



URCA Board Urges Restraint and Reiterates Integrity of the Institution and Its People

The Board is alarmed and disappointed at the recent attacks on the integrity of the Utilities Regulation and Competition Authority (URCA) and its CEO, Mr Usman Saadat. URCA has already clarified the circumstances that led to Mr Saadat's engagement as its CEO as well as the engagement of LCI Inc. (LCI), a Barbados based human resources consulting company headed by Ms Marsha Lewis. The question of perceived or real conflicts of interests has been legitimately raised but these concerns have been blurred by the personal attacks on Mr Saadat and Ms Lewis. URCA does have a responsibility and a duty to address the matters of "conflict of interest" (or conflict) and integrity as they relate to the institution. This press release is issued by the Chairperson of URCA, Mr. Wayne Aranha.

Part VI of the Utilities Regulation and Competition Authority Act, 2009 (the Act) provides for general matters relating to members (of the Board) and staff of URCA, including conflicts of interest, services in related sectors and the duty to act in good faith. URCA at its first meeting of the Board adopted a Conflicts of Interest Policy (the URCA Policy) that is grounded in the provisions of Section 25 of the URCA Act (Conflicts of interest) and that applies to members and staff.

The Act and the URCA Policy reflect the reality that conflicts can and do arise in the real world, but can be appropriately managed and mitigated so as to prevent a conflict, which indeed might be unavoidable, from leading to impropriety or corruption. The fact that URCA, as utilities regulator and competition authority, has responsibility currently for the electronic communications sector (ECS) and, possibly some time in the future will have responsibility for the water and electricity sectors means, for example, that URCA would have to engage an employee from one of the service providers operating in the Bahamas if it were to seek a person with experience with a Bahamas-based operator. The key is to prevent the occurrence of any impropriety or corruption in situations where a conflict of interest exists.

There are a number of ways to mitigate conflicts, including outright prohibition of activity– as for example, section 25(1) of the Act prohibits a non-executive member or executive member from having a direct or indirect financial interest in, or from being an employee, a consultant or board member of an URCA licensee; the requirement of certain disclosures relative to any actual or potential conflicts of interest under threat of a fine not exceeding \$50,000; and requiring persons who are conflicted not to participate in any way in the decision, including discussions. Further, section 27 of the Act requires URCA's members and staff to act independently and impartially in its regulatory dealings.

Mr Saadat's former employment relationship with CWC, on which allegations of conflict mainly appear to be based, is far too remote to undergird any rational or serious conflict of interest claim. Mr Saadat's employment with CWC ended in June 2008; more than sufficient time has passed to relieve concerns about conflicts of interest, given that most regulatory bodies use a benchmark period of twelve months. His original appointment with URCA in 2009 was well covered in the local media and his past employment was fully known at that time. Mr Saadat has made his disclosures and otherwise adhered to the requirements of the Act and the URCA Policy. URCA is satisfied that there is no current or recent connection between Mr Saadat and CWC (or BTC) or any company related to CWC (or BTC) in respect of which any conflict of interest exists or could arise which would affect Mr Saadat's consideration of the change in control of BTC. URCA's Board is confident that Mr Saadat's conduct as an executive member has been characterised by the highest standards of personal and professional integrity.

Ms Lewis is not now and has never been an employee of URCA; she heads LCI, which works with URCA solely in an advisory capacity and only in respect of Human Resource development issues. Neither LCI nor Ms Lewis is responsible for any URCA decision in relation to any issue. Further, Ms. Lewis is not privy to any information held by URCA in its regulatory capacity, nor is she part of any deliberations by URCA on regulatory matters. LCI's work for URCA is wholly irrelevant to any decision which URCA is called upon to make in a regulatory capacity, including its consideration of the change in control of BTC to CWC. Accordingly, it is irrelevant whether or not Ms Lewis has a former or existing connection with CWC or any regulated entity. In sum, given that Ms Lewis has no exposure to any activity within URCA's regulatory arena, there is absolutely no basis or opportunity for any conflict to arise where she might favour any personal interest of hers over the interest of URCA in the discharge of its regulatory duties. The fact that her husband is currently an employee of CWC in Barbados also has no bearing on the matter.

Mr Aranha commented that "The Board considers it is necessary for its members to transcend what they were before they became members of the URCA board, and I have not seen anything that leads to believe that each of my colleague non-executive members, each of the executive members and each member of staff have not lived up to this duty to act in good faith in the interest of URCA."

URCA Chairperson expressed the view that "URCA urges all interested and well meaning members of the public to desist from the unproductive and damaging behaviour or unsubstantiated public comments, and instead concentrate objectively on the core issues. This will allow URCA to focus on its regulatory and competition duties as it adjudicates on these matters which are of such vital importance to the growth and development of the Bahamas."

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