

# **THE COMMISSION ON ETHICS OF HIGH-RANKING OFFICIALS**

## **DECISION**

**ON**

### **INITIATING PROCEEDINGS ON THE BASIS OF THE APPLICATION SUBMITTED BY V. HOKTANYAN – EXECUTIVE DIRECTOR OF TRANSPARENCY INTERNATIONAL ANTI-CORRUPTION CENTER**

**9-A**

Yerevan city

September 20, 2013

The Commission on Ethics of High-Ranking Officials composed of E. Babayan (Chairman), L. Petrosyan, A. Khudaverdyan, A. Sargsyan (hereinafter referred to as: the Commission), in accordance with Article 44 of the RA Law on Public Service, has discussed application TI-13/41 of July 26, 2013 submitted by V. Hochtanyan – executive director of Transparency International Anti-Corruption Center (hereinafter referred to as: the Applicant) on initiating proceedings with respect to entrepreneurship activities of the mayor of Yerevan city, on the possibility that some routes of the city transportation system belong to the mayor of Yerevan or his close relatives, the property and income sources of the mayor of Yerevan, risks of conflict of interests, possible cases of abuse of power and official position during the managements of investments that were mentioned in media publications with respect to increasing the price for the use of public transport in Yerevan.

In his application citing the article titled “Elections of Yerevan; the property of top figures” published on hetq.am website, and article titled “I am Taron Margaryan and I have stolen from you millions of dollars...” published on ilur.am website, the Applicant in particular states that there are different comments and doubts in media with respect to the property and income of Yerevan mayor T. Margaryan and lawfulness of their sources that are conditioned by comparison between the declarations submitted to the Central Electoral Commission and to the Commission on Ethics of High-Ranking Officials.

Moreover, the Applicant also mentions that with respect to increasing the price for city public transportation, in media there were publications on entrepreneurship activities of Yerevan mayor where it is, in particular, noted that a number of organizations that serve the public transportation routes, belong to the mayor or his close relatives.

The Applicant has requested the Commission to initiate proceedings in order to check the accuracy of the above-mentioned facts and to find out whether Yerevan mayor was in conflict of

interests when increasing the prices for city public transportation or was there such a risk and whether in the management of investments the mayor has used his official position and powers.

On the basis of application TI-13/41 of July 26, 2013 of V. Hochtanyan – executive director of Transparency International Anti-Corruption Center and being guided by Article 44 of the RA Law on Public Service:

**the Commission on Ethics of High-Ranking Officials  
HAS HEREBY DECIDED**

- 1. to initiate proceedings on the basis of TI-13/41 of July 26, 2013 of V. Hochtanyan – executive director of Transparency International Anti-Corruption Center;**
- 2. to suggest T. Margaryan – the mayor of Yerevan city to submit his objections and clarifications in ten days after receiving this decision.**

**Chairperson of the Commission**

**E. Babayan**

## CONCLUSION

### ON

#### **QUESTIONS RAISED IN THE APPLICATION SUBMITTED BY V. HOKTANYAN – EXECUTIVE DIRECTOR OF TRANSPARENCY INTERNATIONAL ANTI-CORRUPTION CENTER**

The Commission on Ethics of High-Ranking Officials composed of E. Babayan (Chairman), A. Shushyan, L. Petrosyan, A. Khudaverdyan, A. Sargsyan (hereinafter referred to as: the Commission), in accordance with Article 44 of the RA Law on Public Service, has discussed application TI-13/41 of July 26, 2013 submitted by V. Hochtanyan – executive director of Transparency International Anti-Corruption Center (hereinafter referred to as: the Applicant) on allegations that the mayor of Yerevan – T. Margaryan was in conflict of interests when increasing the price for the use of public transport in Yerevan, or that there was such a risk, as well as on use of official position and powers in management of investments, and on comparison of declarations submitted by Yerevan mayor to the Commission on Ethics of High-Ranking Officials and Central Electoral Commission (hereinafter referred to as: CEC).

#### **1. The subject matter of the applications**

1. The executive director of Transparency International Anti-Corruption Center - V. Hochtanyan has in his application, in particular, mentioned that after the submission of declaration of property and income to the Central Electoral Commission by the mayor of Yerevan – Taron Margaryan, in media doubts and different comments have risen with respect to the legality of mayor's property and income. Moreover, according to the income and property declarations for 2011 and 2012, T. Margaryan has no movable or immovable property under his ownership and has no other source of income than his salary.
2. As to the increasing the price for the city public transportation, the executive director of Transparency International Anti-Corruption Center - V. Hochtanyan has in his application, in particular, mentioned that one can more often see publications in media on mayor's entrepreneurship activities, in particular that a number of organizations that serve the public transportation routes, belong to the mayor of Yerevan or his close relatives. With this respect the Applicant cites Sub-Paragraph 7 of Paragraph 3 of Article 28 of the RA Law on Public Service, which stipulates that a high-ranking official must “strive to

manage his/her investments in a way that reduces to minimum the situations of conflict of interest”. The application refers also to Article 31 of the same law which stipulates that in case of a conflict of interests, a high-ranking public official must submit a written statement on the conflict of interests to his/her superior by laying down the concrete circumstances of the conflict of interests. Moreover, a high-ranking public official has a right to receive clarifications from the ethics commission on the necessity to issue a statement regarding the conflict of interests in a concrete situation.

3. On the basis of the above-written facts, the executive director of Transparency International Anti-Corruption Center - V. Hochtanyan has requested the Commission to initiate proceedings in order to find out: 1. whether the facts mentioned in media conform to reality, 2. whether the mayor was in conflict of interests situation when increasing the prices for public transportation in Yerevan or was there such a risk, 3. whether during the management of investments the mayor has used his official position and powers.
4. R. Nikoghosyan has in his applications cited article titled as “The Fertile Monopoly of Cash Register Receipts” released on “Lragir.am” website and mentioned that “Alexserv” company sells the paper for the Cash Register Receipts, which according to the spread rumors belongs to the head of SRC – G. Khachatryan. In Applicants opinion, in this case the head of SRC – G. Khachatryan uses his state position for private purposes and interests. In his applications R. Nikoghosyan requests the Commission to initiate proceedings on the basis of the above-mentioned facts.

## **2. The Commission studies on the subject matter**

5. The Commission has with its application E-003 of 18.01.2013 requested the State Registry of Legal Entities of the RA Ministry of Justice to provide information from the RA Registry of Legal Entities on registration of companies Apeyron” LLC, “Megafood” LLC, “Megasport”, “Megamotors”, “U-COM”, “Chronograph”, “Chimeg”, “Santa Fe”, “Galaxi Supermarket”, “Galaxi Bread Factory”, “Amasia Milk Factory”, “Alliance” customs terminal, “World of Clothes”, “Alexserv”, and in case the latter are registered in Armenia, to provide information on their organizational-legal types, residence, list of participants and directors.
6. In reply to the above-mentioned request, the State Registry of Legal Entities of the RA Ministry of Justice has with his letter N 3-2/0107-13 of 24.01.2013 informed that there are no companies “Santa Fe”, “Galaxi Supermarket”, “Galaxi Bread Factory” and “Amasia Milk Factory” registered in the state registry. There is also no registered company with the name “Alliance” customs terminal but there is however a company called “Alliance terminal” LLC which was by means of unification re-organized to “Trans-Alliance” LLC. Information on companies Apeyron” LLC, “Megafood” LLC, “Megasport”, “Megamotors”, “U-COM”, “Chronograph”, “Chimeg”, “World of Clothes”, “Alexserv”

and “Trans-Alliance” LLC was provided to the Commission, including the information on the organizational-legal types of the mentioned companies, their residence, list of participants and directors.

7. At the same time, the Commission has with its application E-30 of 05.02.2013 requested the “Procurement Support Center” State Non-Profit Organization to provide information whether there have been signed contracts on providing goods, service and work signed between the State Revenue Committee and “Apeyron” LLC, “Megafood” LLC, “Megasport”, “Megamotors”, “U-COM”, “Chronograph”, “Chimeg”, “World of Clothes”, “Alexserv” and “Trans-Alliance” LLC since January 1, 2011, as well as information on similar contracts that were signed earlier but remained in force after January 1, 2012.
8. In reply to this application, the “Procurement Support Center” State Non-Profit Organization has with its letter N 05/022-270 of 13.02.2013 informed that no contracts have been signed with the above-mentioned companies since 2011. At the same time they informed that there is a signed contract on 23.12.2010 between the “Procurement Support Center” State Non-Profit Organization and “U-COM” LLC for the needs of the RA State Revenue Committee.

### **3. Initiation of proceedings**

9. According to Article 44 of the RA Law on Public Service, the ethics commission initiates proceedings on its own initiative. The ethics commission may on its own initiative initiate proceedings on the basis of studies that have been conducted either on the basis of the application of any person or on its own initiative if as a result of these examinations the commission finds obvious grounds that a high-ranking official was in conflict of interests situation.
10. As obvious grounds for initiation of these proceedings on conflict of interests of a high-ranking official served the statements of the applications that the above-mentioned companies belong to the head of the SRC – G. Khachatryan or persons related to him, and that these companies have contracts with the SRC for providing goods, service and work.
11. As a result of studies conducted by the Commission, information on participants of some of these companies and on the contract with “U-COM” LLC was revealed which may serve as obvious grounds that a high-ranking official is in conflict of interests situation.
12. Being guided by Article 44 of the RA Law on Public Service, the Commission has with its decision № 6-A of April 10, 2013 initiated proceedings on the basis of applications submitted by V. Hochtanyan – executive director of Transparency International Anti-Corruption Center and R. Nikoghosyan – RA citizen.
13. The State Registry of Legal Entities of the RA Ministry of Justice has informed that there are no companies “Santa Fe”, “Galaxi Supermarket”, “Galaxi Bread Factory” and “Amasia Milk Factory” registered in the state registry. Taking into account this fact, the

Commission has decided that the facts mentioned in the applications will be discussed only with respect to “Alexserv”, Apeyron” LLC, “Megafood” LLC, “Megasport”, “Megamotors”, “U-COM”, “Chronograph”, “Chimeg”, “World of Clothes”, and “Trans-Alliance” LLC companies.

14. The Commission has with its letter E-142 of April 13, 2013 informed the head of SRC – G. Khachatryan about the initiated proceedings and suggested him to submit his objections and clarifications in ten days after receiving this decision.

#### **4. Legal grounds**

15. The RA Law on Public Service was adopted on May 26, 2011 and entered into force on January 1, 2012. The adoption of this law was conditioned by the need to increase the public trust towards acting state public institutions, to introduce fair administration system and to make the activities of high-ranking officials more transparent and public for the society. With this respect an important role is devoted to the introduction of mechanism for examination of violations of ethics rules and situation of conflict of interests.

16. Sub-Paragraph 17 of Paragraph 1 of Article 5 of the RA Law on Public Service stipulates. “conflict of interests: a situation in which when exercising his/her powers a high-ranking public official must perform an action or adopt a decision which may reasonably be interpreted as being guided by his/her personal interests or those of a related person”.

and Article 30 of the same law defines what it means to be guided by personal interests:

“1. For a high-ranking public official, being guided by his/her interests or those of persons related to him/her means taking such action or adopting such a decision (including taking part in decision-making within a collegial body) within the scope of powers of a high-ranking public official, which, although lawful, results or contributes or may reasonably result or contribute, *inter alia*, to:

- 1) improvement of his/her property or legal status of or those of the persons related to him/her;
- 2) improvement of property or legal status of the non-commercial organization of which she/he is a member;
- 3) improvement of property or legal status of the commercial organization of which s/he is a participant;
- 4) appointment of a person related to him/her to a position.

3. According to the provisions of Paragraph 1 of this Article, a high-ranking public official is not guided by his/her personal interests or those of persons related to him/her, provided the given action or decision has general application and impacts a wide circle of people in a way that may not reasonably be interpreted as being guided by his/her personal interests or those of persons related to him/her”.

17. One can conclude that the RA Law on Public Service stipulates that there is a conflict of interests situation when simultaneously there are four mandatory preconditions:

1. a high-ranking official must act within the scope of his powers;
  2. a high-ranking official must perform an action or adopt a decision within the scope of his powers;
  3. the given decision or act must be lawful,
  4. the given decision must lead to improvement of his property or legal status or of the persons related to him/her.
18. That means that if even one of the above-mentioned preconditions is missing, then there is no conflict of interests situation. In case when a public official has gone beyond the scope of his powers, we don't have conflict of interests but it is a matter of abuse of powers which is a criminal offence. The same way, the legislation requires that such actions or decisions must be lawful, i.e. they must not only stem from the powers of a public official but they must be lawful in their form and substance. Consequently, if a public official performs actions or adopts decisions that are unlawful, then again we don't deal with conflict of interests situation but it's rather a matter of criminal offense.
19. Sub-Paragraph 16 of Paragraph 1 of Article 5 of the RA Law on Public Service defines the scope of persons related to a high-ranking official:
- “persons related to a high-ranking public official: persons having blood relationship of up to the 2<sup>nd</sup> degree of kinship. Persons having blood relationship with a high-ranking public official of up to the 2<sup>nd</sup> degree of kinship are the persons within the 1<sup>st</sup> degree of kinship, as well as persons within the 1<sup>st</sup> degree of kinship with the latter. Persons within the 1<sup>st</sup> degree of kinship are the children, parents, sisters and brothers”.

## **5. The objections and clarifications submitted by the head of the SRC**

20. The Commission received clarifications of the head of SRC with letter N 4994/11-1 of April 23, 2013, where the head of the SRC - G. Khachatryan mentions that persons related to him are participants or share-holders only in the following companies mentioned in the Commission's application:
1. “Apeyron” – Khachatryan Gurgun – son – 50 percent, Khachatryan Artyom – son – 50 percent;
  2. “Megafood” – Khachatryan Aram – uncle's son – 100 percent;
  3. “Megasport” – Nazaryan Armen – aunt's son – 100 percent;
  4. “Megamotors” – Khachatryan Gurgun – son – 50 percent, Khachatryan Artyom – son – 50 percent;
  5. “U-COM” – Khachatryan Aram – uncle's son – 41 percent;
  6. “Chronograph” – Khachatryan Hayk – uncle's son – 100 percent.
21. As it refers to companies “Chimeg”, “World of Clothes”, “Alexserv” and “Trans-Alliance”, the head of the SRC has officially announced that neither he, nor any person

related to him have a share or any relation (founder, partnership) to the mentioned companies.

22. At the same time, the head of the SRC has explained that a number of contracts with “U-COM” have been signed by the head of the SRC staff because this power is vested on the head of the staff of the institution according to Sub-Paragraphs “a” and “b” of Paragraph 1 of Article 14 of the RA Law on Public Administrative Institutions. The following contracts have been signed with “U-COM”: “Contract on Service Provision of Data Exchange, Information, Agency Computer Global Network ” – 23.12.2010, “Service Provision for Internet Connection and Satellite Connection Rental for the State Needs” – 23.12.2010, “Contract on Service Provision of Data Exchange, Information, Agency Computer Global Network ” – 10.10.2011, “Service Provision for the Corporative Network of the RA SRC and Internet, Rental of Satellite Information Connections and Their Service Provision” – 10.01.2012. The head of the SRC has also mentioned that the mentioned contacts have been signed in accordance with the provisions of the RA Law on State Procurements. With respect to possible risks of conflict of interests, Article 5 of the same law prescribes no restriction with respect to participants of procurement procedures. Hence, the head of the SRC has announced that as a head of the SRC he was not and is not guided by the personal interests of the persons related to him, the actions and decisions of the institution governed by him have general application and refer to a wide range of people and cannot be interpreted as being guided by the personal interests of the persons related to him. The head of the SRC has also announced that no partial decision or administration was conducted by him with respect to the above-mentioned organizations.

## **6. The Commission’s Conclusion**

23. The Commission finds that taking into consideration that as a ground for initiation of proceedings served the applications submitted by V. Hochtanyan – executive director of Transparency International Anti-Corruption Center and R. Nikoghosyan – RA citizen, it is necessary first of all to answer the concrete questions raised in the applications. In general, three questions have been raised in the application:

1. Do the facts mentioned in the media publications cited in the applications conform to the reality?
2. If the answer to the first question is positive, then is there a conflict of interests or such risk in case of simultaneous public office activities and entrepreneurship activities?
3. Was there a use of official position and powers during the management of investments?

24. With respect to the first question the Commission has found out that the facts raised in the mentioned publications only partially conform to the reality. In particular, as it has



been already mentioned, the Agency of State Registry of Legal Entities of the RA Ministry of Justice has informed that there are no companies named “Santa Fe”, “Galaxi Supermarket”, “Galaxi Bread Factory” and “Amasia Milk Factory” registered in the state registry. Consequently, the Commission cannot discuss the question whether they belong to the head of the SRC – G. Khachatryan or persons related to him.

25. As it refers to “Alexserv”, Apeyron” LLC, “Megafood” LLC, “Megasport”, “Megamotors”, “U-COM”, “Chronograph”, “Chimeg”, “World of Clothes”, and “Trans-Alliance” LLC companies, the Commission mentions that from the above-mentioned list there is an official statement of the head of the SRC – G. Khachatryan with respect to “Alexserv”, “Chimeg”, “World of Clothes”, and “Trans-Alliance” LLC companies that he or any person related to him have no relation (founder, partnership) to these companies. In the applications to the Commission there is no evidence proving the opposite. The studies conducted by the Commission have revealed no such facts as well. Consequently, the Commission cannot discuss the question of conflict of interests of the head of the SRC – G. Khachatryan with respect to these organizations, as they don’t belong to the head of the SRC – G. Khachatryan or any person related to him.
26. As to the rest of the companies: Apeyron” LLC, “Megafood” LLC, “Megasport”, “Megamotors”, “U-COM”, “Chronograph”, the Commission has found out that among the participants of these companies there are both persons related to the head of the SRC – G. Khachatryan, and his relatives. With this respect the Commission finds that according to Sub-Paragraph 16 of Paragraph 1 of Article 5 of the RA Law on Public Service the scope of the persons related to a high-ranking official includes persons having blood relationship of up to the 2nd degree of kinship. Persons having blood relationship with a high-ranking public official of up to the 2nd degree of kinship are the persons within the 1st degree of kinship, as well as persons within the 1st degree of kinship with the latter. Persons within the 1st degree of kinship are the children, parents, sisters and brothers.
27. According to the logic of the above-mentioned provision of law related persons to a high-ranking official are: his children and the children of his spouse, parents, sisters, brothers (1st degree of kinship), as well as children of the children of a high-ranking official or his spouse (grandchildren), parents of parents (grandfathers and grandmothers), sisters and brothers of the parents (uncles and aunts), the children of sisters and brothers (2nd degree of kinship).
28. In the provided clarifications the head of the SRC – G. Khachatryan has mentioned that the 100 percent owner of “Megafood” company is Aram Khachatryan, who is his uncle’s son, 100 percent owner of “Megasport” company is Armen Nazaryan, who is his aunt’s son, the 41 percent owner of “U-COM” company is Aram Khachatryan, who is his uncle’s son, 100 percent owner of “Chronograph” company is Hayk Khachatryan, who is his uncle’s son.

29. Taking into consideration the mentioned facts the Commission finds that it cannot discuss the question of conflict of interests of G. Khachatryan with respect to the mentioned companies, because notwithstanding the fact that the participants of these companies are his relatives but according to Sub-Paragraph 16 of Article 5 of the RA Law on Public Service are not considered as persons related to him because they are not in blood relationship of up to the 2nd degree of kinship.
30. As to the rest to companies: “Apeyron” and “Megamotors”, the Commission states that the head of the SRC – G. Khachatryan has mentioned that both companies belong to his sons Gurgen and Artyom Khachatryan with equal 50 percent shares.
- 31. So, in reply to the first question “Do the facts mentioned in the media publications cited in the applications conform to the reality?”, the Commission finds that only “Apeyron” and “Megamotors” companies belong to the persons related to the head of the SRC – G. Khachatryan in sense of the RA Law on Public Service, i. e. his sons.**
32. With respect to the second question “Is there a conflict of interests or such risk in case of simultaneous public term of office and entrepreneurship activities?”, the Commission finds that the head of the SRC – G. Khachatryan has no personal involvement in the mentioned companies as a participant and consequently personally does not perform entrepreneurship activities in the sense of the RA Law on Public Service.
33. As to companies “Apeyron” and “Megamotors” where persons related to the head of the SRC have shares, the Commission states that “Procurement Support Center” State Non-Profit Organization in reply to the application of the Commission has informed that there are no contracts signed with the mentioned companies.
34. At the same time, the head of the SRC has announced that as a head of the SRC he was not and is not guided by the personal interests of the persons related to him, the actions and decisions of the institution governed by him have general application and refer to a wide range of people. The head of the SRC has also announced that no partial decision or administration was conducted by him with respect to the above-mentioned organizations.
- 35. So, in reply to the second question the Commission states that both in the mentioned applications and during the studies conducted by the Commission no facts were revealed that the head of the SRC – G. Khachatryan has within the scope of his powers performed such actions or adopted such decisions which were per se lawful but have led to or have contributed or could have reasonably led to or contributed to the improvement of property or legal status of “Apeyron” or “Megamotors” companies.**
36. There is no need to provide answer to the third question, as the discussion on previous two questions already contains the answer to the third question.

37. However, after reflections on the questions raised in the applications, the Commission would like on its own initiative to reflect on the important question of actions of high-ranking officials in conflict of interests situations. Article 31 of the RA Law on Public Service stipulates:

“1. In case of a conflict of interests, the high-ranking public official, save for deputies, members of the Constitutional Court, judges and prosecutors, as well as the high-ranking public official that has no superior, must submit a written statement on the conflict of interests to his/her superior by laying down the concrete circumstances of the conflict of interests. The high-ranking public official has no right to take any action or adopt a decision in relation to this question prior to receiving the written consent of his/her superior. The superior has a right to examine the questions and to assign the authority of resolving it to another public official provided this is not prohibited by law.

2. The high-ranking public official has a right to receive clarifications from the ethics commission on the necessity to issue a statement regarding the conflict of interests in a concrete situation. If the submitted data have been complete, then the conclusion of the ethics commission on the absence of a conflict of interests is a basis for discontinuing the proceedings if such has been instituted”.

38. So, Article 31 of the RA Law on Public Service prescribes high-ranking officials' clear obligation to submit a written statement on the conflict of interests to his/her superior by laying down the concrete circumstances of the conflict of interests. The legislator stipulates also opportunity for those high-ranking officials who are not sure whether it is necessary to make statement on conflict of interest, to receive clarifications from the ethics commission on the necessity to issue a statement regarding the conflict of interests in a concrete situation. Moreover, if the submitted data have been complete, then the conclusion of the ethics commission on the absence of a conflict of interests is a basis for discontinuing the proceedings if such has been instituted.

39. Taking into consideration the above-written, the Commission finds, that for the prevention of the situations of conflict of interests and for increasing the public trust towards public institutions it is important that high-ranking officials in all cases when they must within the scope of their powers perform an action or adopt a decision with respect

to companies where persons related to them have shares, beforehand receive clarification from the Commission on the necessity to issue a statement regarding the conflict of interests.

40. Otherwise, if a high-ranking official issues no statement regarding the conflict of interests and it is later revealed that he was in conflict of interests situation, then it will be considered as a violation of ethics rules by a high-ranking official. Violation of ethics rules is expressed in the circumstance that Article 28 of the RA Law on Public Service defines the ethics rules of a high-ranking official which includes also the rule “*to respect the law and to abide by the law*”, and Article 31 of the RA Law on Public Service prescribes for high-ranking officials clear obligation to issue a statement on the conflict of interests the concrete situation, and only ethics commission can clarify whether there is such a situation or not.

41. In particular, the Commission finds that it is already a proven fact that “Apeyron” and “Megamotors” companies belong to persons related to the head of the SRC – G. Khachatryan. Consequently, in every case when the head of the SRC must within the scope of his powers perform an action or adopt a decision that per se being lawful can lead to or contribute to or could reasonably lead to or contribute to the improvement of the property or legal status of “Apeyron” and “Megamotors” companies, it is necessary that the head of the SRC beforehand receives ethics commission’s clarification on the necessity to issue a statement on the conflict of interests.

42. The Commission finds that the manner of working of such clarifications and issuing statements on the basis of those clarifications could have significant impact on the increase of public trust towards public institutions.

43. Considering the above-mentioned the Commission concludes:

1. The study of the facts mentioned in the publications of media cited in the applications submitted by the executive director of Transparency International Anti-Corruption Center - V. Hochtanyan and the RA citizen R. Nikoghosyan does not provide any ground for the Commission to conclude that the head of the SRC – G. Khachatryan was in conflict of interests situation with respect to the mentioned companies.

In every case when the head of the SRC must within the scope of his powers perform an action or adopt a decision that per se being lawful can lead to or contribute to or could reasonably lead to or contribute to the improvement of the property or legal status of “Apeyron” and “Megamotors” companies, it is necessary that the head of the SRC issues a statement or receives ethics commission’s clarification on the necessity to issue a statement on the conflict of interests.