



OPEN LETTER

To:

His Excellency, Muhammadu Buhari GCFR, The President of Federal Republic of Nigeria

Dear Sir,

MASTERCARD'S BREACH OF CONFIDENCE AND FRUSTRATION OF CHAMS CONSORTIUM'S NATIONAL IDENTITY CARD CONCESSION PROJECT

We bring to your attention the unwholesome business practice of MasterCard which has brought great loss to Chams Consortium Ltd, Chams Plc, Nextzon Ltd and the Nigerian economy. MasterCard joins the class of international companies that through underhand practices, have frustrated the National Identity (National ID) project which started in 1976.

In 2006, Chams Plc was invited by the Federal Government to bid for the National ID project. Chams Plc competed and emerged the preferred bidder for the Nigeria National Identity Card (NIC) concession. Before and upon the execution of a concession agreement with the National Identity Management Commission (NIMC), Chams Plc pursued the implementation of the NIC concession by incorporating Chams Consortium Ltd (CCL), a Special Purpose Vehicle (SPV) with the sole purpose of implementing the NIC concession. Chams Plc holds majority shareholding in CCL. Chams Plc also invited MasterCard to work with the Chams group as one of its technical partners on the NIC concession. To our surprise and disappointment, MasterCard went on to collude with our client, NIMC, to frustrate the concession won by Chams.

The timeline for the implementation of the project was two (2) years. Due to this timeline, Chams Consortium Limited (CCL) immediately sprang into action by setting up the infrastructure needed for the project in 2007 after the issuance of the Letter of Award on the 25 May 2007. Within two years, CCL under the leadership of Chams Plc, invested huge financial resources setting up all the infrastructures needed to implement a successful National ID project for 100m Nigerians. The following facilities and infrastructures were set up to deliver identities and cards to 100m Nigerians by Year 2009 according to mandate given by the then Chief Olusegun Obasanjo Government:

1. 6,000 enrolment stations in six (6) ChamsCities and all Local Government Areas all over Nigeria. These centres employed and created jobs for more than 800 Nigerians. Worthy of note is that two of the ChamsCities in Abuja and Lagos, Nigeria received Guinness World Records' award and put Nigeria on the global map as having the largest digital malls in the world. This investment was eventually wasted and frustrated by MasterCard maliciously
2. The largest card personalization centre in the world then located in our Abuja office capable of delivering 1.75m cards a day. With this plant, it would have taken us less than 100 days to deliver ID cards to 100m Nigerians. It is noteworthy that this same plant was visited by the National Council of State led by then General M. Buhari, two past Presidents of Nigeria, 29 Governors (including Asiwaju Tinubu, Peter Obi and Goodluck Jonathan, amongst others). This plant was also frustrated by MasterCard.
3. The largest data centres in Nigeria by 2009 with identity and payment switching facility designed to manage 100m Nigerian Identities and their

financial transactions. The IBM and HP data centres were in four locations in Nigeria employing more than 300 Nigerians. Again, these data centres were frustrated by the malpractices of MasterCard.

4. Central Bank of Nigeria granted the Chams group various licenses for prepaid card issuance, switching, mobile banking, Independent ATM deployment, POS deployment etc. purposely for the National ID project. These licenses were all frustrated and wasted by Mastercard and the then NIMCDG.

MASTERCARD VOLTE-FACE

MasterCard Asia/Pacific Pte Ltd (MasterCard) entered a Memorandum of Understanding (MOU) with Chams PLC by which the parties noted that they were considering working together to facilitate the issuance of identity cards to Nigerian citizens. On 18 November 2012, CCL also entered into a Customer Business Agreement (CBA) with MasterCard setting out obligations of both parties. The CBA contained several clauses including non-disclosure and non-compete clauses.

In the context of the MasterCard/Chams Agreements, MasterCard was provided with a copy of the exclusive and confidential Concession Agreement granted to CCL. Over a period of many months, MasterCard worked closely with Chams on the architecture of the National ID project designed by Chams. Chams exposed the entire architecture to MasterCard while working jointly to integrate MasterCard's payment functionalities into the architecture of the National ID project. In the course of these developments, MasterCard received confidential information from Chams as contemplated under the CBA.

CCL also formally introduced MasterCard to NIMC as its technical partner. Prior to this introduction, MasterCard and NIMC had no business relationship but each had existing relationships with CCL. CCL granted MasterCard access to NIMC as a signed-on partner under the concession agreement. Thereafter, MasterCard started having secret meetings with NIMC without informing, inviting, involving or updating Chams who brought them into the scene as partners.

As a product of these meetings, MasterCard eventually entered into an agreement with NIMC to the exclusion of Chams Consortium, Chams Plc and Nextzon. This agreement was a direct breach of MasterCard's CBA obligation not to compete with CCL or use any information disclosed under the CBA for purposes other than the CBA's implementation.

Following failed attempts to reason with MasterCard, we instructed our Nigerian lawyers, Olaniwun Ajayi LP and UK lawyers, Allen & Overy LLP in June 2013 to take legal action against MasterCard and seek redress on our behalf against the clear breach of confidence and infidelity exhibited by MasterCard against Chams Plc. and CCL. Because of MasterCard's deep

MasterCard's Breach of Confidence Letter (cont'd)

pockets and threats to outspend us in UK courts, we were persuaded to explore amicable settlement of our case against MasterCard. Our Lawyers sent preliminary letters to MasterCard in that regard.

Between April 2014 and till recently, we met with and wrote to the CEO, MasterCard Worldwide on MasterCard's breaches of obligation under their agreements with Chams. MasterCard always responded with the indifference of a huge multinational that believes it cannot be sued by a small local Nigerian company, MasterCard arrogantly told us that with their South African, Singaporean and American lawyers, they can outlast us, resource-wise, in courts.

When we raised the issues of MasterCard's underhand and sharp practices in cheating Nigeria and Chams, they threatened us again with court cases which they assured us we could not survive. **All these were in disregard of public admissions made by MasterCard's Country Representative, Omokehinde that Chams brought MasterCard into a deal MasterCard snatched. This assertion was also corroborated by Chris Onyemenam of NIMC who publicly acknowledged that MasterCard/Daniel Monehin did not disclose to NIMC that MasterCard had an agreement with Chams before NIMC signed its illegal agreement with MasterCard.**

Based on the above, we held a meeting with the then-Director General of NIMC, Chris Onyemenam, a concerned CBN Director Walter Ahrey and the representative of MasterCard, Daniel Monehin in September 2013 at Hilton Abuja. DG NIMC, Chris Onyemenam at that meeting asserted and confronted Daniel Monehin that MasterCard failed to disclose to NIMC the existence of the MasterCard/Chams Agreements. Chris specifically asked Daniel Monehin and MasterCard to go resolve the betrayal issues with Chams, accusing MasterCard of subverting Nigeria and Chams.

In show of remorse following Onyemenam's accusation of MasterCard, an onerous draft Technical Support Agreement (TSA) was sent by Daniel Monehin of MasterCard to Chams Plc. for execution in December 2013 offering a paltry sum of US\$500,000.00 against the more than US\$100m CCL had invested on the National ID project! MasterCard, another giant multinational was offering a poor Nigerian outfit peanuts.

OUR GRIEVANCES

We are aggrieved by the betrayal of our trust and confidence by MasterCard. MasterCard willfully side-tracked Chams using the knowledge and opportunity provided by Chams. We consider this act of bad faith as not just a breach of contractual obligation owed to Chams under the terms of the Chams/MasterCard agreements, but also a betrayal of our trust and a great disdain of our nation, Nigeria.

We expected that a reputable international organisation like MasterCard dealing with several partners in the financial services sector worldwide would conduct its business above board and with integrity. It is worthy of note that Chams brought MasterCard into the Nigerian ID card project and it is highly unethical for them to have used their global clout, wealth and connections to shut us out of the National ID project. MasterCard is positioned to garner incredible revenue on the National ID project using Chams Plc.'s years of research, design and development as a springboard.

The terms of the draft TSA were entirely one-sided in favour of MasterCard, designed to preserve MasterCard's acquired monopoly of the National ID project and reflective of the disregard some international corporations exhibit towards indigenous companies. We expected that MasterCard would have approached us to discuss and negotiate an amicable settlement that reintegrates CCL into the National ID project and compensates for lost earnings. MasterCard chose not to do this but instead decided to railroad us

into signing the TSA. Influenced by its apparent profits from its unlawful dealings with NIMC, MasterCard has rebuffed our attempts to amend the TSA.

Chams Plc is a leader in the Nigerian IT sector; a leadership position we attained through hard work and integrity. It is important to state that MasterCard's arrangement with NIMC today is as a result of the years of hard work we put into the development of the Nigerian National Identity card concept.

The Chams companies have been responsible for cutting-edge and important IT solutions which benefit the entire country till date. We note with all humility but a sense of fulfilment that despite the efforts of MasterCard to frustrate and strangle Chams, Chams along with its partners successfully implemented and delivered the BVN project for Nigerian banks, NIBSS and CBN. The BVN has facilitated financial inclusion and assisted the government in its efforts against financial crimes, terrorism and anonymised transacting. Had MasterCard and NIMC shown good faith, by now the National ID project would have been successfully delivered by Chams for 100m Nigerians compared to the current number of cards that have been issued, which is a far cry from the CCL concession.

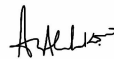
CONCLUSION

MasterCard's business conduct in the National ID project cannot stand international good business practices or transparency test. MasterCard played foul and breached its obligations to CCL to secure the NIMC contract with the knowledge that Chams Consortium already had a concession. If Chams had the financial resources to prosecute this case in a UK or EU court, MasterCard would have been found liable, fined substantially by the EU for malpractices and made to pay Chams substantially.

Knowing our limited financial resources after they tried running us bankrupt, MasterCard being calling our bluff knowing we have no resources to pursue a lengthy legal case. This mammoth global company is using its might and resources to simply cheat us and the country Nigeria. The greater harm is being done to Nigeria. Under the concession, CCL was projected to issue at least 100 million identities and cards at no cost to the Federal Government of Nigeria within five years. However, eight (8) years later, MasterCard's unlawful agreement with NIMC has produced only a negligible number of issued cards, while MasterCard gets paid by poor Nigerians.

We seek your kind intervention to persuade MasterCard to **accept wrong doing, apologise for the breach of contract and pay compensation to Chams Consortium Ltd and Chams Plc** for our accumulated losses.

Signed



Demola Aladekomo
Chairman, Board of Directors
Chams Consortium Ltd

Cc:
The Vice President
President of the Senate
Speaker of the Federal House of Representatives
The Governor, Central Bank of Nigeria
National Security Adviser
Chairman, Economic & Financial Crime Commission (EFCC)