

05/01/01 Two more charged over multi-million credit frauds involving Guangnan

Two more persons were charged by the ICAC in connection with multi-million credit frauds involving Guangnan (Holdings) Limited (Guangnan) and were brought to Eastern Court this (Friday) afternoon in two separate cases.

The defendants were Kam Lan-ying, 58, director of Highdone Company Limited (Highdone), and Li Pun-kin, 32, former director of Pearly Gold (Holdings) Limited (Pearly Gold). They respectively faced seven and eight counts of conspiracy to defraud, involving \$254 million credit facilities in total.

So far 27 persons, including the two defendants, have been charged for a series of alleged scams in relation to Guangnan and its subsidiaries, involving approximately \$2,000 million worth of L/Cs in total.

No pleas were taken today. Magistrate Mr Ian Candy adjourned Kam's case to February 2, 2001, and granted her bail of \$500,000 in cash and \$500,000 surety. Li's case was adjourned to March 2 for mention, and the defendant was remanded in the custody of the Correctional Services Department.

In the first case, Kam Lan-ying was alleged to have conspired with Lam Nim-kin, Li Luen-ping, Li Min and others to defraud The Fuji Bank, Nanyang Commercial Bank Limited, Hang Seng Bank Limited, Bank Brussels Lambert S.A. and The Hong Kong and Shanghai Banking Corporation Limited.

The alleged offences took place between May 1997 and December 1998.

Kam was accused to have dishonestly caused Guangnan and Shun Wing Trading Limited (Shun Wing), a subsidiary of Guangnan, to apply and utilize credit facilities from the banks under seven Letters of Credit (L/Cs) by submitting false documents to the banks.

Such false documents were said to have purportedly evidenced that Highdone had carried out genuine underlying commercial transactions with Guangnan and Shu Wing.

Kam was alleged to have caused the banks to release about \$134 million in total to Highdone under the L/Cs.

It was alleged that the defendant had generated a number of bogus transactions purportedly showing that Highdone had sold rice and palm oil to Shu Wing.

In the second case, Li Pun-kin was alleged to have conspired with Li Rui-geng, Li Ruihua, Yang Li, Tan Zhen-guo, W Qiuqiong, Wang Ong and others to defraud Bayerische Vereinsbank AG, Kredietbank Limited, Rabobank, The Sanwa Bank Limited, The First National Bank of Boston, Dao Heng Bank Limited and The Bank of Nova Scotia by similar fraudulent means.

The alleged offences took place between November 1996 and October 1998.

It was alleged that the false documents submitted by Li purportedly evidenced genuine underlying commercial transactions for crude oil amongst Pearly Gold, Guangnan and its subsidiary Victory Land Limited.

As a result, the banks released about \$120 million in total to Pearly Gold under eight L/Cs.

The prosecution was today represented by Acting Senior Assistant Director of Public Prosecutions Liu Yuen-ming assisted by ICAC officer Miranda Cheung.