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StarBiz

Probe on loan scam

Co-operative commission to take action on parties involved

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PETALING JAYA: The Malaysia Co-operative Societies Commission (SKM) will investigate allegations that a few co-operatives, including the Malaysian National Co-operative Movement (Angkasa), are involved in a "syndicated loan scam".

In a statement made by SKM on June 10, its executive chairman Datuk Nordin Salleh said strict action would be taken against the individuals and cooperatives involved should investigations confirm scams involving civil servants' payslips.

"This sort of thing should not happen because all registered cooperatives, especially

the credit cooperatives, have to adhere to the rules set by the commission to ensure that no cooperative members are taken advantage of," Nordin said in the statement.

The commission further advised all its members, especially the civil servants, to be careful and pay extra attention to all the fine print when applying for a loan.

The commission added that should any cooperative members be involved or are victims in the syndicated loan scam, they are advised to come forward immediately to assist in the investigations.

When contacted by *StarBiz*, Entrepreneur and Islamic Management of Malaysia's Association (URUSKOP) honorary secretary and Co-operative & Management Consultant

adviser Thuraisingham Shan said this matter was first reported to the SKM in June 2018, with no action being taken for the last 12 months.

In a letter to SKM dated June 11 with regard to Koperasi Konsumer Malaysia Bhd's (KKMB) syndicated loan with falsified payslips and the presentation of its annual report, Thuraisingham said this matter has been referred to the Malaysian Anti-Corruption Commission.

"From available documents, the co-operative is inundated with payments to the members due for the sum of RM8mil. The co-operative is inundated with narration of amplified profit from 2007."

On June 8, *StarBizWeek* reported that a

syndicated loan scam falsifying payslips of civil servants and employees of government-linked companies allegedly involving Angkasa and various individual co-operatives was gaining traction and was currently being investigated.

These also involve loan payouts of only 50% of the amount that was applied for by civil servants with even their ATM cards being confiscated.

The broad scam was first reported in April, where malpractices in giving out loans were said to be taking place in one particular prominent Malaysian cooperative.

The malpractices, however, are said to be

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Angkasa has investigated syndicated loan scams

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widespread and involve other cooperatives. Recent reports have highlighted total losses of RM340mil involving close to 170,000 victims, management fees exceeding 20% to 30% and victims having to pay back twice the amount they had borrowed.

In written documents obtained by *StarBizWeek*, it would appear that Angkasa has investigated the matter on syndicated loan scams involving KKMB and acknowl-

edged a series of wrongdoings.

Credit co-operatives are registered with SKM and regulated under the Co-operative Societies Act 1993.

Co-operatives in Malaysia offer credit facilities by using funds from members or borrowed from other sources. These sources usually have limited funds, and hence, are also dependent on a steady flow of funds from local financial institutions.

Most civil servants are cooperative members.

The lure of easy money has rendered many civil servants almost in a state of insolvency.

In the Central Bank's Financial Stability Review released last September, findings showed that civil servants spent more than half of their monthly salaries on repaying debts.

Bank Negara also stated that the debt repayment capacity of civil servants remained lower than the average borrower at the national level, and while this currently posed limited financial stability risks, it could have broader socio-economic implications.