

It is bank's right to probe, says PM

20 JUL 1994

**By Farush Khan
in Penang,
Azman Ibrahim
in Kuala Lumpur
and Baidura Ahmad
in London**

PRIME Minister Datuk Seri Dr Mahathir Mohamad said yesterday that Standard Chartered Plc can investigate allegations of payment of US\$10,000 in gold coins to a Malaysian Minister.

"It's the bank's right to conduct the investigation," he told reporters in Penang when asked to comment on a *Financial Times* report that Standard Chartered Plc was investigating the disappearance of the coins which were allegedly given by its Mocatta bullion division to a Malaysian Minister.

Dr Mahathir said Malaysia will wait for the outcome of the investigation before making any further comment.

Asked whether the report was another attempt by the British media to humiliate Malaysia, he said the amount alleged was too small and this did not lend

any credibility to the report.

In Kuala Lumpur, Standard Chartered Bank Malaysia Bhd issued a statement saying Standard Chartered Plc's investigations to date had failed to prove that "gifts were actually made or that expenses were genuinely incurred".

Notwithstanding that, it will continue investigations in the matter which it "treats with the utmost seriousness".

And in accordance with usual banking practice, it has kept its lead regulator, the Bank of England, fully informed.

Reuter reported on Monday that two executives at Standard Chartered Plc's Mocatta bullion division had resigned as a result of the bank uncovering payments offered to officials in Kuala Lumpur and Manila to direct bullion trades via Mocatta.

Standard Chartered Bank Malaysia said in its statement that Standard Chartered Plc's new management team appointed in the first half of 1993 identified a small number of unusual transactions in Mocatta, Hong Kong.

"These were immediately stopped and procedures and controls tightened. Subsequent investigations revealed discrepancies in expense claims. Reasons given for the expenses included gifts to individuals in certain countries to facilitate business, a practice contrary to bank rules and procedures."

In London, Malaysian High Commissioner to Britain Datuk Kamaruddin Abu was briefed on the matter by Standard Chartered Plc chief executive Malcolm Williamson on Monday.

Contacted yesterday, Kamaruddin said his understanding was that the issue was "nothing big" to the bank.

It will not have any implication on the Malaysian Government's present ban on contracts to British companies.

"As far as we are concerned, they are separate issues altogether. You have to look at it from one angle only... that is, this is a criminal matter and we should let the law take its course."

Asked for details of Standard Chartered Plc's investigations, Kamaruddin said

he was not privy to that information.

Standard Chartered Plc's group head of communications John Pank, when contacted in London, said the bank was working closely with the appropriate regulatory bodies to investigate the matter.

Pank said it "may even show that no bribe was offered".

The bank has always applied an international code of conduct for all its 57 overseas branches.

"Although the headquarters is in London, we have excellent local managements in each branch which carry out the bank's transactions according to the same standard," he said.

An AFP report on the missing gold coins yesterday quoted the *Financial Times* as saying they were given to an unnamed Minister as a "trace sample".

According to the *Financial Times*, the Bank of England, which has been kept closely informed of investigation, is understood to be concerned about its implications on diplomatic relations between Britain and Malaysia.