

Umno ordered to pay RM218 mil
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Beh Lih Yi

As Umno braced itself for the tough Permatang Pauh by-election, the ruling party has been dealt with a fresh blow involving an election campaign scandal four years ago.
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In the March 2004 general election, Umno received campaign paraphernalia worth hundreds of millions ringgit including posters, badges, banners and caps, which it had refused to pay.

The poll merchandise supplier, Elegant Advisory Sdn Bhd, has since brought the dispute to court.

In a rare move, the Kuala Lumpur High Court had last month ordered Umno to pay a whopping RM218 million claimed by Kelana Jaya-based Elegant Advisory.

kuala perang by-election 260804 postersThe amount is the highest-ever sum of money that the ruling party - which forms the backbone of the ruling Barisan Nasional coalition - has been ordered to pay by a court of law.

The decision was a judgment in default delivered by High Court's deputy registrar Ahmad Faizadh Yahaya on July 17 after Umno's lawyers failed to appear in court.

A copy of the judgment, with other relevant court documents, was obtained by Malaysiakini.

The poll merchandise scandal was highlighted by Malaysiakini in a series of exclusive reports (see related reports below) three months after the 2004 general elections, where BN won with a landslide victory.

'Campaign materials secure BN's victory'

In the suit, which was initiated by Elegant Advisory in June this year, the company has claimed a sum of RM218,013,475 as compensation from Umno for the supply of the election campaign materials.

According to the company, the materials include posters, banners, buntings, flags, souvenirs, mineral waters and other transportation costs.

section 71 contract act elegant advisory case 110808The claim was made on the basis of Section 71 of the Contracts Act, in which Umno is obliged to pay the campaign materials to Elegant Advisory.

Umno's treasurer Abdul Azim Mohd Zabidi was named as the sole defendant on behalf of the party in the suit filed through Elegant Advisory's counsel, Termizi & Co.

Umno meanwhile was represented by Hafarizam Wan & Aisha Mubarak. When contacted, the firm confirmed their lawyers are involved in the case.

The statement of claim stated that in March 2004, Elegant Advisory had supplied the campaign

materials to Umno on its request and order as agreed between the both parties.

"The plaintiff has fulfilled the defendant's request and order [...] in a huge quantity and in a short period by appointing third parties as printers for the posters, banners, bunting, flags and other necessary items for the 11th General Election and for Umno.

"The plaintiff also had appointed printers and suppliers for the mineral water and souvenir from China," the court document stated.

These suppliers named by Elegant Advisory include Percetakan Rina Sdn Bhd, Setia Kawan Printers Sdn Bhd, Art Printing Works Sdn Bhd and NHK Transport & Warehouse Sdn Bhd

elegant advisory receipt of deliver to umno division in kelantan during 2004 election
110808Elegant Advisory said Umno had acknowledged the receipt of the campaign materials by stamping the party's official seal on all its delivery orders (left) and has not objected to the supply of the campaign materials.

It also pointed out that these materials were again used by Umno during the August 2004 Kuala Berang by-election in Terengganu, as spotted by Malaysiakini during the campaign. "With the supply of these campaign materials to Umno, Umno has enjoyed the benefits from it when Umno (as a BN component party) won the 11th General Election with an overwhelming poll victory," said the statement of claim.

'No reasonable amount' offered

Elegant Advisory said its invoices claiming for the cost of the campaign materials after the election were not entertained by the ruling party.

kuala berang by-election 260804 elegant advisory closeup 02The company had sent two invoices - one for RM170,843,475 and another for RM47,170,000.

Unhappy with the inaction, Elegant Advisory through a letter to Umno on May 2004 again demanded for the outstanding payment to be settled.

The company revealed Umno had tried to settle the matter once by requesting a meeting with Elegant Advisory in September 2006.

The effort however failed as "no reasonable amount" was offered.

abdullah ahmad badawi and umno and bn and elegant advisory controversyElegant Advisory said it has also tried to contact Umno numerous times later to settle the matter, including sending e-mails to Prime Minister Abdullah Ahmad Badawi through his website, but to no avail.

The company claimed as a result of the unsettled payment, it has suffered losses and jeopardised its business reputation among its suppliers.

With Umno's failure to make an appearance in court, the High Court on July 17 ordered the ruling party to pay Elegant Advisory the entire sum, with interest, as demanded by the company.

PM: We'll definitely appeal

Nevertheless, Umno is now making effort to set aside the judgment in default.

When contacted, Umno's lawyer Mohd Hafarizam Harun said that the party has been granted an interim stay of execution of the judgment.

"It was granted on July 30 before deputy registrar Ahmad Faizadh," said Hafarizam, who is also the party's legal adviser.

The High Court is expected to rule on Umno's application to set aside the judgment on Oct 13.

In an immediate reaction, the prime minister said Umno would fight the court's decision.

He expressed disbelief at the court decision when asked for comment after chairing the first Malaysian Economic Council meeting in Putrajaya this afternoon.

"Umno will definitely appeal," he told reporters.

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