

IN THE HIGH COURT OF MALAYA AT KUALA LUMPUR
(COMMERCIAL DIVISION)

CIVIL SUIT NO: - 22 - - 08

BETWEEN

SECURITIES COMMISSION

... PLAINTIFF

AND

1. AENEAS CAPITAL MANAGEMENT, L.P.
2. THOMAS R. GROSSMAN
3. RICHARD COHEN
4. JOHN SUGLIA
5. PRIAM HOLDINGS LIMITED
6. AENEAS EVOLUTION PORTFOLIO, LTD.
7. AENEAS PORTFOLIO COMPANY, L.P.
8. ACADIAN WORLDWIDE INC.
9. TAN MONG SING, DATO'
10. LOW THIAM HOCK

... DEFENDANTS

**WRIT OF SUMMONS NOTICE OF WHICH IS TO BE
SERVED OUT OF JURISDICTION**

THE HONOURABLE MR. JUSTICE DATO' ALAUDDIN
BIN DATO' MOHD SHERIFF, D.P.M.J., D.S.D.K., S.M.J., P.I.S.,
CHIEF JUDGE OF MALAYA, IN THE NAME AND ON BEHALF OF
HIS ROYAL HIGHNESS THE YANG DI-PERTUAN AGONG.

To :-

1. AENEAS CAPITAL MANAGEMENT, L.P.
105 South Bedford Road
Suite 240
Mt. Kisco NY10549
USA.

And/Or

2. THOMAS R. GROSSMAN
105 South Bedford Road
Suite 310
Mt. Kisco NY10549
USA

And/Or

4. RICHARD COHEN
38, Lorong Limau Manis 2
Bangsar
59000 Kuala Lumpur

And/Or

4. JOHN SUGLIA
105 South Bedford Road
Suite 310
Mt. Kisco NY10549
USA

And/Or

5. PRIAM HOLDINGS LIMITED
Craigmuir Chambers
P.O. Box 71
Road Town
Tortola
BRITISH VIRGIN ISLANDS

And/Or

6. AENEAS EVOLUTION PORTFOLIO, LTD.
c/o Walkers SPV Limited
Walker House
Mary Street
PO Box 908GT
George Town
Grand Cayman
CAYMAN ISLANDS

And/Or

7. AENEAS PORTFOLIO COMPANY, L.P.
c/o Walkers
Walker House
Mary Street
P.O. Box 265
George Town
Grand Cayman
CAYMAN ISLANDS

And/Or

8. ACADIAN WORLDWIDE INC.
Portcullis Trustnet Chambers
PO Box 3444
Road Town
Tortola
BRITISH VIRGIN ISLANDS

And/Or

9. TAN MONG SING, DATO'
27, Jalan Setia Bakti 5
Bukit Damansara
50490 KUALA LUMPUR

And/Or

11. LOW THIAM HOCK
21, Jalan Setia Bakti 7
Bukit Damansara
50490 KUALA LUMPUR

WE COMMAND YOU that within eight (8) days after the service of this Writ / thirty (30) days after service of the Notice of Writ of Summons To Be Served Out of Jurisdiction on you, inclusive of the day of such service, you do cause an appearance to be entered for you, in a cause at the suit of **Securities Commission** of No. 3, Persiaran Bukit Kiara, Bukit Kiara, 50490 Kuala Lumpur, the Plaintiff abovenamed and take notice that, in default of your so doing, the Plaintiff may by leave of the Court proceed therein, and judgment may be given in your absence.

WITNESS
Registrar of the High Court of Malaya on the _____ day of _____, 2008. Senior Assistant

.....
Solicitors for the Plaintiff

.....
Senior Assistant Registrar,
High Court,
Kuala Lumpur.

MEMORANDUM TO BE SUBSCRIBED ON THE WRIT

This Writ may not be served more than six calendar months after the above date unless renewed by Order of Court.

The Defendant (or Defendants) may appear hereto by entering an appearance (or appearances) either personally or by a solicitor at the Registry of the High Court.

A Defendant (or Defendants) appearing personally may, if he desires, enter his appearance by post, and the appropriate forms may be obtained by sending a Postal Order of RM10-00 together with a self-addressed envelope to the Registrar, High Court at Kuala Lumpur.

INDORSEMENT OF CLAIM

STATEMENT OF CLAIM

A. PARTIES

1. The Plaintiff ("the Securities Commission" or "SC") is established pursuant to Section 3 of the Securities Commission Act, 1993, and is empowered to act pursuant to powers conferred upon it *inter alia* by or under the Securities Industry Act, 1983, the Securities Industry (Central Depositories) Act, 1991, the Securities Commission Act, 1993, and the Futures Industry Act, 1993 ("the Securities Laws").

2. The functions of the SC specified in Section 15 (1) of the Securities Commission Act 1993 ("the SC Act"), insofar as they are relevant to this suit, include:-

"(i) to regulate all matters relating to securities and future contracts;

(ii) to ensure that the provisions of the securities laws are complied with;

(iii) to take all reasonable measures to maintain the confidence of investors in the securities and future markets by ensuring adequate protection for such investors; and

(iv) to suppress illegal, dishonourable and improper practices in dealings in securities and trading in future contracts, and the provision of investment advice or other services relating to securities or future contracts."

3. The 1st Defendant ("Aeneas") is a limited partnership constituted in and in accordance with the laws of the State of Delaware, United States of America, with an office address at 105 South Bedford Road, Suite 240, Mt. Kisco, NY10549, USA. Aeneas holds itself out as a global equity firm with offices located in New York, London, Mumbai and Hong Kong.

4. The 2nd Defendant ("Grossman") is a citizen of the United States of America having a last known address at 105 South Bedford Road, Suite 310, Mt. Kisco, NY10549, USA. Grossman established Aeneas in or about March 2000, and was at all material times, the Managing Partner, Investment Manager and Portfolio Manager of Aeneas.

5. To the knowledge of SC, all market/investment information obtained from Aeneas' offices in London, Mumbai and Hong Kong, including information from Europe and East Asia, would be channeled to Grossman. Upon analyzing the information, Grossman would issue instructions to Aeneas' offices and investment traders to execute the trades. At all material times, all the investment decision making of Aeneas was done by Grossman. SC contends that Aeneas is controlled and directed by Grossman, who is its alter ego.

6. The 3rd Defendant ("Cohen") is a citizen of the United States of America having a last known address at 38, Lorong Limau Manis 2, Bangsar, 59000 Kuala Lumpur. At all material times, Cohen was employed by Aeneas as its Research Analyst cum Malaysian Investments Trader with wide investment authority. Cohen was Aeneas' representative in Malaysia and reported to Grossman. Cohen researched, monitored and executed trades in Malaysia on behalf of Aeneas.

7. The 4th Defendant ("Suglia") is a citizen of the United States of America. To the knowledge of the SC, he is ordinarily resident in New York, USA having a last known address at 105 South Bedford Road, Suite 310, Mt. Kisco, NY10549, USA. Suglia is Aeneas' Principal, and Chief Operating Officer. He

joined Aeneas in 2000 and is responsible for the management and administration of the firm. Suglia reports to Grossman.

8. The 5th Defendant ("Priam") is a company incorporated in and under the laws of the British Virgin Islands as an "International Business Company" on 23-3-2000 and has its registered address at Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands. Priam holds itself out as an international equity investment fund which invests in international securities with a primary focus on Malaysia. At all material times Suglia was also the Vice President of Priam.

9. The 6th Defendant ("Aeneas Evolution") is an "Exempted Company" under the laws of the Cayman Islands and is incorporated in the Cayman Islands with effect from 7-1-2005, having a registered address at c/o Walkers SPV Limited, Walker House, Mary Street, PO Box 908GT, George Town, Grand Cayman, Cayman Islands.

10. The 7th Defendant ("Aeneas Portfolio") is a partnership duly organized and existing under the laws of the Cayman Islands with a registered office at c/o Walkers, Walker House, Mary Street, P.O. Box 265, George Town, Grand Cayman.

11. The 8th Defendant ("Acadian") is a company incorporated under the laws of the British Virgin Islands, and having its registered address at Portcullis Trustnet Chambers, PO Box 3444, Road Town, Tortola, British Virgin Islands. Acadian's first director was one Goh Sock Sin ("Goh"), the wife of the 9th Defendant herein. Goh ceased to act as director in Acadian on 30-12-2005, and was replaced by one Yao Jyn Hao @ Yao Tze Hao ("Yao"), the 9th Defendant's nephew.

12. The 9th Defendant ("Tan") is a citizen of Malaysia. To the knowledge of the SC, he is ordinarily resident in Malaysia having a last known address at 27 Jalan Setia Bakti 5, Bukit Damansara, 50490 Kuala Lumpur. SC contends that at all material times, Tan was the representative of Acadian in Malaysia and its moving spirit, dominant personality and *alter ego*.

13. The 10th Defendant ("Low") is a citizen of Malaysia. To the knowledge of the SC, he is ordinarily resident in Malaysia having a last known address at No. 21 Jalan Setia Bakti 7, Bukit Damansara, 50490 Kuala Lumpur. SC contends that at all material times, Low was the investment advisor of Acadian in Malaysia and worked with Cohen in the execution of trade by Priam.

B. THE "FUNDS" AND ITS STRUCTURE

14. Aeneas was the investment manager for Aeneas Global Fund Limited, incorporated in the Cayman Islands; Aeneas Global Partners, LP, incorporated in Delaware, USA, and Aeneas Global Partners II, LP, incorporated in Delaware, USA. (collectively known as "Aeneas Global Fund, Ltd").
15. Aeneas Global Fund, Ltd was established for the purpose of investing all of its assets in Aeneas Portfolio, the "AP Master Funds".
16. Aeneas Capital Advisors, LP, ("Aeneas Advisors") incorporated in Delaware USA was the investment manager for Aeneas Evolution Fund, Ltd, incorporated in the Cayman Islands and Aeneas Evolution Partners, LP, incorporated in Delaware USA (collectively known as "Aeneas Evolution Portfolio, Ltd").
17. Aeneas Evolution Portfolio, Ltd was established for the purpose of investing all of its assets in Aeneas Evolution, "AE Master Funds".
18. Pursuant to the Priam's Confidential Private Offering Summary of March 2006, Acadian was the investment manager

for Priam. Prior to this arrangement, and pursuant to an Investment Management Agreement dated 27-6-2005, Aeneas was appointed as Priam's investment manager.

19. At all material times, Deutsche Bank was the Prime Broker to *inter alia*, 3 funds managed by Aeneas, Aeneas Advisors, and Acadian. Aeneas, Aeneas Advisors and Acadian are commonly referred to in the industry as hedge fund/investment managers. The said 3 funds managed by them were :-

- (i) Aeneas Portfolio;
- (ii) Aeneas Evolution, and
- (iii) Priam

(collectively referred to as "the funds"). Each fund is a distinct and separate legal entity with different beneficial owners.

20. At all material times Suglia was Vice President of Priam and Aeneas Evolution and the General Partner in Aeneas Portfolio. Grossman and Suglia were also *inter alia*, the authorized signatories for the Aeneas Portfolio, Aeneas Evolution and Priam funds at all material times.

21. Aeneas Portfolio and Aeneas Evolution were established for the objective and purpose of serving as a "master fund" in which investment funds managed by Aeneas and Aeneas Advisors may invest, and which may in turn invest those monies/funds in securities and other instruments and assets. Priam was a fund established to invest primarily in the Malaysian Market in which the investment decisions were made by Acadian.

22. These funds are prime brokerage customers of Deutsche Bank, adopted through the US broker-dealer, Deutsche Bank Securities Inc. ("Deutsche Securities"). Pursuant to the terms of the prime brokerage agreements signed by each of the funds, Deutsche Securities acting as the funds' prime broker, arranges for an affiliate [Deutsche Bank AG, London Branch ("Deutsche London")] to extend credit to the funds, either through cash loans or securities loans. The funds are required to post collateral in the form of cash or fully paid securities, custodised at Deutsche Bank AG, New York Branch ("Deutsche New York"), and pledged to the Deutsche Bank entities, including Deutsche London, to secure the funds' obligations. As Prime Broker, Deutsche Bank provided a centralized securities clearing facility for the 3 funds and furnished the 3 funds with the ability to trade with multiple brokerage houses while maintaining in a

centralized master account at Deutsche, all of Aeneas' funds' cash and securities.

C. THE MANAGEMENT AGREEMENTS

23. Pursuant to an Investment Management Agreement dated 27-6-2005 between Priam and Aeneas ("the 1st Management Agreement"), Aeneas was appointed as Priam's Investment Manager with complete and unlimited investment and trading authority. Pursuant to the 1st Management Agreement, Aeneas was authorized for and on behalf of Priam, *inter alia*, to:-

- (a) purchase, sell, redeem, invest, reinvest or otherwise trade any security or other permitted investment;
- (b) exercise any conversion and / or subscription rights available in connection with any securities or other investments;
- (c) select broker-dealers to purchase, sell or otherwise trade in or deal with any security;

- (d) place orders with any broker-dealer so selected, to purchase, sell or otherwise trade in or deal with any security;
- (e) invest the assets of Priam in accordance with the Guidelines (as defined in the Agreement); and
- (f) generally, perform any other act necessary to enable Aeneas to carry out its obligations under the Agreement.

24. In consideration of Aeneas' services, Priam agreed to pay Aeneas a 2% management fee paid calendar quarterly in arrears and an annual incentive fee upon the fiscal year end of the Fund equal to 50% of the net profits before management fees.

25. A similar Investment Management Agreement was entered into between Aeneas Global Fund Ltd, Aeneas Portfolio and Aeneas dated 1-3-2000 ("the 2nd Management Agreement") wherein Aeneas Global Fund Ltd and Aeneas Portfolio appointed Aeneas as their investment manager to *inter alia*, manage the investment and reinvestment of the cash, securities and other

properties comprising the assets of Aeneas Global Fund Ltd, Aeneas Portfolio and any subsidiary or affiliate formed by any of them and upon the other terms and conditions contained in the 2nd Management Agreement.

26. A further Investment Management Agreement was entered into between Aeneas Evolution Portfolio Ltd, Aeneas Evolution and Aeneas Advisors dated 13.1.2005 ("the 3rd Management Agreement"). Pursuant to the terms of the 3rd Management Agreement, Aeneas Evolution Portfolio Ltd and Aeneas Evolution appointed Aeneas Advisors as their "limited attorney-in-fact" to invest and reinvest the net assets of Aeneas Evolution Portfolio Ltd in Aeneas Evolution upon the terms and conditions contained in the said 3rd Management Agreement.

27. In addition, the SC contends that :

- (j) Acadian entered into an investment management agreement with Priam whereby, Acadian is responsible for the investment of the assets of Priam;
- (ii) Acadian has entered into a sub-advisory agreement with Aeneas whereby Aeneas would

provide fundamental research and execution services to Acadian and/or Tan; and

(iii) Acadian and/or Tan and/or Low make the investment decisions for Priam.

28. The SC further contends that at all material times, Priam and Aeneas and/or Grossman, Suglia, Cohen and/or Tan claimed and/or represented that:-

- (a) Aeneas recommends trading ideas based upon a "bottom-up approach" to investing, looking for undervalued, under researched companies in Malaysian and other Southeast Asian countries;
- (b) Acadian and/or Tan makes the decision on which equities fit the correct profile;
- (c) Acadian and/or Tan and Aeneas then work with company management, local and international brokers, and other fund managers to invest the funds in the Malaysian market.

("the representations").

29. SC contends that each of the following Defendants, Aeneas, Grossman, Cohen, Suglia, Priam, Acadian, Tan and/or Low are required by Sections 14 and 15 of the Securities Industry Act, 1983 to possess a license when engaged in the conduct described in Paragraphs 23 to 28 above. Wrongfully, and in breach of the law, Priam, Aeneas, Acadian, Grossman, Suglia, Cohen, Tan and/or Low are, and, were not at all material times licensed or approved by the Securities Commission to act as investment advisers or hold themselves out to be investment advisers and/or as investment representatives of investment advisers in Malaysia within the meaning of Sections 14 and 15 of the Securities Industry Act, 1983 and neither are they exempted from holding such license pursuant to section 14(2) of the said Act.

30. The Securities Commission will rely upon the terms and conditions contained in the Investment Management Agreements pleaded in Paragraphs 23 to 27 above, and upon the representations at the trial of this Suit.

D. CONSPIRACY, FRAUD & MARKET MANIPULATION

31. Iris Corporation Berhad ("Iris") is a company whose shares have been listed for trading on the MESDAQ Market of

Bursa Malaysia ("MESDAQ") since 27-7-2002. At all material times, the paid-up capital of Iris was approximately RM137 million. Iris is involved in the manufacture of smart cards for electronic passports and electronic identification cards.

32. Investigations by the SC reveal that from about 13.3.2006 to about 11.5.2006 ("the Material Period"), the Defendants conspired and/or combined together in market rigging transactions by engaging in acts which are calculated to create a false or misleading appearance with respect to the market for Iris shares and/or the price of Iris shares, within the meaning of Section 84(1) of the Securities Industry Act, 1983.

33. Further or in the alternative, investigations by the SC also revealed that during the Material Period, the Defendants conspired and/or combined together in stock market manipulation by directly and/ or indirectly being concerned in transactions of Iris shares that are likely to have had the effect of raising the price of Iris shares on the stock market within the meaning of section 85(1)(a) of the Securities Industry Act, 1983.

34. During the material period, the Defendants also conspired and/or combined together in a scheme to defraud

investors in connection with the sale of Iris shares within the meaning of Section 87A of the Securities Industries Act, 1983.

35. Pursuant to and in furtherance of the market rigging, market manipulation and fraudulent transactions pleaded in Paragraphs 32, 33 and 34 above, the Defendants carried out the following unlawful acts and/or by unlawful means.

**PARTICULARS OF CONSPIRACY, MARKET RIGGING,
MARKET MANIPULATION AND FRAUD**

(i) In or about the Material Period, the Defendants (whether collectively or by themselves, their agents and / or servants) unlawfully engaged in acts which were calculated to create a misleading appearance with respect to the market for Iris shares and/or the price of Iris shares, and/or were concerned in transactions of IRIS shares which transactions are likely to have the effect of raising the share price of IRIS on Bursa Malaysia . The *modus operandi* used by the Defendants was as follows:

(a) the Defendants placed a large volume of purchase orders for Iris shares (whether for

themselves or their investors or otherwise) during the Material Period;

- (b) All trades on Bursa are executed *via* the 'SCORE' or System on Computerised Order Routing and Execution maintained by Bursa. Under Rule 701.7(8) of Bursa's Rules, the maximum order per entry into SCORE shall not exceed 5000 lots;
- (c) the Defendants simultaneously created an artificial perception of demand for the Iris shares by consistently placing a maximum purchase order of 5000 lots (500,000 shares) for each order entered into SCORE. These maximum purchase orders were keyed-in into SCORE by stockbroking companies on the instructions of the Defendants (whether collectively or by themselves, their agents and / or servants);
- (d) These maximum purchase orders were always keyed-in into SCORE below the prevailing market price (commonly referred to in the

industry as "*stacking up the orders*") during the Material Period. This was also carried out by the Stockbroking companies upon the instruction of the Defendants (whether collectively or by themselves, their agents and / or servants)

- (e) in placing the orders below the prevailing market price the Defendants ensured that its orders were unlikely to be matched by corresponding sellers. The deliberate manner in which the stacking up of the orders for Iris shares were made were intended to portray a misleading appearance with respect to the market for Iris shares to the investing public at large.
- (f) the artificial perception created by the actions of the Defendants and presented to the market with respect to the Iris shares resulted in a greater demand for them during the Material Period and in consequence, the escalation of their share price;
- (g) while engaging in acts that were calculated to create a misleading appearance with respect to

the market for Iris shares, and/or being concerned in transactions of IRIS shares which transactions are likely to have the effect of raising the share price of IRIS and the consequential escalation of its share price, the Defendants would "cash out" by heavily selling the shares they had purchased earlier, resulting in the Defendants and/or their agents and/or their investors making large gains from the sale of the Iris shares;

(ii) Trade of Iris' shares by the Defendants during the Material Period, was conducted, whether directly or indirectly, *inter alia*, through trading accounts, namely:-

(a) 5 trading accounts opened directly by Priam and Aeneas Portfolio with 5 local stockbroking companies ("the 5 Direct Accounts");

(b) 8 omnibus trading accounts (an account in which securities are held for two or more beneficial owners) opened at 7 local stockbroking companies ("the 8 Omnibus Accounts"), but

whose ultimate beneficial owner with respect to trading of Iris shares were Aeneas, Aeneas Portfolio, Aeneas Evolution and Priam; and

- (c) 5 other omnibus trading accounts used by local stockbroking company Avenue Securities Sdn. Bhd. ("the 5 Avenue Accounts").

(collectively called "the Material Trading Accounts").

Particulars of the Material Trading Accounts

Group A: The 5 Direct Accounts

	Central Depository System ("CDS") Account No.	Local Broker	Account Name
1.	099-001-42230169	ECM Libra	Aeneas Portfolio
2.	026-001-43441559	MIDF	Priam
3.	064-004-43427574	PM Securities	Priam
4.	058-003-43906122	TA Securities	Priam
5.	078-004-43913128	AA Anthony	Priam

Group C: The 5 Avenue Accounts

	Central Depository Account No.	Local Broker	Account Name	Ultimate end client
1.	052-001-40428344	Avenue Securities Sdn. Bhd.	UBS AG Singapore	Aeneas Portfolio & Priam
2.	052-001-39912068		Credit Suisse Singapore	
3.	052-001-42473033		DBS Vickers (HK) Pte Ltd	
4.	052-001-41582891		ABN Amro Bank N.V. HK Branch	
5.	052-001-39988480		UBS Securities Asia Ltd	

(iii) At all material times, trading instructions to the brokers in respect of the Material Trading Accounts were issued by Cohen, either by himself and/or through his agents or otherwise, and acting in collaboration with and/or upon instructions from the other Defendants, including but not limited to Grossman, Suglia, Tan and/or Low.

- (iv) During the Material Period SC's investigation revealed that Low played the following roles with respect to the trading of Iris shares:-
- (a) Low dictated the trading activities of Priam, Aeneas and/or Cohen as evidenced *inter alia*, by exchange of e-mail correspondences between Cohen and Grossman; and
 - (b) Low participated in the trading of Iris shares during the material period, which participation included' sourcing and/or raising of funds for Priam, sourcing placements for IRIS's shares and providing trading strategy.
- (v) Further, Low was in frequent communication with Cohen and Tan during the Material Period. Particulars of the telephone communications between Low, Cohen and Tan during the Material Period are set out in the table below :-

From	To	Number of Calls	From	To	Number of Calls
Low	Cohen	220	Cohen	Low	82
Low	Tan	209	Tan	Low	150
Cohen	Tan	81	Tan	Cohen	77

- (vi) Investigations by the SC also revealed that there were frequent telephone communications between Low, Cohen and Tan before and after the Material Period. Particulars of the said telephone communications for the months of January to June 2006 are set out in the table below :-

From	To	Number of Calls	From	To	Number of Calls
Low	Cohen	811	Cohen	Low	411
Low	Tan	592	Tan	Low	381
Cohen	Tan	343	Tan	Cohen	244

- (vii) During the Material Period, the Defendants, using the Material Trading Accounts, placed a large number of maximum purchase orders of 5000 lots per order for the Iris shares, to the extent that these orders

accounted for over 90% of all the orders placed for Iris' shares in 38 out of the 44 days during the Material Period;

(viii) As many of these orders were deliberately priced below the prevailing market price, they were not matched by a corresponding seller. The ratio of "buy orders" placed through the Material Trading Accounts to actual Iris shares bought through the Material Trading Accounts during the Material Period range from 542.07% to 1569.62%, that is, a total of 80,401,171 lots (8,040,117,100 shares) "buy orders" placed to 12,196,193 lots (1,219,619,300 shares) actually matched or transacted;

(ix) The deliberate manner in which these orders for Iris shares were placed using the Material Trading Accounts portrayed a misleading appearance to the investing public at large, of a strong demand for Iris shares, thereby inducing the public to invest in Iris shares and enabling the Defendants to dispose of their shares at a higher price.

The particulars of the transactions carried out by the Defendants during the Material Period are tabled in Appendix 1 to this Statement of Claim.

(x) The fraudulent acts of the Defendants become plain and obvious if the Material Period is broken up into 3 phases :-

- a) 13-3-2006 to 12-4-2006 ("Phase 1");
- b) 13-4-2006 to 1-5-2006 ("Phase 2"); and
- c) 02-05-2006 to 11-5-2006 ("Phase 3");

(xi) As a result of significant trading and stacking of orders by the Defendants in Phase 1, the price of Iris shares increased by 163.64%;

(xii) Once the price of Iris shares was sufficiently inflated, the Defendants began selling the Iris shares in huge quantities, resulting in the Defendants and/or their investors making large gains from the sale of the Iris shares.

(xiii) In Phase 2, the Defendants reduced their positions in Iris by 85,085,200 shares. During the 12-day period in Phase 2 the traded volume of Iris shares through the

Material Trading Accounts also slowed greatly. Their on-market transactions as percentage of total volume were 14.43% and 14.53% on the buy and sell sides respectively for this period. As a result, the price of Iris shares increased by only 8.62% during Phase 2 as compared to the 163.64% during Phase 1. In order to continue reaping the benefits of their fraudulent conduct, market rigging and market manipulation, the large scale selling of the Iris shares by the Defendants was disguised in part by the large unmatched buy orders placed by the Defendants through the Material Trading Accounts;

(xiv) In Phase 3, the Defendants embarked on their 2nd cycle and increased their trading activity in the Iris shares through the Material Trading Accounts. Their on-market transactions as percentage of the total volume increased to 26.41% and 25.28% on the buy and sell sides respectively in Phase 3. As a result of *inter alia*, the sharp increase of trading volumes and the light disposal of the Iris shares through the Material Trading Accounts, the price behavior of Iris changed from one of mild price increase (8.62%) during Phase 2, to one of strong price increase

(43.92%) during Phase 3. The price of Iris was very much influenced by the trading behavior of the Material Trading Accounts;

(xv) The SC contends that the Material Trading Accounts were in the process of carrying out multi-cycles of operations, and had successfully completed one cycle in Phases 1 and 2, and were starting the second cycle in Phase 3 when the designation by Bursa of Iris on 11-5-2006 ended further trading by the Defendants whether collectively or by themselves, their agents and / or servants;

(xvi) In consequence of the fraud, market rigging and market manipulation by the Defendants:

(a) Iris' share price movement during the Material Period was extremely unusual and artificial, ranging from RM0.33 per share on 13-3-2006 to RM1.36 per share on 11-5-2006, a price increase of 312.12% in 44 days, which increase was ten-fold the movement on the MESDAQ Index in the same period. No other share listed

on Bursa Malaysia experienced a price increase of more than 300% during the Material Period;

- (b) Investigation revealed that the fair price of Iris shares during the Material Period would be between RM0.13 and RM0.22 per share.
- (c) During the Material Period, trade on Iris shares accounted for 40% of the total trading volume on MESDAQ which had counters of 118 companies listed with it;
- (d) On an overall basis, during the Material Period 25.69% of all IRIS shares purchased were purchased through the Material Trading Accounts, that is, a total of 12,196,193 lots (1,219,619,300 shares) of Iris shares purchased on market;
- (e) On an overall basis, during the Material Period 29.79% of all IRIS shares sold were sold through the Material Trading Accounts that is a total of 12,363,200 lots (1,236,320,000 shares) sold; and

(f) The total volume of Iris shares transacted through the Material Trading Accounts during the Material Period amounted to some 26,337,593 lots (2,633,759,300 shares) within a 44-day period.

(xvii) Simultaneous to and as part of the fraud and conspiracy, the Defendants, and, in particular Tan and/or Cohen, represented to the investing public as to the soundness of investing in Iris shares during the Material Period.

36. SC contends that the establishment of the funds and execution of the Investment Management Agreements as pleaded in Paragraphs 8 to 10 and 23 to 27 above were the preparatory acts of Aeneas, Grossman, Suglia, Cohen, Tan, Low and/or Acadian to perpetuate the fraud, market rigging and market manipulation as pleaded in Paragraphs 32 to 35 above.

37. As a result of adverse market movements in Malaysian securities prices, Deutsche Bank in July 2006 increased the margin requirement to 100% across all the Aeneas funds. The effect of such increase was that Deutsche Bank would not extend any additional financing to the funds and the funds

would be in technical default, forcing the funds to liquidate holdings to fully satisfy the increased margin requirements.

38. On 15-8-2006, Grossman forwarded to Deutsche Bank an e-mail from Cohen to Grossman apparently in response to a conversation that Cohen previously had with Grossman whereby Grossman indicated to Cohen that Cohen would no longer be responsible for trading the Aeneas portfolios. According to Deutsche Bank, the content of Cohen's said e-mail was "troubling". Deutsche Bank responded to the said e-mail through its American Attorneys by way of letter dated 17-8-2006 to Grossman and Aeneas :-

- (i) denying that Deutsche Bank had any responsibility for the precarious position in which the funds stood at the material time;
- (ii) denying that Deutsche Bank had any responsibility for the actions taken by Cohen or Aeneas in the Malaysian securities market;
- (iii) viewing as extremely troubling Cohen's various threats to make baseless and defamatory statements about Deutsche Bank and to take

steps to disrupt the Malaysian securities market, and thereby, *inter alia*, to undermine Deutsche Bank's position as creditor as well as to cause harm to the funds' investors and other investors in the event Cohen was removed by Grossman from his position as Aeneas' Research Analyst cum Malaysian Investments Trader.

39. Following internal discussions in Deutsche Bank, Deutsche Bank's loss of confidence in Aeneas, and the lack of substantial progress that had been made to satisfy the outstanding margin requirements, Deutsche Bank issued foreclosure notices to Priam and Aeneas Portfolio on 17-8-2006, stating that Deutsche Bank was exercising its rights as a creditor under the relevant prime brokerage agreements to foreclose the collateral until all obligations due and owing to Deutsche Bank were satisfied.

40. By letters dated 8-9-2006, Deutsche Bank notified Aeneas Evolution and Aeneas Portfolio that Deutsche Bank would not extend any further financing to them and no longer wished to maintain a prime broker relationship with these funds. Aeneas Evolution and Aeneas Portfolio were accordingly put on

notice to arrange an alternative custody and clearing arrangement with another firm.

41. In response to SC's preliminary investigations into the trading of Iris's shares, Aeneas and/or Grossman took *inter alia*, the following positions :-

- (i) that Acadian is the sub-advisor for Priam;
- (ii) that Tan is the representative of Acadian;
- (iii) Tan was the individual through whom Aeneas communicated with Acadian;
- (iv) as sub-advisor, Acadian was responsible to make investment decisions for Priam; and
- (v) these instructions were then executed by Cohen.

At all material times, Cohen operated from *inter alia*, a premises tenanted to one Nasbenua Asia Sdn. Bhd. SC contends that Tan was the moving spirit, dominant personality and *alter ego* of Nasbenua Asia Sdn. Bhd.

42. In rigging the market for Iris shares as well as manipulating the Iris shares price, the Defendants (whether collectively, and/or by themselves and/or by their agents and/or their servants) had profited from gains made from the trade of Iris shares in breach of Sections 84 and/or 85 and/or 87A of the Securities Industries Act or other provisions of the Securities laws.

43. In consequence, the SC contends that each of the Defendants:

- (i) are liable to account to the materially affected investors in the Iris shares ("the affected investors") for the sums wrongfully and unlawfully gained thereby;
- (ii) hold all such sums received by them as constructive trustees for the affected investors;
- (iii) are liable to pay such sums and assets which they hold on trust for the affected investors; and
- (iv) are liable in damages for breach of Securities Laws.

44. The breaches by the Defendants are actionable in law. The SC institutes this suit *inter alia*, pursuant to its powers conferred under Sections 90 and 100 of the Securities Industry Act, 1983 and under the securities laws.

45. As at 24 March 2008, the shares of Iris traded at a high of RM0.135 and a low of RM0.125. The Iris shares closed at RM0.135.

E. RELIEF

Accordingly, the Securities Commission prays for the following relief:-

1. A Declaration that Priam, Aeneas, Acadian, Grossman, Suglia, Cohen, Tan and/or Low did not at the material time possess the necessary licenses under Sections 14 and 15 of the Securities Industry Act, 1983 and were therefore acting illegally;
2. A Declaration that all the Defendants conspired and/or combined together in market rigging transactions by engaging in acts which are calculated to create a false or misleading

appearance with respect to the market for Iris shares and/or the price of its shares, within the meaning of Section 84(1) of the Securities Industry Act, 1983;

3. A Declaration that all the Defendants conspired and/or combined together in stock market manipulation by directly and/ or indirectly being concerned in transactions of Iris shares that are likely to have had the effect of raising the price of Iris shares within the meaning of section 85(1)(a) of the Securities Industry Act, 1983;
4. A Declaration that all the Defendants conspired and/or combined together in a scheme to defraud investors in connection with the sale of Iris shares within the meaning of Section 87A of the Securities Industries Act, 1983;
5. A Declaration that all profits earned by each of the Defendants by reason of their market manipulation, market rigging and/or false trading activities with regard to Iris shares are held in constructive trust for the benefit of affected

investors (acting through the Securities Commission in these proceedings);

6. An Order that all the assets and properties of each of the Defendants be traced and/or followed, and thereafter paid over to the Securities Commission for the purpose of compensating materially affected investors of Iris shares - whether by way of restitution or otherwise. In the alternative, that they be applied at the discretion of the Securities Commission;
7. General and/or Aggravated/Exemplary Damages against all the Defendants;
8. Interest on all sums ordered to be paid at such rate and for such period as this Honourable Court deems fit;
10. A Permanent Injunction to restrain each of the Defendants, whether by themselves, their agents, servants or otherwise howsoever, from trading in Iris shares;

11. A Permanent Injunction to restrain each of the Defendants, whether by themselves, their agents, servants or otherwise howsoever, from trading in any counter on Bursa Malaysia or MESDAQ;
11. Costs; and
12. Such further or other relief as deemed fit by this Honourable Court.

Dated the day of **27 MAR 2008**, 2008.

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Solicitors for the
Plaintiff abovenamed

Date	Purchase Ordered (Qty)	Purchased Matched (Qty)	%	Sell Ordered (Qty)	Sell Matched (Qty)	%
13/03/2006	5,600,000	2,520,900	45.0%	1,500,000	1,495,300	99.7%
14/03/2006	236,058,000	70,690,600	29.9%	86,253,000	83,079,100	96.3%
15/03/2006	136,350,000	52,448,900	38.5%	59,690,700	55,945,400	93.7%
16/03/2006	122,700,000	21,608,900	17.6%	53,250,000	51,973,400	97.6%
17/03/2006	69,500,000	840,000	1.2%	16,950,000	16,843,000	99.4%
20/03/2006	82,661,200	13,448,500	16.3%	18,893,200	17,258,700	91.3%
21/03/2006	145,200,000	31,541,600	21.7%	2,100,000	2,000,000	95.2%
22/03/2006	177,078,500	27,298,100	15.4%	35,400,000	34,105,000	96.3%
23/03/2006	285,894,000	48,003,700	16.8%	38,253,500	37,984,100	99.3%
24/03/2006	385,348,000	47,678,100	12.4%	51,174,500	49,750,000	97.2%
27/03/2006	280,595,900	43,008,300	15.3%	32,652,300	32,452,300	99.4%
28/03/2006	257,712,600	24,748,800	9.6%	16,100,500	13,602,600	84.5%
29/03/2006	458,265,800	43,247,800	9.4%	55,468,800	54,115,900	97.6%
30/03/2006	382,559,500	41,280,800	10.8%	20,400,100	19,216,900	94.2%
31/03/2006	453,891,500	63,876,800	14.1%	64,311,700	62,480,000	97.2%
03/04/2006	424,360,700	25,236,900	5.9%	65,770,500	64,582,000	98.2%
04/04/2006	319,622,500	30,782,200	9.6%	22,101,900	20,741,000	93.8%
05/04/2006	254,113,400	17,332,700	6.8%	36,400,000	34,800,000	95.6%
06/04/2006	249,840,100	43,810,800	17.5%	14,647,500	12,853,500	87.8%
07/04/2006	519,221,000	99,210,200	19.1%	112,443,600	107,377,400	95.5%
10/04/2006	156,200,000	54,914,800	35.2%	67,152,300	63,715,700	94.9%
12/04/2006	111,000,000	25,420,100	22.9%	23,600,000	19,400,000	82.2%
13/04/2006	232,500,000	16,115,300	6.9%	8,350,900	8,099,000	97.0%
14/04/2006	335,068,500	35,599,000	10.6%	25,450,900	22,485,000	88.3%
17/04/2006	271,950,000	38,732,400	14.2%	26,180,300	24,900,000	95.1%
18/04/2006	288,341,600	19,580,700	6.8%	4,600,000	2,290,000	49.8%
19/04/2006	291,550,100	10,131,300	3.5%	29,459,100	28,651,000	97.3%
20/04/2006	202,800,000	3,716,900	1.8%	5,000,000	5,000,000	100.0%
21/04/2006	6,600,000	6,600,000	100.0%	40,050,000	6,350,000	15.9%
24/04/2006	197,023,000	-	0.0%	2,200,000	1,136,700	51.7%
25/04/2006	197,400,000	-	0.0%	1,500,000	1,500,000	100.0%
26/04/2006	181,300,500	-	0.0%	31,630,900	15,824,300	50.0%
27/04/2006	140,604,800	2,000,000	1.4%	5,300,000	1,808,500	34.1%
28/04/2006	146,436,200	727,000	0.5%	33,500,000	16,106,800	48.1%
02/05/2006	493,339,100	15,842,500	3.2%	34,890,000	32,647,600	93.6%
03/05/2006	289,826,600	14,502,600	5.0%	40,100,000	30,000,000	74.8%
04/05/2006	317,918,500	23,306,000	7.3%	12,000,000	11,250,000	93.8%
05/05/2006	288,729,600	54,700,600	18.9%	11,400,000	9,939,700	87.2%
08/05/2006	662,669,700	49,403,400	7.5%	74,620,300	72,600,400	97.3%
09/05/2006	43,203,100	21,889,400	50.7%	100,520,000	47,838,100	47.6%
10/05/2006	250,607,800	19,018,800	7.6%	30,090,000	29,221,600	97.1%
11/05/2006	209,615,000	58,803,900	28.1%	15,875,500	12,900,000	81.3%
	10,561,256,800	1,219,619,300	11.5%	1,427,232,000	1,236,320,000	86.6%

INDORSEMENT AS TO SOLICITOR AND ADDRESS

This Writ is issued by Messrs Tommy Thomas of 101, Jalan Ara, Bangsar, 59100 Kuala Lumpur, Solicitors for the Plaintiff abovenamed whose address is at No. 3, Persiaran Bukit Kiara, Bukit Kiara, 50490 Kuala Lumpur. Plaintiff [Our Ref: AAG/20072835] (Tel: 03-2287 3540) (Fax: 03-2284 8892) [c:\Alan\2835-Iris\Pleadings-Final\2835-Writ-Iris]

INDORSEMENT AS TO SERVICE

This Writ was served by

at
on
on

the day of , at
, 2008.

Indorsed the day of , 2008

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Process Server

This Writ was served by

at
on
on

the day of , at
, 2008.

Indorsed the day of , 2008

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Process Server

This Writ was served by

at
on
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day of

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, 2008.

Indorsed the

day of

, 2008

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Process Server