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\$700 million 'at risk' through bank fraud

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About \$700 million is believed to have been at risk last year through alleged fraud and corruption involving executives of major local banks and business companies.

This is revealed in the Independent Commission Against Corruption's 1984 annual report which was tabled in the Legislative Council yesterday.

The report refers to payments of allegedly illegal

commissions and other benefits to bank executives by people operating substantial business companies, so that credit facilities would be approved without proper security.

It said a total of about \$700 million is believed to have been at risk as a result of these activities.

The report said one investigating group was engaged for most of last year in probing large-scale fraud involving more than 10 local banks

and credit companies.

Prosecutions are under way, it said.

The report said amounts totalling over \$319 million are believed to have been secured through fraudulent use of credit facilities, some of which were allegedly obtained by corrupt means.

More than 120 people were arrested last year for this type of activity, it said.

"It will take some time to reveal the full extent of the losses to the banks concerned and massive quantities of documents have yet to be analysed before all culprits can be placed before the courts," the report said.

A special task force was formed within the ICAC operations department in 1983 to investigate alleged bank and credit corruption and fraud "on a scale not previously encountered in Hongkong."

Further allegations of continuing fraud and corruption were investigated by the task force last year.

As a result, a former bank official and a businessman were found guilty by a High Court jury in June last year of conspiracy to defraud a bank into advancing money to different clients.

But the Court of Appeal quashed the convictions in January this year and ordered a retrial.

The annual report said three other people are currently before the courts on charges of conspiracy to defraud, false accounting, and corruption, with three other similar prosecutions likely to follow.