

# After hours

Book review Life and everything A life in the day

## Book review

Bank of America Tower  
(previously Gammon  
House) in Admiralty



## How Carrian's mastermind played Hong Kong for a fool



Title: **The Joker's Downfall** Author: **Ian Robinson** Publisher: **Gold Willow**

Most of those who experienced Hong Kong in the heady (but far from carefree) 1980s remember three big events: the 1984 Sino British Joint Declaration, which started the clock on the 1997 handover; the 1987 stock exchange crash; and the curious case of Carrian Investments Limited.

Author Ian Robinson has a unique perspective: a Hong Kong Institute of CPAs member, he was appointed as Carrian's official liquidator after it crashed in 1983 with debts of more than HK\$1 billion.

Carrian, in true Hong Kong tradition, had been a property investment company, wowing Hong Kong business in 1980 with

its purchase of Gammon House (now the Bank of America Tower) in Admiralty for HK\$1 billion and selling it a few months later for HK\$1.6 billion. Except it didn't. The sale, like almost all of Carrian's activities, was a sham. The conglomerate had created dozens of shell companies that engaged in fake transactions.

The Carrian case has some echoes of failed energy company Enron. One of the key elements why Enron existed for so long was its ability to surround itself with credible names. Its bankers were Citigroup, J.P. Morgan Chase and Merrill Lynch. Arthur Andersen did its accounts. Consultants

included former United States trade representative Robert Zoellick and Nobel-prize-winning economist Paul Krugman.

Likewise, Carrian was cloaked in an aura of mystery that many found alluring rather than off-putting. The central villain is George Tan, an ambitious, to the point of egomaniacal, Singaporean civil engineer who convinced many of Hong Kong captains of banking, finance and real estate (as well as accounting) that he was a property market genius who would take them to the top. The joker of the book's title, Tan persuaded luminaries from HSBC, Price Waterhouse & Co. and

the prestigious Deacons law firm that he was the real deal.

The fate of Carrian was complicated by politics: it had been lavishly, and foolishly, funded by Malaysia's shadowy Bank Bumiputra, which was chaired by then finance minister Razaleigh Hamzah and enjoyed favoured treatment from Malaysia's government. Its Hong Kong head, Lorrain Osman, spent seven years on remand in London fighting extradition to Hong Kong, his legal fees mysteriously paid from Kuala Lumpur.

Much of Robinson's tale, which moves along at a cracking pace, concerns his efforts to unravel Carrian's labyrinthine transactions. Robinson, an experienced forensic accountant from Australia – he proudly holds the Institute's Specialist Designation in Insolvency – was able to reconstruct transactions and decisions the old fashioned way: from bank records, shredded papers and stenographers' shorthand books.

There are no winners in this story. More tragedy than farce, the Carrian case stood out from other corporate frauds by the litany of death that surrounded it. The discovery of the body of Malaysian auditor Ibrahim Jalil in a banana plantation in the New Territories was the catalyst that eventually exposed the Carrian fraud.

Two further deaths – both odd in their own way – made Carrian a word to be uttered only in hushed tones for many years. John Wimbush, a partner with the Deacons law firm, was found drowned in the pool at his home on Victoria Peak – with a manhole cover attached to a rope tied around his neck – before he could give evidence. (The coroner ruled his death a suicide.) Dennis Barker, the judge in the first trial, in which charges against Tan were dismissed, died in a car crash in Cyprus soon after.

There are many elements of a thriller in the Carrian tale, but Robinson approaches his many-stranded topics in a sober yet diverting style. While it might be true, as Robinson suggests, that Carrian was a once-in-a-lifetime event (see interview on the right), if this book's readability is anything to go by, more Institute members should be gathering their notes and putting pen to paper.

## Author interview: Ian Robinson

Having written the definitive insider's guide to the Carrian scandal, Ian Robinson knows it's going to be a hard act to follow. "You only get one Carrian in a lifetime," he says, sitting in his office in Causeway Bay, where he runs a forensic accounting consultancy.

Robinson is now putting the finishing touches to a second book of cases related to his career, this time an anthology of shorter stories. Hong Kong, he notes, has an abundance of material to work with.

A pioneer of corporate restructuring in Hong Kong, Robinson was receiver of the Emperor Group, now famous for casinos but then known best as a jewellery company, at the same time he was liquidating Carrian. Like many Hong Kong companies in the early 1980s, Emperor had unsuccessfully speculated in property. But unlike Carrian, Emperor was rehabilitated.

In relating to the Carrian case, Robinson draws on his extensive experience in Hong Kong, noting how unpopular a forensic accountant can be, and offering asides about encounters with angry triads. "You have to be more than a numbers man," he writes. "It's a job that requires ingenuity and people skills."

The Carrian book has revived interest in corporate Hong Kong's wilder days. "A lot of people came out of the woodwork after the book was published, asking why I didn't include some aspect. It was

either that I didn't know about it, or I had no proof."

What troubles Robinson is the prospect of another Carrian-like case. "George Tan had an ego and he was arrogant," he says of the central character in the Carrian case. "But he couldn't face up to problems. He had to find a solution that was fraudulent. And if he got away with it, he'd do it again."

Robinson says that even though better checks and balances are in place now, a determined fraudster could still wreak havoc. "Life does not change in that aspect. Hatred, greed and power will always occur."

He adds that the growing complexity of financial reporting means that frauds can be harder to detect.

"We've put in a lot of new rules and regulations," he says. "The days of just opening a set of accounts and understanding them are long gone."

However, Robinson adds, complexity can also work against crooked business people. "People who are doing manipulation are doing it in a way that is almost impossible to pick up," he says. "But sooner or later they make a mistake."

Fraudsters, he notes, might be more sophisticated but technology has given investigators better tools. "You can delete an email but it's recoverable somewhere. People forget when they try to cover up their traces."

