

ENFORCEMENT ACTIONS 2020

CRIMINAL ACTIONS

In 2020, a total of 10 charges were laid against three individuals for securities fraud and failure to appear before an Investigating Officer. Additionally, convictions were secured against three individuals for cases involving securities fraud and submission of false information.



3
Individuals
charged



10
Criminal
charges
laid



5
Convictions
obtained



6 months
Custodial
Sentences



RM5,884,500.00
Fine

OUTCOME OF CRIMINAL ACTION ON FALSE AND MISLEADING INFORMATION AND SECURITIES FRAUD

FURNISHING FALSE AND MISLEADING INFORMATION

Former Chief Executive Officer and Executive Director of Transmile Group Bhd (Transmile) Gan Boon Aun (Gan BA) was convicted by the Sessions Court for furnishing a misleading statement to Bursa Malaysia in relation to Transmile's revenue as reported in the company's Quarterly Report on Unaudited Consolidated Results for the Financial Year ended 31 December 2006. Gan BA was sentenced to a fine of RM2.5 million (in default, 18 months imprisonment) and 1-day imprisonment.

Dato' Dr Haji Mohd Adam Che Harun, former Executive Chairman of Megan Media Holdings Bhd (MMHB) had his conviction affirmed by the Court of Appeal for an offence of furnishing false information to Bursa Malaysia. The false information was in relation to the revenue in MMHB's Quarterly Report on Consolidated Results for the Financial Period ended 31 January 2007. The Court of Appeal also reinstated the 18 months imprisonment term, which was imposed by the Sessions Court and maintained the RM300,000 fine.

SECURITIES FRAUD

Afkariah Md Noraini (Afkariah), a former unit trust consultant pleaded guilty to four charges of securities fraud and was sentenced to 6 months imprisonment and RM1 million fine (in default 1-month imprisonment) for each charge by the Sessions Court. Afkariah was charged with securities fraud for deceiving four individuals in relation to a purported investment scheme with RHB Investment Bank Bhd amounting to RM50,000.

CIVIL ACTIONS

The SC's civil actions in 2020 are as follows:

Civil actions



6 cases

Civil actions
filed



1

Full judgement obtained
after full trial

RM3,318,154.00

Amount
disgorged



14

No. of individuals
/entities involved



4 Individuals

Consent judgment
recorded

RM2.2 million

Civil penalties
imposed

Regulatory settlements

3 cases

Regulatory settlements
entered

18

No. of individuals/
entities involved

RM11,955,894.63

Amount
disgorged

RESTITUTION



RM3,868,679.24

Amount
restituted



533

No. of investors
restituted



RM4,339,821.62

Amount earmarked for
further restitution



1,205

No. of investors
earmarked for
further restitution

CIVIL ACTION ON SECURITIES FRAUD, MARKET MANIPULATION AND INSIDER TRADING

SECURITIES FRAUD

A civil action was initiated by the SC on 5 May 2020 against Wong Shee Kai (Ricky Wong), Teh Sew Wan and Wong SK Holdings Sdn Bhd. The defendants were involved in several schemes to defraud Bright Packaging Industry Bhd (Bright Packaging) through its rights issue, private placement and ESOS exercises.

Arising from this civil action, the SC managed to obtain an *ex parte* injunction against the defendants on 5 May 2020. The *ex parte* injunction prohibits the defendants from dealing with their assets and properties to the value of approximately RM169 million. The order also requires the defendants to disclose a full, complete and accurate account of their respective assets within and outside Malaysia.

The Public Prosecutor also filed a Notice of Motion for an asset forfeiture against Wong SK Holdings Sdn Bhd and Ricky Wong under section 56 of the *Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001* (AMLATFPUAA) to forfeit 5,792,000 units of Bright Packaging shares held in RHB Investment Bank equity account, belonging to Wong SK Holdings Sdn Bhd.

MARKET MANIPULATION

On 8 May 2020, the SC filed a civil suit against Toh Lean Seng, Tham Yoke Sing, Lee Ai Peng, Yap Wai Fong and Lee Beng Huat in connection with an alleged false trading and market rigging transaction involving the trading of Reliance Pacific Bhd (RPB) shares. In carrying out the market manipulation activity, the SC contended that the Defendants solely and/or jointly with another group of individuals have colluded and/or participated in carrying out the market manipulation activity through 38 CDS accounts maintained at various stock brocking companies.

INSIDER TRADING

On 4 November 2020, the High Court found in favour of the SC, that Dato' Sreesanthan Eliathamby (Sreesanthan) had acquired 600,000 shares in Worldwide Holdings Bhd (Worldwide) between 7 June 2006 and 11 July 2006 while in possession of material non-public information.

The High Court had found that Sreesanthan, a senior partner in a law firm that served as a legal adviser for the proposed privatisation of Worldwide, was in possession of material non-public information in relation to the exercise by Perbadanan Kemajuan Negeri Selangor, by way of a member's scheme of arrangement under Section 176 of the *Companies Act 1965*. The privatisation was announced to Bursa Malaysia on 23 August 2006.

Sreesanthan was ordered to pay RM1.99 million to the SC, which is three times the profits gained because of insider trading. He was also ordered to pay the regulator a civil penalty of RM1 million and is barred from being a director of any listed company for 10 years starting from 18 November 2020.

RESTRAINING ORDER FROM TRADING ON BURSA MALAYSIA FOR A PERIOD OF UP TO 5 YEARS



5
Directors of
PLCs



3
Licensed
persons



7
Private
individuals

INDIVIDUALS BARRED AS DIRECTOR



6
Directors of
PLCs



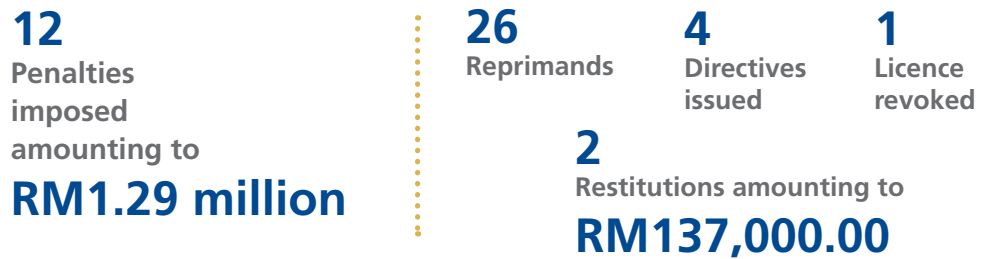
2
Licensed
persons



8
Private
individuals

ADMINISTRATIVE ACTIONS

Various types of administrative sanctions were imposed against capital market intermediaries, professional advisors, listed companies and their directors for various breaches of securities laws and guidelines:



SANCTIONS WERE IMPOSED FOR, AMONG OTHERS:

FRAUD AND MISREPRESENTATION

- Failure to supervise and monitor its marketing representatives and ensure compliance with various SC's guidelines, resulting in misrepresentation to investors



45
ADMINISTRATIVE
SANCTIONS
IMPOSED



The SC reprimanded BIMB Investment Management Sdn Bhd (BIMB) and issued a directive against BIMB for breach of provisions in various SC's guidelines, such as the *Licensing Handbook*, *Guidelines for Marketing Representatives*, *Guidelines on Unit Trust Funds* and *Guidelines on Sales Practices of Unlisted Capital Market Products*.

BIMB's misconduct included failure to supervise and ensure compliance with relevant guidelines, failure to exercise reasonable care and diligence, failure to ensure actions by referrers or marketing representatives are within permitted referral and marketing activities, and failure to have proper policies and procedures to monitor its referrers or marketing representatives.

- Fraudulent sale and purchase of securities and derivatives by a licensed individual



The SC reprimanded Muhamad Nur Syafiq Mat Sari and required him to make restitution to his victim as well as imposed a penalty on him for engaging in an act, practice or course of business, which operated as a fraud in relation to sale and purchase of securities and derivatives.

MATERIAL OMISSION OF INFORMATION TO INVESTORS

The SC sanctioned Pasdec Holdings Bhd (Pasdec) together with its board of directors for authorising the issuance of an abridged prospectus containing material omission of information. Pasdec and the directors were reprimanded, while some of its directors were imposed penalties. The SC also reprimanded, imposed a penalty and a directive against RHB Investment Bank, the principal adviser of Pasdec for causing the issuance of the said abridged prospectus.