

CRIMINAL PROSECUTIONS AND APPEALS

As at 30 June 2022, there were 12 ongoing criminal trials at the Sessions Court for various breaches of the securities laws. The securities laws breaches include furnishing misleading or false reports to the SC and the stock exchange, market manipulation, unlicensed activities and securities fraud. As for criminal appeals, there were 8 ongoing appeals at the High Court and the Court of Appeal.

The details and relevant updates of the criminal cases for Q2 2022 are summarised in the table below:

No.	Nature of offence	Offender(s)	Outcome
1.	With intent to deceive, furnished a misleading statement to Bursa Malaysia; and Falsification of records in relation to the business of a listed corporation	Serba Dinamik Holdings Bhd (Serba Dinamik); Mohd Abdul Karim Abdullah (Karim); Syed Nazim Syed Faisa (Syed Nazim); Azhan Azmi (Azhan); and Muhammad Hafiz Othman (Hafiz).	On 28 December 2021, Serba Dinamik, Syed Nazim, Azhan and Hafiz were charged in the Kuala Lumpur Sessions Court for submitting a false statement in relation to Serba Dinamik's revenue to Bursa Malaysia, an offence relating to sections 369(a)(B) of the CMSA. Karim was charged for the same offence on 29 December 2021. The charges against the individuals included the deeming provision under section 367 of the CMSA. In addition to the above, Hafiz was charged in the Shah Alam Sessions Court on 29 December 2021 for falsifying the accounting records of Serba Dinamik's subsidiary, an offence under section 368(1)(b)(i) CMSA. On 13 and 19 May 2022, the SC upon the instructions of the Attorney-General's Chambers withdrew all charges against Serba Dinamik, Karim, Syed Nazim, Azhan and Hafiz following the issuance and full settlement of compounds amounting to RM16 million imposed on them pursuant to section 373 of the CMSA.
2.	Securities fraud	Charles Chua Yi Fuan (Charles)	On 16 June 2022, Charles was charged in the Kuala Lumpur Sessions Court with 4 counts of securities fraud under section 179(b) of the CMSA. On 24 June 2022, another 13 charges of securities fraud under the same section were preferred against Charles in the Melaka Sessions Court. Charles is alleged to have deceived 10 individuals who suffered losses amounting to RM1,738,292.00 between July 2017 and May 2019. The monies were deposited by the investors into Charles's banking accounts upon his false representation that the monies were for purported investment schemes involving the subscription of securities, when in fact such schemes did not exist.

CIVIL ACTIONS

As at 30 June 2022, there were 11 ongoing civil cases at the High Court albeit no new civil suits filed by the SC. The SC obtained a favorable outcome when it succeeded in 2 separate civil claims against 2 defendants for breaches involving insider trading.

No.	Breach	Defendant(s)	Outcome
1.	Insider trading in the shares of Patimas Computers Bhd (Patimas)	Raymond Yap Wee Hin (Raymond)	<p>On 9 April 2020, the SC filed a civil suit against Raymond for breaches under sections 188(2)(a) and (b) of the CMSA.</p> <p>On 7 April 2022, after a full trial, the High Court granted the following orders:</p> <ul style="list-style-type: none"> • A declaration that Raymond had contravened sections 188(2)(a) and (b) of the CMSA; • Raymond to pay a sum of RM3.28 million being an amount equal to 3 times of losses avoided by him as a result of insider trading; • Raymond to be barred from being a director of any PLC for a period of 5 years starting on the date of the judgment; • Raymond to pay the SC civil penalty of RM1 million; and • Raymond to pay costs of RM100,000 to the SC. <p>On 27 April 2022, Raymond filed an appeal to the Court of Appeal against the decision of the High Court.</p>
2.	Insider trading in the shares of R&A Telecommunications Sdn Bhd (R&A)	Francis Tan Hock Leong	<p>On 11 October 2021, a civil action was initiated against Francis Tan Hock Leong (Francis) for insider trading, a breach under section 188(2) of the CMSA.</p> <p>On 22 June 2022, the Kuala Lumpur High Court allowed the SC's application for a Judgment in Default (JID) against Francis following his failure to enter a defence to the civil action:</p> <ul style="list-style-type: none"> • A declaration that Francis had breached section 188(2)(a) of the CMSA; • Francis to pay the sum of RM1,135,665.00 to the SC, being an amount equal to 3 times the difference between the price at which he had disposed of his shares in R&A and the price they would have been likely to have been disposed of, if the 'inside information' had been generally available; • Francis to pay the SC civil penalty of RM1 million; • Francis to be barred from being a director of any PLC for a period of 10 years from the date of the Order; • Interest; and • Costs.

REGULATORY SETTLEMENTS

The SC did not enter into any regulatory settlements during Q2 2022.