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Sunshine Empire 'was bound to fail'

Prosecution accuses trio of pocketing money from scheme that had no way of sustaining high returns

■ BY KHUSHWANT SINGH

THE two men charged with running the biggest Ponzi-like scheme in Singapore were yesterday accused of knowing that they were running a business that had no hope of succeeding.

Opening the case in the trial of Sunshine Empire business partners James Phang Wah and Jackie Hoo Choon Cheat, and Phang's wife Neo Kuon Huay, the prosecution said the three did not care two hoots because they just wanted to make money

quick and then get out.

Within 15 months, they had managed to raise \$180 million from investors persuaded by the "promised" high returns – in this case, rebates from the sale of lifestyle products. The rebates, however, cost more than the products themselves, and eventually, the whole house of cards came crashing down.

Deputy Public Prosecutor Aedit Abdullah said that between August 2006 and November 2007, Phang, 49, pocketed US\$5 million (S\$7.1 million) in consultancy fees and allowances for the doomed venture.

Hoo, 29, collected about \$950,000 by abetting Phang in criminal breach of trust, said the DPP.

The prosecution also intends to prove that Phang instructed Hoo to appoint Neo as group sales director so that she would be entitled to sales commissions.

The 46-year-old woman, accused of fal-

sifying payment vouchers to get the commission, is said to have received nearly \$950,000.

Ponzi schemes get investors to hand over cash on the promise of high returns, but the returns simply come from funds pumped in by new investors.

DPP Aedit said the prosecution will produce witnesses to prove that Sunshine, based at the Toa Payoh HDB Hub, had no sources of substantial income.

Some \$118 million of the \$180 million it collected was spent on the rebates and incentives to push the purchase of more packages, but much of the rest allegedly went into the pockets of the trio.

On top of the US\$5 million he was paid, Phang also got Sunshine to lend him \$1 million at no interest to settle the debts of his previous business, the prosecution said.

Sunshine also made unsecured interest-free loans amounting to at least \$40 million to associates.

The trio deny the charges and are being defended by lawyers Subhas Anandan and Noor Mohamed Marican.

A former director of affiliate company Empire Investment Group has already been dealt with.

Yong Wai Hong, 28, was fined a total of \$24,000 in July after he pleaded guilty to authorising a company secretary to give misleading returns to the Accounting and Corporate Regulatory Authority.

The false information had given Sunshine participants the wrong impression that its affiliate firms had strong financial standing.

Phang and Hoo are also accused of failing to keep proper accounts.

The trial continues.

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