

**Alliance Against
Conflict of
Interest (AACI)**

Conflict of Interest: A Case for Legislation

AACI Update-6

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“At a certain level of learning and understanding, right or wrong ain't the issue, but different interest.”

Toba Beta,
Author
Master of Stupidity

To ba Beta is an economist in Indonesia financial industries and capital market. He also writes journals, novels and poems.

Protecting people against vested interests in public policy

The purpose of this update is to provide specialised information on the issue of conflict of interest in policy and programmes across the globe to the concerned people including members of AACI, public interest groups, people fighting corruption, interested policy makers and others.

P Chidambaram, Former Finance Minister of India and his Son Alleged of Conflict of Interest and Money Laundering



UPA Government's ace politician P Chidambaram and his son, Karti Chidambaram, are linked in the undisclosed huge money transaction running in crores to Vasana Eye Care Pvt. Ltd. Karti Chidambaram is reportedly alleged of owning the company crookedly. P Chidambaram and his son Karti Chidambaram are considered crucial players behind Vasana with benamis and dummy companies, located in Mauritius and Singapore by crores of money transactions.

The Enforcement Directorate (ED) has already summoned the top management of Vasana Eye Care investigating under the Prevention of Money Laundering Act, 2002. Vasana is alleged of having complex ownership structure apparently designed to hide who its true owner is.

Vasana's turnover grew phenomenally from 2010 from Rs 16 cr in 2009-10 to Rs 604 cr in 2012-13! The growth is estimated to be 38 times high over 3 years.

Interestingly Vasana's growth augmented under UPA Government's rule between 2009-2013 and it's a matter of question that why after UPA's defeat in 2014 elections Vasana has not filed its balance sheet for March 2014 till now !

News reports states that there is circumstantial evidence of the nexus between Vasana and the Chidambarams which shows how Vasana had escaped a serious criminal offence of defaulting remitting the tax to the treasury after deducting it at source. The amount was huge — `19.22 cr. It was due for the half year ending December 2014.

A joint team of the Enforcement Directorate(ED) and Income Tax (IT) department on December 1, 2015 Tuesday searched the premises of companies allegedly connected to Karti Chidambaram, in Chennai. The company allegedly holds 1.5 lakh shares of Vasana Eye Care chain, said ED sources. According to official sources, the searches were conducted in connection with a case of alleged money laundering deal, apart from alleged tax evasion and forex violations related to investments made in Vasana eye-care chain.

If there was a law to prevent such conflict of interest the nation could have avoided such scandals!

Source: http://www.newindianexpress.com/states/tamil_nadu/P-Chidambaram-Vasana-Eye-Care-and-Rs-223-Crore-Black-Money/2015/09/17/article3032238.ece
<http://indianexpress.com/article/india/india-news-india/p-chidambaram-accuses-govt-of-malicious-onslaught-against-family/>

U.S Senate Accuses Washington Think Tank Economist of Financial Conflict of Interest Compromising Public Interest!

Elizabeth Warren an American academic and politician and prominent legal scholar is trending in news worldwide since she accused Dr. Robert Litan, an economist and a non resident senior fellow with Brookings Institution of being involved in financial conflict of interest in a recent study co-authored by him, the study is funded by Capital Group which is an investment agency.

His study opposes the proposed regulations from the United States Department of Labor (DOL) designed to protect Americans retirement savings. The regulation talks about bringing in a fiduciary protection rule to prevent conflict of interest from the financial advisors end in the best interest of the client.

The United States DOL's proposed fiduciary rule /conflict of interest rule essentially to address the loopholes in their existing law that allows many retirement advisors & brokers to recommend investments to clients based on the free vacations, cars, bonuses, fees and other kickbacks that the advisor can earn from selling an unprofitable product to the client.

Dr. Litan testified his new study before the Education, Labor, and Pensions Committee (HELP), of which Warren is a member on July 21, 2015. Breaking the internal policy of Brookings Institute, designed to uphold the independence of the institution, Dr. Litan in his testimony had listed affiliation with Brookings Institute. After Dr. Litan's testimony many have found the study's conclusion inconsistent and tilted in favor of the finance & banking industry.

On September 28, 2015 Warren wrote a letter to the president of Brookings Institution, Washington contesting the authenticity of Dr. Litan's study. She asked the president of the institution to produce relevant information to understand the relationship between Dr. Litan & the Capital group along with organization's policies for conflict of interest among affiliated experts.

Warren alleged that Dr. Litan used his affiliation with Brookings to produce research that was "highly financially compensated and editorially compromised by an industry player seeking a specific conclusion" which is biased and not in public interest.

In his response to Warren, Dr. Litan disclosed that the Capital Group paid him a consultancy of \$38,000 for the study. Dr. Litan also said "The conclusions are our own however the Capital Group provided us with feedback on our initial outline and some editorial comments, plus citations in the literature to follow up." The statement appeared inconsistent raising significant questions about the fairness of the study and its conclusions, and about why a Brookings-affiliated expert is allowed to use that affiliation to lend credibility to work that is both conflicted and criticized by Brookings's in house scholars as industry biased paid research lacking in merit.

Dr. Litan severed his ties from the Brookings Institution hours after Warren's allegations.

On October 5, 2015 Dr. Litan has offered his take on Warren's allegation through Fortune.Com publication. A segment of which says "Sen. Warren clearly disagrees with our study, but rather than address its reasoning and facts, she claimed my disclosure was vague (which it was not) and that I was misusing my non-resident perch at Brookings by identifying that position in a footnote (a newly established Brookings rule of which I was unaware but promised Brookings I would not run afoul of again. ..."

Source: <http://www.ibtimes.com/elizabeth-warren-pushes-brookings-institution-economist-resign-over-conflict-interest-2120632>



UK Health Expert Condemn New Statin Research Over 'Conflict of Interest'

An independently funded study recently reported in European Heart Journal, a highly respected publication links negative news stories about statins (a preventing drug for heart attacks or cardiovascular diseases) with an increased risk of heart attacks and death. According to a news report in England and Wales, any healthy person with a 20% or greater risk of developing cardiovascular disease over 10 years is eligible to have statins on the NHS.



Danish scientist Professor Borge Nordestgaard, one of the two authors has admitted receiving consultancy fees and lecture payments from a host of drug companies. The published study also discloses in a brief conflict of interest statement at the end of the research paper that the authors have received consultancy fees and/or lecture honoraries from companies like Astra Zeneca, Pfizer & Merck who are major producers of the cholesterol-lowering drugs taken by millions of people in the UK.

Dr Kailash Chand, deputy chairman of the British Medical Association (BMA), claims that the study is hampered with conflict of interest. According to his opinion the study is in favour of the drug companies and has concentrated vaguely on the side effects of the drug. Statins are considered to be generally safe but can cause side effects in some patients including muscle

pains and, rarely, a serious condition called rhabdomyolysis which destroys muscle fibres.

Dr Chand also argued that the authors in the conclusions of the study were "very misleading" and detracted from the real issues surrounding statins - lack of transparency over the drugs' side effects and the fact that their benefits have been "grossly exaggerated". According to Dr.Chand conflict of interest is a cancer eating at the core of medical research.

The research is being alleged to mould the research findings in favour of the major pharmacy companies producing statins; indirectly blaming the media for their market downfall and infesting fear among people of increased risk of heart attacks and death.

Source: <http://www.dailymail.co.uk/wires/pa/article-3342019/UK-health-expert-slams-new-statin-research-authors-conflict-interest.html>

Badals in Soup for Conflicting Roles, Commercial Interest V/s Public Interest in Punjab



Prakash Singh Badal, Chief Minister of Punjab is a much talked about name when it comes to politics and controversial business ventures in Punjab. He was recently in news when a 13-year-old girl died after her alleged molesters threw her off a bus owned by Orbit Aviation — a transport company owned by the Badal family. Since then Badal has been under judicial scanner for his commercial ventures.

After the Orbit Aviation case an anonymous writer questioned Badal about the acceptability of elected representatives owning commercial ventures as Deputy Chief Minister Sukbhir Singh Badal, son of Prakash Singh Badal owned a larger number of shares in private transport companies competing with government-owned transport undertakings.

Within 6 months time of this uproar Punjab and Haryana High Court on 17 September, 2015 put the Chief Minister, Deputy Chief Minister and the state of Punjab on notice. Taking up the matter, the Division Bench of Justice Satish Kumar Mittal and Justice Mahavir Singh Chauhan also issued notice for December 10 to Orbit Transport Company.

H.C. Arora, an advocate filed a petition asking for directions to the state of Punjab, its Chief Secretary and other respondents to resolve the conflict of interest in Badal's case. Arora demanded that the Badals should not be included in the process of taking decisions regarding the state's transport department and the state transport undertakings till they have shares in the transport companies.

The petitioner made an attempt to the Bench that the state of affairs in state transport undertakings in Punjab would not improve, unless the larger issue of conflict of interest was considered. The Bench, however, asked the petitioners to debate the issue conflict of interest in a separate PIL.

Badals' are doing business of transport, cable TV, TV channel and sand mafia, restaurants and five star hotels and also governing the state of Punjab; these two conflicting roles actually make a clear case of how a nation without a conflict interest law can allow the governing bodies to exploit the people they are suppose to take care of!

Source: <http://www.tribuneindia.com/news/punjab/hc-notice-to-badals-punjab-govt-on-conflict-of-interest/134266.html>

More than 65 pan India NGOs working on Tobacco Control Advocate for Conflict of interest, Asks for Disclosure in Parliamentary Committees



It is much recent when Prime Minister of India Narendra Modi gathered applause for asking his MPs to stay out of parliamentary committees dealing with subjects they have vested interest in.

The Advocacy Forum for Tobacco Control (AFTC) a group of more than 65 pan India tobacco control NGOs has sent a letter to the speakers of Lok Sabha and Rajya Sabha (Lower & upper house of Indian Parliament) and political parties regarding the conflict of interest in nominating members for various parliamentary Committees.

The forum wrote to both the houses in response to the recent reconstitution of the parliamentary committee on subordinate legislation (Lok Sabha). AFTC with its inquisition wants to ensure declaration of conflict of interest of any committee member beforehand with appropriate action taken against him/her.

To build a stronger case in favor of disclosing conflict interest of committee members the forum quoted the World Health Organization's Framework Convention on Tobacco Control (FCTC) Article 5.3 in their letter. According to the article to implement India's public health policies with respect to tobacco control, India must protect these policies from commercial and other vested interests of the tobacco industry in accordance with national law.

Source: <http://www.dnaindia.com/mumbai/report-ensure-there-s-no-conflict-of-interest-of-parliamentary-panel-members-tobacco-control-forum-to-houses-2127744>

In Utah, Conflict of Interest Disclosure Available with a Click



Utah one among the 50 states in the United State of America is using an innovative approach to provide legislative data.

Utah is prominently publishing conflict of interest information online for all state lawmakers. Utah's work is applaudable for making conflict of interest information accessible to public about their legislature.

Click here to know more...

<https://sunlightfoundation.com/blog/2015/06/23/in-utah-conflict-of-interest-disclosure-available-with-a-click/>

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We're on the Web!

See us at:

<http://www.aaci-india.org>

Shanshank Manohar Leaves no Stone Unturned to Bar Conflict of Interest from BCCI; New President, New Approach

The Board of Control for Cricket in India (BCCI), has finally found their new president in Shashank Manohar. Shashank Manohar was elected unopposed, in his first press conference after taking over for a committed towards restoring fans' faith and improving the board's image.

Unlikely in Srinivasan's time Manohar promised to tackle conflict of interest issues, by framing a new set of regulations with the board within a month. He also promised to appoint an independent ombudsman to look into any complaints in future.

Also, adding to his credits Manohar made sure that no allegation of conflict are attracted for him because of his son's marketing and legal profile in BCCI. Therefore, Manohar's son Adwait quit his posts in the BCCI's marketing committee and the legal committee.

N. Sriniviasan's case has surely made the cricket fraternity more responsive and conscious about conflict of interest issues!

Source: <http://www.wisdenindia.com/cricket-news/corruption-conflict-interest-top-priority-manohar/181997>



About AACI

The Alliance Against Conflict of Interest (AACI) is an alliance of organisations and individuals working in various sectors – doctors, lawyers, women's and children's health groups, activists and media. AACI works on issues conflict of interest and brings them to the notice of the parties involved, the government and media. AACI aims at having a legal protection from conflict of interest in all sectors in public policy and institutionalise ethics and transparency.