

# Auditor-General heads probe team

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KUALA LUMPUR, Wed. — Auditor-General Tan Sri Ahmad Noordin Zakaria will head a three-man committee of inquiry to investigate the Bumiputra Malaysia Finance (BMF) loans scandal.

The other two members of the committee are accountant Ramli Ibrahim and lawyer Chooi Mun Sou.

The committee will investigate the loans, reportedly amounting to \$1.7 billion, given to the Carrian group headed by George Tan, those involved.

The report of the committee would be tabled in Parliament as a White Paper, Datuk Seri Dr Mahathir Mohamad announced today.

He told a Press conference no deadline had been given to the committee as "we want them to carry out an exhaustive and thorough investigation" and promised that the committee would be given "every assistance the Government can give as we want to get

to the bottom of this." Datuk Seri Dr Mahathir said the committee would look into, among other things, the management and control of BMF's operations and whether the loans and credit facilities to Carrian and Eda were approved in compliance with the law and/or lending procedures of the company (see committee's terms of reference on Page 2).

The Prime Minister said the findings and recommendations of the committee would "form the basis of termination of any civil or criminal proceedings to be given to the Carrian group taken subsequently against those involved."

He said that in choosing the committee members, the Government wanted "people who know accounting procedures and the legal aspects, who are neutral, whose integrity is beyond question and who have no links whatsoever with Bank Rumiputra or BMF."

He pointed out that Tan Sri Ahmad Noordin's "feelings on the matter were well-known" and described Encik Kamii, a senior partner of Peat, Marwick and Mitchell, as "a

tendance of witnesses and were subject to the inspection of, and its directors and officers responsible to, its Parent body.

"But its effectiveness and powers are circumscribed by the limitations imposed on behalf of Bank Bumiputra into the affairs of the Act itself on it."

Datuk Seri Dr Mahathir pointed out that BMF was registered in Hong Kong and subject to Hong Kong laws.

The Commissions of Inquiry Act, 1950, has no application in Hong Kong. It follows, therefore, that the powers vested in the Commission appointed under the Commissions of Inquiry Act are completely ineffective and inapplicable in Hong Kong," he said.

He added that there was also the question of banking secrecy. "In any open inquiry, it is vital to maintain the integrity of the hearing process by protecting the confidentiality of reports and other information, particularly relating to customers of banks."

Confidentiality is an important principle in banking. Banks jealously guard the confidentiality of their businesses with other parties and customers and are required by law or convention to maintain such confidentiality," he said.

very steady man" and Mr Chooi, who runs his own law firm, was "recommended by Competent authorities and eminently suitable."

Datuk Seri Dr Mahathir said the Government had ruled out setting up a Royal Commission of Inquiry as the powers vested on such a commission "are completely ineffective and inapplicable in Hong Kong" and being maintain confidentiality in banking and banking secrecy.

He stressed that the Government's foremost consideration in deciding on the form of inquiry was that "whatever the form, it must be effective."

"I am, in course, not unaware of the demands from some members of the public for a Royal Commission of Inquiry. I am advised that such a commission is royal only in the sense that under the Commissions of Inquiry Act, 1950 the commissioners are appointed by the Yang di-Pertuan Agong.

"It is true that a commission appointed under the Act has powers to procure and receive evidence on oath or affirmation, and to summon and-compel the attendance of witnesses and were subject to the inspection of, and its directors and officers responsible to, its Parent body.

"An inquiry conducted by BMF and its operations in Hong Kong would be consistent with the usual commercial or banking practice," he said. "Armed with the authority of Rank Bumiputra, it has access to every single document; account or book powers vested in the Commission appointed under: "It can seek clarification from the Commissions of Inquiry and take statements from officers of BMF in Hong Kong and such other persons who have knowledge of BMF's operations and also the question of banking secrecy. "Such an inquiry, in my view, would be effective and beneficial. The advancement, therefore, leans in favour of an inquiry by Rank Bumiputra," he said. Also present at the Press conference at the Prime Minister's Department were Finance Minister Tengku Razaleigh Hamzah, Bank Negara Governor Tan Sri Abdul Aziz Taha and Bank Bumiputra chairman Dr Nawawi Mat Awin.