

H. K. Standard 7 Nov 1988

# Carrian: \$45mil lesson for govt

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A \$45-MILLION government-commissioned probe into the affairs of the Eda and Carrian groups is likely to be called off before it is completed.

The Financial Secretary, Sir John Bremridge, yesterday disclosed that he had suggested that the probe be cut short because he was "horrified" by what it was costing the taxpayers.

He said he was also "horrified" that the result of the investigation could not be published because it might prejudice the pending trials.

And because of legal constraints, nothing found out by the teams of inspectors working under the Securities Commission could be passed on to the prosecution.

He described the investigation as "one of the most expensive history lessons produced in Hongkong."

Sir John disclosed this at the Finance Committee meeting of the Legislative Council, when the Legal Department sought another \$3.3 million for its investigation into the growing number of commercial crime cases. So far, \$14.5 million had been given to the department.

The Securities Commission probe, headed by Queen's Counsel Mr Robert Ching Tang and chartered accountant Mr Michael Johnson, was commissioned in March 1983 upon the collapse of the Eda Investments Ltd.

The scope of the investigation was extended

to cover the Carrian group a month later. Sir John said he mentioned the inspectors' probe because he did not want anyone to think that he was hiding the truth.

"I don't want this committee to think that we are sort of dividing up the problem to make it look smaller.

He said the cost of the amounts involved in commercial crimes, in all its aspects, was very great.

"Obviously, justice has to be done. But I don't want you to think that this \$15 million (the amount allocated specially to investigate nine major commercial crimes) is the whole problem.

"There would be a paper, as I said, coming before you on the question of inspector fees and I believe that is already up to \$45 million.

"So I don't want anybody to think that I am not giving you the whole truth and all the truth," he said.

Unofficial members, Mr John Swaine and Mr Martin Lee, noted that the work of the inspectors might be duplicated with what was being done by the prosecution in court cases relating to the companies.

Mr Lee, who is the leading counsel for one of the defendants in the Carrian case, also suggested that the investigation by the inspectors be cut short because of duplication of work and to prevent a possible awkward situation of the jury and the inspectors coming to different conclusions.

"The inspectors appointed by the Financial Secretary are looking into a whole wealth of transac-

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tions involving the Carrian group of companies but the prosecution undertaken by the attorney (sic) also covered numerous transactions.

"Since the defendants are being prosecuted for numerous transactions, I wonder whether it is still necessary for the inspectors to look into the same areas.

"I say this because it could lead to different results. Suppose the jury convicts the defendants on a particular count and the inspectors exonerated them from blame (on the same count), where do we stand?" he asked.

In defence of the decision to commission the probe, the Attorney-General, Mr Michael Thomas, said there was no choice at the time.

He said it might have been the case then that no prosecution would have followed until the report of the inspectors had been published.

"Had that been the case, the work of the inspectors would have been most valuable to the attorney in considering whether or not a prosecution should be launched.

"In this particular case, for reasons which I won't go into, the work of the prosecution began before the inspectors completed

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their tasks. "It is that new factor which produced the parallelism ..." he said.

The Commissioner for Securities and Commodities Trading, Mr Ray Astin, told *The Standard* that the inspectors were still continuing their work.

He said of the \$45 million allocated to the investigation, \$10 million had yet to be spent.

He said the investigation involved a very large number of accountants at a very senior level who had put in "many hundred hours" of

work in the investigation.

He said there was no doubt that the inspectors' investigation would "overlap areas of interest" with that of the prosecution. The objectives of the two probes were not the same.

"The inspectors cover a much wider area of interest than the narrow confine of criminal investigation," he said.

Mr Astin said the inspectors would prepare a report at the end of their investigation and this would be submitted to the Securities Commission with a copy to the Attorney-General.

Whether the report would be made public would be something to be considered later, he said.

On Sir John's suggestion that the probe be terminated, Mr Astin said any such proposal would first have to be considered by the commission, which appointed the inspectors.

He said the question of expenses had been under constant review by the commission.

"I would think it is unlikely that they (the inspectors) would have reached any firm findings," he said.