

Members concerned over sale of AAM HQ

> Sale price, lease-back agreement and appointment of agent among issues

BY V. RAGANANTHINI
newsdesk@thesundaily.com

MEMBERS' concern over the sale of the headquarters of the Automobile Association of Malaysia (AAM) appears to be justified.

It is just one of the last properties the AAM owns.

While the sale may be justified on the basis that the money could solve its on-going cash-flow problems, the whole process of this transaction raises a cloud of suspicion.

Even before members can approve its sale at the special general meeting (SGM) set for Oct 3, news has emerged that the deal has already been finalised and that the earnest money of 10% of the sale price of RM7.5 million has been received by AAM. The only resolution the SGM seeks is for members to authorise the trustees and/or the association to execute all documents as may be necessary to effect the said sale to fulfil its obligations under the sale-and-purchase agreement.

However, as early as May 3, AAM vice-chairman Wan Zaharuddin Wan Ahmad, had already offered the property for sale to WWRC Holdings Sdn Bhd, a chemical solutions company with Singaporean and Taiwanese directors.

That's not all.

It has also entered into a lease-back agreement with the buyers for 12 years with the total rental amounting to RM5.85 million. The lease-back arrangement guarantees the purchaser a 12-year rental return ranging from 5 to 8% per annum.

So, after that period, the net

gain for AAM would have been RM1.85 million without having ownership of the building.

Six days after the offer letter was sent, Wan Zaharuddin sent a letter of appointment to a chartered architect, Yong Sow Wai, to act as marketing agent for the sale. "If the alleged sale had already been negotiated and an offer letter already made, why appoint a marketing agent?" asked one member.

Other members claim that the building is being sold at below the prevailing market price. AAM, in its own documents, revealed that the property - 10 shop lot units opposite the Sultan Abdul Aziz Shah Golf Club - was valued at a much higher price.

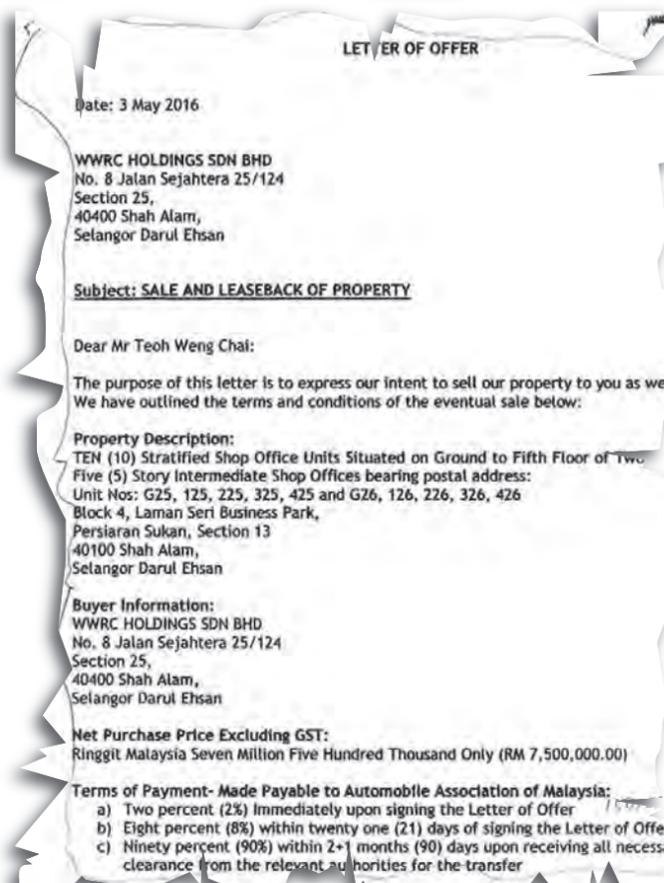
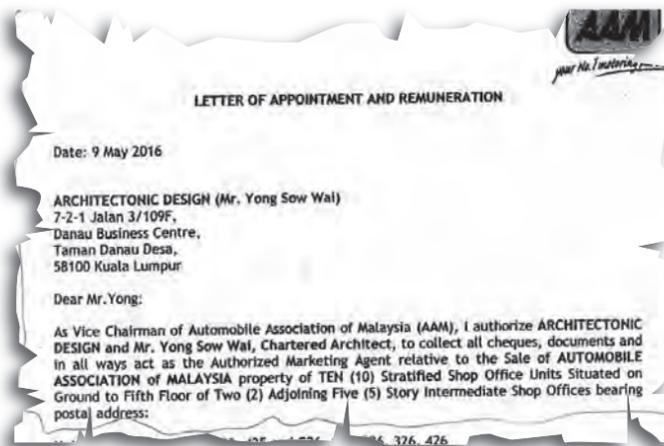
Raine & Horne International Zaki and partners put the price at RM8.6 million. Rahim & Co International valued it at RM7.7 million.

It is not known if the sale was made through an agent or through a tender exercise, but the committee in its minutes noted that the "best offer" was RM7.5 million.

We contacted both Wan Zaharuddin and AAM chairman Tengku Mudzafar Tengku Mustapha last week for comments.

We were subsequently contacted by AAM's solicitors to provide answers.

However, the solicitors could not provide the answers sought and a partner of the legal firm replied: "Your queries are not all legal in nature. I can respond easily to the legal aspects but (some) questions are not within my purview and I have to seek instructions on that."



Excerpts of the letters sent to the architect and WWRC Holdings.

NGOs or 'secret' societies?

COMMENT

by R. Nadeswaran

LIKE many sports and voluntary organisations, the problems facing the Automobile Association of Malaysia (AAM) should be the concern of its members who decide on how it should be managed.

Once they receive government funds, they have to be accountable for its conduct - financial or otherwise - to the people.

The AAM falls into this category and it cannot escape or be excused from public scrutiny.

Falling from the pedestal with assets and turnover running into millions to an organisation which is unable to pay salaries of the staff is puzzling indeed.

In the past, *theSun* had extensively reported cases of abuse in such "voluntary" organisations, but little has been done to investigate and bring the wrongdoers to book.

How and why it happened has been reported but who is the guardian who is supposed to safeguard members' interests and public funds?

In this instance, it is the Sports Commissioner and in other cases, the Registrar of Societies.

But in the absence of a written Code of Conduct of elected or appointed officials, shouldn't they be adopting that all-compensating requirement - act as ordinary men of business?

The failings uncovered at the AAM by *theSun* are not unique or isolated.

The absence of whistleblowers and principled officials has led to this malaise.

The grapevine has a long list of tales, but those in the know of any abuse or misuse of power or funds must step forward.

At a time when non-government organisations (NGOs) are sprouting up and when it has become fashionable to be part of them, accountability of public funds has become necessary.

Officials pay themselves handsome "allowances" and other perks; overseas trips on first class are the norm; and per diem allowances sometimes run into the hundreds.

Such details are not known about these "dogooders".

Last year, *theSun* sent letters to 20 selected NGOs asking them if they would open their books.

One provided their annual report and accounts.

Two initially responded positively but never provided any information.

Checks on websites of some provided annual reports but not the accounts.

Need more be said?

Where did the money go?

► FROM FRONT PAGE

pile of cash and property.

In 2011, it sold its office suites in Megan Avenue in Kuala Lumpur for RM8.54 million and its annual report showed an income of RM4.3 million as "gains from sale of assets". However, the same accounts showed that about RM4 million was payable to settle a term loan of RM5 million from a commercial bank.

Going through AAM's annual report, a gradual reduction in fixed deposits can be noticed. In 2011, it had RM8.1 million. This fell to RM7.66 million the following year. In 2013, it dropped steeply to RM4.26 million. Records for the following years are not available.

Members want to know how these monies and members' annual subscriptions had been spent in just five years until nothing was left to pay salaries.

Insiders are baffled with the financial position of AAM. Besides annual subscriptions, it also earns revenue from sale of merchandise, insurance commissions and contributions from the International Automobile Federation (FIA). It also derives revenue and fees for sanctioning and managing motoring events and races.

So, where did the money go?

Insiders say the expensive renovations and high cost of salaries, first class air travel and hefty allowances paid to officials have placed AAM in such a situation. "One of the managers of a unit of AAM was paid a salary of RM30,000 - much more than what is paid by some companies," said a former employee.

Angel to those with special needs

PETALING JAYA: To those who have been touched by her selfless kindness, Angela Devi Ariyan (*pix*) is an "angel".

The 59-year-old MyHero Award 2.0 recipient has been taking care of individuals with special needs since 2002, at the expense of her personal time, money and strength.

Angela Devi founded the Vinashini Home, a centre for the disabled, in Kuala Sawah, Seremban. It is currently a place for 63 less fortunate people of various races who call it home.

Assisted by her 66-year-old husband, Kerisnan and three children, Angela has been teaching the residents of the home to walk, speak and be independent.

"Most of those in the home were abandoned by their families, come from different backgrounds and have various medical conditions," she said, adding the first inmate to be accepted was a hyperactive 7-year-old child.

Those in the home now are aged

between nine and 80, and suffer from problems like mental retardation, speech impediment and autism.

The home used to accept orphans in the past but has stopped doing so "due to logistics problem," she said, adding some orphans ran away.

However, there are three orphans still living in the home. They have been there since young

and are now pursuing their tertiary education.

Angela Devi has also faced obstacles in her work to assist the needy. For instance, the home had to be relocated several times following complaints by residents who were disturbed by the noise of the inmates.

Apart from this, personal time is a luxury for Angela Devi.

Since opening the home, she has not had time for a holiday and family outings.

Finance is also a major challenge, as



Angela needs over RM20,000 monthly to run the home.

"We depend on donations but the amount has been decreasing in recent years. Our funding has been cut by almost half but still strive hard to continue running the home," she said.

Despite the challenges, Angela will not cease to perform her social obligations.

While taking care of these special people is not an easy

task, her reward is seeing the conditions of those under her care improving which is enough to boost her spirit.

The MyHero Award 2.0 was jointly organised by the Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor and Nanyang Siang Pau.

It is supported by the National Unity and Integration Department, The Associated Chinese Chambers of Commerce and Industry of Malaysia with corporate partner Sunsuria Bhd and sponsor, Bank of China. - by Haikal Jalil

