occurring after 1st July 1998, to conduct an investigation in accordance with Part 5 of the Leadership Code Act No. 2 of 1998.

#### **LEADERSHIP CODE ACT 2 OF 1998**

##### **PART 1 - PRELIMINARY**

##### **CONFLICT OF INTEREST**

7. (2) A leader has a conflict of interest in a matter if the leader, or a member of the leader's close family, could benefit directly or indirectly from a decision on the matter, except as a member of a community or group.



## **PART 2 - DUTIES OF LEADERS**

### **DIVESTING OF ASSETS**

18. (3) In any case, the leader must not involve himself in the day to day management of the interest (his/her private interest)

## **PART 3 - BREACHES OF LEADERSHIP CODE**

### **MISUSE OF PUBLIC MONEY**

20. A leader must not use or agree to the use of, any public money for a purpose other than the purpose for which it may be lawfully be used.

### **CONFLICT OF INTEREST**

24. A leader who has a conflict of interest in relation to a matter must not act in relation to the matter, or arrange for someone else to act in relation to the matter, in such a way that the leader or a member of his or her close family benefits from the action.

TRIPLICATE : to Vote Book Controller  
TRIPLICATA : au responsable  
du livre de comptes

**LOCAL PURCHASE ORDER / ORDRE D'ACHAT LOCAL**

To (Supplier)  
A (Fournisseur)

Please supply to the *12*  
*Prière de fournir au Service*

Date : \_\_\_\_\_

Account No. / No. de compte

```
*****
* LPO 215836 Approved *
* P.O. Box ***** *
* B/P value *****424,260vatu *
* Dept 02 Op ID emiliano *
* Department 18/09/3098355LPO2 *
* Department ***** *
*****
283 16 214 002
```

Description of goods or services Description des fournitures ou services	Quantity Quantité	Unit Price Prix unitaire	TOTAL COST / VT CÔÛT TOTAL / VT
COOKING POTS (Large).	2		72.000
Cement	4 me	26250	105.000* <del>78.750</del>
IRON RODS 40 (12 FT) 14 (9 FT)	54/12 FT		127.260
116 class water tank	1		79.000
2 TAM SPIDE	2	2250	4500
2 SHAVEL	2	1660	3320
2 PING + BAR	2	990	1980
2 (OLMAN LIGHT (Large)	2	9000	18000
6 RAKES	6	2200	13200
Local Purchase Order approved by authorised officer. Ordre d'Achat Local approuvé par l'agent habilité.	Signature	Print Name / Nom en majuscule IARIS	Total Cost VT Total en VT 4214260

**FOR USE BY THE VOTE BOOK HOLDER**  
**RÉSERVÉ AU RESPONSABLE DU LIVRE DE COMPTES**

Date entered in Vote Book :

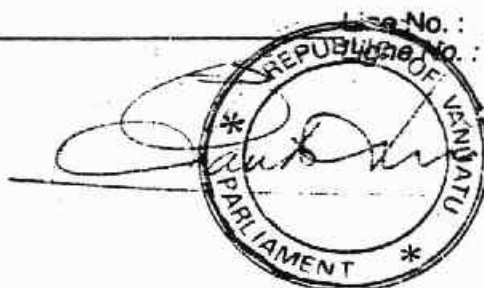
Date d'inscription dans le livre de comptes :

Vote book - Page No. :

**Livre de compte - Page No. :**

~~Line No. :~~

Exhibit No.



1. H. LARIS

4. 5. 98

**MEMBERS OF PARLIAMENT ALLOCATION  
MICRO PROJECT APPLICATION FORM**

27.4 SEP. 1998

## PART I.

To be filled by the applicant (please read the guidelines at the end of this form)

1. Project Title : 3 Cookery Pots, 6 BAKES, 2 Column Light.
2. Name of community applying : SERETI VILLAGE Community.
3. Project location : SERETI VILLAGE Island : GALEN
4. Brief description of project requested : 1. 2 Bkg Pots Blansky Kukuwa  
KAKAE, 1 Bkg Pot Blansky Kukuwa Tea on Coffee  
6 BAKES Blansky Kukuwa Tot, Local Community  
CENTRE, 2 Column Light, 2 Blansky Night Church  
2 SHAVEL 2 SPAD. 2 PINCH TARP.
5. Number of people directly affected : 160 people.
6. Benefits : \_\_\_\_\_

**RECEIVED**

8 - AUG 2001

**OMBUDSMAN**

## 7. Breakdown of costs (including freight) :

Item	Supplier	Cost (v)
1 <u>3 Pots</u>	<u>Santa Hardware</u>	<u>V 122.000</u>
2 <u>2 Column Light</u>	<u>Santa Hardware</u>	<u>V 18.000</u>
3 <u>2 Spade Kuu</u>	<u>" "</u>	<u>4500</u>
4 <u>2 Shovel</u>	<u>" "</u>	<u>3320</u>
5 <u>6 Bake</u>	<u>" "</u>	<u>13.200</u>
6 <u>2 Pinch</u>	<u>" "</u>	<u>1980</u>
7		
8		
Total cost		<u>V 113.000</u>





**LOCAL PURCHASE ORDER / ORDRE D'ACHAT LOCAL**

To (Supplier)  
A (Fournisseur)

Please supply to the *A*  
 Prière de fournir au Service

Date : ..... Account No. / No. de compte

✓ 4NTO 4+RLW+RPF

11P  $\sqrt{1-4\epsilon^2}$  PEG-VOLJ

16. 9. 98

```
*****
* LPO 31836 Approved 42 *
* P.O. Box *****424,260vatu *
* B.P value ***** *
* Dept 02 Op ID emiliano *
* Department 18/09/31836 *
* Department 18/09/31836 *
*****
```

\*\*\*\*\*  
882 TE 14 0025

Description of goods or services Description des fournitures ou services	Quantity Quantite	Unit Price Prix unitaire	TOTAL COST / VT COUT TOTAL / VT
looking Pots (Large).	2		72.000
lemon	4 me	26250	<del>105.006</del> 78.750
IRON Rod in 40 (12 ft) 12 (4 ft)	54/4 ft		127.260
third class water tank	1		79.500
2 TAM SPICE	2	2250	4500
2 SHAVEL	2	1660	3320
2 PINGA BAR	2	990	1980
2 COLMAN LIGHT (Large)	2	9000	18000
6 RAKAS	6	2200	13200
Local Purchase Order approved by authorised officer. Ordre d'Achat Local approuvé par l'agent habilité.	Signature	Print Name / Nom en majuscule IARIS	Total Cost VT Total en VT 4214260

**FOR USE BY THE VOTE BOOK HOLDER**  
**RÉSERVÉ AU RESPONSABLE DU LIVRE DE COMPTES**

Date entered in Vote Book :  
Date d'inscription dans le livre de comptes :

Vote book - Page No. :  
Livre de compte - Page No. :

~~Line No. :~~  
 Page No.



1. H. 1475  
2. 5.98





**GOVERNMENT OF THE REPUBLIC OF VANUATU**  
**GOVERNEMENT DE LA RÉPUBLIQUE DE VANUATU**  
**LOCAL PURCHASE ORDER / ORDRE D'ACHAT LOCAL**

...PLICATE : to Vote Book Controller  
 TRIPLICATA : au responsable  
 du livre de comptes

To (Supplier) **ASCO MOTORS**  
 A (Fournisseur)  
 Please supply to the **MP REGINALD STANLEY**  
 Prière de fournir au Service  
 Date **31/2/99**

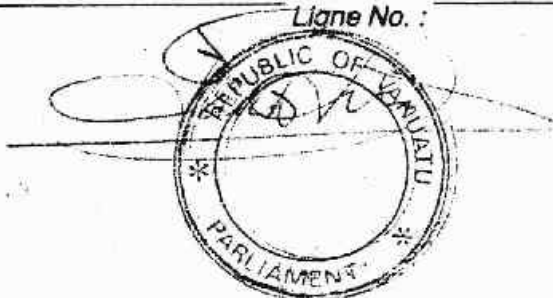
\*\*\*\*\*  
 \* LPO 1828138 Approved To \*  
 P.O. Box \* Value \*\*\*\*\*290,000vatu \*  
 B.P. \*  
 \* Dept 02 Op 328 emiliano \*  
 Department \* Date 31/03/1999 \*  
 Département \*  
 \*\*\*\*\*  
 Account No. / No. de compte **202AE CAA 00001**

Description of goods or services Description des fournitures ou services	Quantity Quantité	Unit Price Prix unitaire	TOTAL COST / VT COUT TOTAL / VT
Yamaha OutBoard Motor 25HP	1	290000	290000
Being MP Allocation for Hon. Reginald Stanley MP for Benuek/Torress			
Local Purchase Order approved by authorised officer. Ordre d'Achat Local approuvé par l'agent habilité.	Signature <i>H. H. L. H. H.</i>	Print Name / Nom en majuscule <b>Hellen L. H. H.</b>	Total Cost VT Total en VT <b>290,000</b>

**FOR USE BY THE VOTE BOOK HOLDER**  
**RÉSERVÉ AU RESPONSABLE DU LIVRE DE COMPTES**

Date entered in Vote Book : \_\_\_\_\_  
 Date d'inscription dans le livre de comptes : \_\_\_\_\_  
 Vote book - Page No. : \_\_\_\_\_ Line No. : **290000**  
 Livre de compte - Page No. : \_\_\_\_\_ Ligne No. : \_\_\_\_\_

**RECEIVED**  
 8 - AUG 2001  
**OMBUDSMAN**



*H. H. L. H. H.*



## APPENDIX F

GENERAL GOVERNMENT  
GENERAL PAYMENT VOUCHER

TRIPLICATE

RECEIVED

8 - AUG 2001

COMBINED DETAILS

\*\*\*\*\*  
 \* CPV/297089 Approved to \*  
 \* value \*\*\*\*\*100,000vatu \*  
 \* Dept 02 Op ID emiliano \*  
 \* Date voucher 04/08/2001 \*  
 \*\*\*\*\*

297089

DEPT. DOCUMENT REFERENCE

## DETAILS OF PAYMENT

Donation to Rural Services Project

Being MP Allocation  
 for Hon. Reginald Stanley  
 MP for Banks/Torres.

ACCOUNT NUMBER

JOB NUMBER

2102/ALICIA/CIC/217

GROSS AMOUNT VT

11110101010

LESS DEDUCTIONS VT

NET AMOUNT VT

11110101010

NUMBER OF PERIODS

## PAYMENT ENTERED IN VOTE BOOK

Vote Book Page N° \_\_\_\_\_ Line N° : \_\_\_\_\_

Signature : \_\_\_\_\_

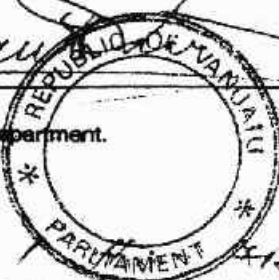
Date : \_\_\_\_\_

## CERTIFICATION BY HEAD OF DEPT. OR AUTHORISED OFFICER

certify that the above particulars are correct : that the prices charged are fair and reasonable and are in accordance with quotation or contract : that the expenditure committed has been properly incurred against the budget read or project indicated by the account number(s) shown and is in accordance with government regulations and project specifications : that funds are available to meet this payment under the Account Number(s) quoted.

Signature of Head of Department.

Official Stamp.



Print Name : \_\_\_\_\_

## DEDUCTIONS - CREDITS

ACCOUNT NUMBER	JOB NUMBER	CREDIT AMOUNT VT	N° PERIODS

## MULTIPLE ALLOCATIONS - DEBITS

ACCOUNT NUMBER	JOB NUMBER	DEBIT AMOUNT VT	N° PERIODS

## ACCOUNTANT GENERAL DEPARTMENT USE

Checked	Approved	Cheque Number	Cheque Date
		5089061	14.04.77

Received from the Government the sum of VT : 100 000.





E : TO TREASURY FOR PAYEE ADVICE

```

*****COMPUTER INPUT DETAILS*****
* GPV 2000000000 Approved to *
* value *****104,500vatu *
* Dept 02 Op ID emiliano *
* Date 17/06/1999 tty1P13 *
*****VOUCHER*****TREASURY USE*****

```

DEPT. DOCUMENT REFERENCE

**Signed :**