

Press Release

22/04/05

Eleven arrested for alleged illegal commission scheme and misappropriating listed company funds

The ICAC has arrested 11 persons, including the former chairman and incumbent chairman of a publicly listed company, in relation to an alleged illegal commission scheme and suspected misappropriation of the company's funds.

Also arrested in an operation code-named "Pearl", which commenced on Tuesday (April 19), were a former deputy chairman and three business promotion managers of the listed company; an assistant manager, a former assistant manager and a former senior manager of a travel agency; and two other civilians.

It was alleged that the former chairman, incumbent chairman, former deputy chairman and three business promotion managers of the listed company were involved in a scheme to offer illegal commissions to employees of a number of travel agencies and to help the latter evade tax.

The illegal commissions, which were allegedly arranged without the prior approval of the travel agencies' management, were rewards for the latter's staff to arrange tour groups to visit the merchandise showrooms operated by the listed company.

To cover up the suspected illegal practices, the commissions were allegedly routed through three off-shore companies controlled by the senior management of the listed company and their associates.

ICAC inquiries also revealed that the incumbent chairman had allegedly misappropriated company funds totalling over \$2 million, while other members of the senior management were suspected to have assisted in covering up the misappropriation.

Inquiries are continuing.