

KGSM Ar-Rahnu Fake Gold Report

Chronology of Events On Ar-Rahnu Case- Fake Jewelry

Eight packs of jewelry pawned by 5 non members between the dates of 15/7/2013 – 2/9/2013, amounting RM26,400.00 were found to be fake.

[Duration for redemption of jewelry - 6 months].

16th January, 2014 – 1st batch of pawned jewelry due for redemption.

Several attempts were made to contact the customers to redeem/service the pawn items failed. Our staff, Pn. Nora became suspicious that something was wrong with the jewelry.

The pawned items were taken out to be reexamined. After reexamining the jewelry, Pn. Nora found out that the hook of the jewellery was genuine but the body part was fake gold. All these jewelry were pawned by non-members.

16th January, 2014 – A police report was made when she found out that the 4 pawned items were partially fake gold.

22nd January, 2014 – 2nd police report was made after she discovered another 4 more of the pawned jewelry were partially fake gold.

The administration immediately held an inquiry into the incident and found out all these cases were handled by our staff Pn. Siti while the other staff Pn Nora was on leave. Pn Siti admitted negligence on her part for not observing the Standard Operation Procedure (SOP) as instructed to do so in testing the jewelry whether it is genuine or not.

27th January, 2014 – The case was tabled in the Board's meeting. The Board unanimously decided to suspend business dealing with non-members.

5th February, 2014 – KGSM Bhd was asked to surrender all the fake gold items (8) to the police at Sungai Senam Branch, Commercial Crime Division for investigation.

13th February, 2014 – A letter of reprimand was given to her as not to repeat the mistake again and at all time follow instructions given to her. Final bonus for 2013 was withdrawn & bonus for 2014 was not given as to penalize her for not adhering to instructions given.

26th March, 2014.

One of the suspects arrested in Pulau Pinang was believed to be involved in the cheating case.

Pn. Siti was called to the Sg. Senam police station to identify the culprit. She confirmed that he was one of them.

Detail analysis of Kedai Ar-Rahnu financial account.

As a result of the above incidents, all the fake jewelry had to be written off. The profit of Kedai Ar-rahnu slid to RM19,897.50 as compared with previous years (2013-RM49,723.70:2012-RM26,078.33).

As the Ar-Rahnu pawn shop is not a separate entity, the external auditor did not put up separate annual statement of account for Kedai Ar-Rahnu.

Due to negligence of our staff , KGSM incurred a loss of RM26,400.00. The Board of Directors wishes to tender their apology to all KGSM members for failing to highlight the incident in the annual report.