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# Bank Negara wants out of gold traders' RM146m suit against Genneva



BNM was included in the suit for an ancillary order to force the central bank to release the gold and cash it had confiscated from the firm during a raid in 2012. — Reuters pic

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By PATHMA SUBRAMANIAM

Wednesday, 16 Jul 2014 12:47 PM MYT

KUALA LUMPUR, July 16 — Bank Negara (BNM) is seeking to exit a RM146 million class action civil suit in which it was named as the second defendant, alongside gold trading firm Genneva Malaysia Sdn Bhd.

The central bank's counsel, Riduan Baba, told reporters he had informed deputy court registrar Norfauzani Mohd Nordin that BNM will file its statement of defence and application to remove itself before August 7, which has been fixed for case management.

The lawyer however, declined to disclose the bank's reasons for wanting out at the moment.

A total of 1,065 gold traders are suing Genneva Malaysia to recover a combined loss of RM146,025,339 in three separate categories owed by the company in the form of gold bullion and cash.

BNM was included in the suit for an ancillary order to force the central bank to release the gold and cash it had confiscated from the firm during a raid in 2012.

The first category of gold traders claimed not to have received the "gold products" they had bought, causing them a total loss of RM48,816,915.

The plaintiffs under the second category are seeking to claim RM81,952,471 either in the form of the gold bars they bought from Genneva Malaysia, or the same value in cash.

The third category of plaintiffs claimed that the firm did not receive their purchase price for the sale of their gold. This group is seeking for a total RM15,255,953.

Neither the 1,065 plaintiffs nor Genneva Malaysia were present in court today.



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"But they have 14 days to appear before the court, which is tomorrow, so they might do it then," he told reporters.

In their statement of claim, the investors stated that the firm had breached its contract with them in refusing to pay its customers.

They also alleged that Genneva had "advertised and represented" itself as a "licensed firm authorised to conduct gold trading."

James added that the investors would be seeking for a judgement in default if Genneva Malaysia fails to file its papers within the stipulated deadline.

The gold traders had approached Gold Bullion Entrepreneurs Association of Malaysia (Gold Beam) last June, said its deputy chair Rodzhan Abdul Rahman, after repeated attempts to recover their investments in Genneva Malaysia.

Gold Beam had then gathered the relevant documentation and assisted the investors in proceeding with the suit.

They hired law firm Messrs Raj, Ong and Yudistra, which wrote to the central bank asking for the release of the property seized from Genneva Malaysia; but BNM replied that it can not comply without a relevant court order.

BNM raided Genneva four years ago over a dubious gold trading scheme. Genneva Malaysia and its affiliates were similarly raided on October 1, 2012.

The bank froze Genneva Malaysia's cheques, accounts and other assets worth RM99.8 million in cash, and seized 126kg in gold bullion, based on suspicions that the company had broken several banking and financial laws.

Last December, nine investors sued Genneva Malaysia and four of its directors — Tengku Muhaini Sultan Ahmad Shah, Philip Lim Jit Meng, Ahmad Khairuddin Ilias and Tan Lian Keng — in an attempt to recover RM2 million in investments.

They claimed that the company had committed fraud and misrepresented the gold scheme as complying with Shariah law.

Malaysia does not regulate the gold trading business and BNM's raid following complaints in 2012 and the subsequent seizure of several hundred kilogrammes of gold bullion had seen a roaring trade among Malaysians of all economic

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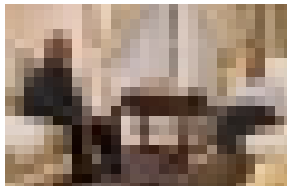


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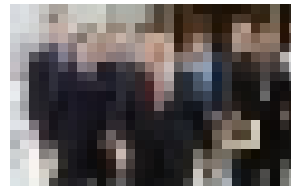
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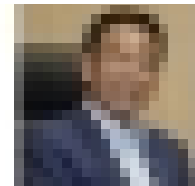
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