

Lorrain Osman: in his own words

Britain's longest-serving
unconvicted prisoner speaks
from Pentonville prison

Introduction

The following interview was recorded in Pentonville Prison on Thursday 23rd August 1990 during the process of researching a book on the Osman case. Believing this case to be worthy of wider and immediate publicity it was offered to half a dozen major publications, all of whom demanded to see it 'on spec,' and all of whom declined to use it. Fair's fair, it was slightly off the beaten track for a couple of business/investment magazines, and one cannot unduly criticise the apathy of *The Spectator*—the chinless wonders of high society have, after all, far more pressing issues to concern themselves with. The attitude of two solicitors' magazines though, did cause me some puzzlement. The editor of one said: "Lorrain Osman—who's she?" while the editor of the other, a young woman who was rather more on the ball replied with words to the effect that: it's interesting , but not for us.

It's not interesting, lady; it's a scandal! On November 12th Mr Osman is back in court for his fourth hearing of *habeas corpus*. He already has the dubious distinction of qualifying for an entry in *The Guinness Book of Records* as Britain's longest serving unconvicted prisoner. One wonders how

many more records he will have broken before his ordeal is over.

This interview was recorded at some considerable risk to the person who actually put the questions to Mr Osman; my thanks to that person. The individual concerned spoke of being moved to tears by Lorrain Osman's sincerity which "shines like a beacon through his suffering." It is my sincere hope that somebody in authority will be moved to do something more than cry before that suffering comes to its inevitable and tragic end.

Alexander Baron

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LORRAIN OSMAN: IN HIS OWN WORDS

Mr Osman, you have become something of a cause celebre in recent months: you are the longest serving unconvicted prisoner in modern British criminal history. Can you give us an insight into how this came about and what you were doing prior to your arrest in London in December 1985?

The whole matter arose out of the business of a finance company in Hong Kong, a wholly owned subsidiary of a government owned bank in Malaysia. Very briefly, during the boom years in Hong Kong (between 1978 and 1981), this company lent very large sums to two or three groups in Hong Kong, one in particular known as the Carrian Group.

I was a non-executive director both of the parent company in Malaysia as well as the subsidiary in Hong Kong of which I was asked also to be the non-executive chairman. In the event, there was an overnight slump in property values in Hong Kong in 1982, and the Carrian Group in particular was unable to repay its loans. The newspapers got hold of this story, and opposition parties in Malaysia hoped to make capital out of it.

As a diversion, the Malaysian government sought to cast responsibility on the directors of the Hong Kong company, in particular, on myself though all the transactions of the Hong Kong subsidiary were at all times known to the parent company and its entire management in Malaysia, not only that, it was known to the Malaysian central bank which had conducted a full inspection of the Hong Kong subsidiary in early 1982. However, for political reasons it was not convenient for the government to indicate the true situation as I have just outlined, but rather to say that the

lending was due entirely on the authority of the board of the Hong Kong subsidiary company, and that it was done improperly.

It is significant (and I'll explain why in a minute), that no prosecution was ever initiated in Malaysia, the logical place to do so in view of the fact that the ultimate loss as well as the residence of all the directors in question, including myself, was in Malaysia. Instead, the Malaysian Attorney General said that he did not have any jurisdiction, which clearly was not true as Malaysian law does in a number of matters with which we are concerned, allow for extra-territorial jurisdiction. So although police reports and complaints were largely in Malaysia, they decided to take no action there; the reason being that any prosecution in Malaysia would immediately have brought to the public's attention the knowledge of the Malaysian authorities knowledge of the entire operations of the Hong Kong finance company. So it was decided to initiate a complaint in Hong Kong, and as a consequence of that complaint, the Hong Kong authorities decided that they would prosecute me as presumably being the biggest fish that they could target their operation against.

It is significant that the chief executive and general manager of the Hong Kong company who was resident in Hong Kong at all times and had full charge of its operation, admitted to misconduct in the granting of those loans, including the acceptance of bribes, and, surprisingly, Hong Kong authorities decided he should be given complete immunity, notwithstanding the circumstances I've just stated, so that he could give evidence against me. Now, imagine the situation where I, a non-executive director, a person fully involved in my own business, who only went to Hong Kong about once every six weeks, and then to attend board meetings in keeping with the normal practice

of directors of all companies. I was not concerned with their [the loans] implementation or day to day administration, but it was decided I should be prosecuted while the person actually responsible [who] by his own admission had carried out all the acts complained of against me. Every single act in respect of which I have been charged were [sic] carried out by this general manager. The basis of the prosecution against me is this man's word that on my verbal instructions, without any confirmation in writing, he had carried out, implemented, improper, fraudulent, criminal acts involving sums in the region of 500,000,000 US dollars. To me the situation was such that no right-thinking person could ever believe that this self-confessed criminal could be telling the truth in those circumstances. No general manager would ever risk not only his reputation but the possibility of prosecution and so on, on the verbal authority of anybody. The very least that he would have done was himself to have written to confirm it. Yet, on the basis of that sort of allegation, the Hong Kong authorities decided to prosecute me.

How long were you associated with BBMB, and what was it set up for originally?

I had been associated with BBMB right from its inception, indeed even before its inception. At the time, 1965, I was in practice as a lawyer at Kuala Lumpur, and as result of a strong lobby on the part of the indigenous population of the country, mainly the Malays or Bumiputra as they are called, [the] government decided to create a financial institution primarily directed towards the objective of servicing the financial requirements of this section of the community.

The then deputy prime minister, the late Tun Razak had the responsibility of seeing this project through, and he instructed me to incorporate the bank, Bank Bumiputra Malaysia.

And when it came to the time for the final process of incorporation, I asked him to let me have the names of the subscribers to the memorandum and articles of the company as well as the initial directors. His reply in respect of both lists of persons was to give me a number of names, in each case ending up with the words "and you also." So it was that apart from having prepared the necessary work for the incorporation of the company I also found myself as both a subscriber and a director.

In view of my legal training, perhaps even more so the particular practice I was carrying out at the time, which was largely in the banking and corporate fields, it was quite natural for me to be taking a particular interest in the board meetings and other related activities. All, I hasten to add, at board level. And it soon became a sort of understanding on the part of my fellow directors that my views were of a certain value.

What was your relationship with George Tan?

Initially, George Tan was introduced to me by the general manager whom I mentioned earlier, in Hong Kong. At that time, I think it was in 1978 or 1979, George Tan's group was still in its comparatively early stages of activity, but was regarded as a good prospect for the kind of business that we were keen to do in Hong Kong. I should briefly mention that *we*, (meaning the banking group as a whole), had large sums of money deposited with it [sic] by the Malaysian National Oil Corporation and it became a matter of some urgency for us to find suitable business [sic] in which to invest those funds.

After the initial meeting with George Tan, we did some business with his group, on an entirely satisfactory basis, and accordingly we expanded the extent of business that was being done with him. Over the following two years, George

Tan made a point of briefing me as much as possible in the various projects that he was involved in, particularly those which he was asking us to finance. These were mostly related to property, and in Malaysia, in my own business, I had quite wide experience and dealing in property, hence George Tan found it easier to explain property business to me. Certainly over this period we came to know each other reasonably well in Hong Kong, and George Tan and the Carrion group became one of the most successful property companies there. When he had become apparently quite successful, I had occasion to suggest to him that he should consider making some investments in Malaysia.

Did you accept a bribe from George Tan?

Never [emphatically].

Or from anyone else?

Nor from anyone else. Quite apart from not being inclined that way, there was certainly no reason for me to do so. Having become highly successful and, certainly by my own standards, wealthy, through my own business.

What do you think of George Tan now?

Subject to a certain qualification which has become increasingly worrying to me, I still regard his dealings with myself and with the bank generally as having been straightforward. Certainly, this is contrary to the allegations of the prosecution, he had apparently honoured his obligations. At least, this is what the management of the Hong Kong company had reported to the board. The qualification I mentioned is that now, after almost five years of looking into matters, things have started to appear in connection with George Tan's operations of which I had absolutely no knowledge.

These included George Tan's present position, that he was in fact fronting for a number of Malaysian investors. Certainly at no time during my dealings with him [through the finance company] was there ever any mention of Malaysian investors being in partnership with or otherwise connected with him.

You were arrested in London in December 1985 — Why were you living in London?

As a consequence of a press campaign shifting responsibility to me, there had been threats made against my family and myself [in Malaysia]. Accordingly I was advised by friends that it would be best if I kept out of the way [ie. out of Malaysia]. As I had a flat in London¹, I decided to bring my family here in order to stay out of the way and let things cool down. With modern communications, especially the telephone, I was able to a reasonable extent to continue with my business in Malaysia.

What was your reaction when you were arrested?

The immediate reaction was total disbelief that it had come to such a situation. I did know of course that the authorities in Malaysia were endeavouring to deflect responsibility away from themselves. And, strange as it may seem, I accepted that as part of [the] political reaction, [so] for that reason, despite a number of allegations made against me in the press, I had not said anything at all in public, nor to the press, but I did not ever believe that the Malaysian government would go to the extent of initiating a prosecution against me because they knew very well that everything that was done in Hong Kong was done with their knowledge. Not only, as I said earlier, by virtue of the

¹ Mr Osman has firm British roots; he was educated here and speaks flawless English.

normal management arrangements between the parent company and the Hong Kong subsidiary, but [also] by the fact of the inspection of the Central Bank of Malaysia of the Hong Kong operation. So the initial reaction, as I said, was total disbelief.

But then, as time went on and the case that was being conducted against me became apparent, it did appear that there was a concerted conspiracy to turn me into a scapegoat and thereby remove the concentration of interest from the authorities.

Who do you blame for being here?

There are a number of people who are responsible, and are responsible for various reasons, but I must place very high on the list this general manager in Hong Kong who has sought to [avoid] prosecution by agreeing to give completely false evidence against me.

I believe also that the person who became chairman of the bank in Malaysia by 1985, and very likely the Malaysian Attorney General went out of their way to persuade the Hong Kong authorities that I was the main person against whom proceedings should be brought.

I do not believe that the Prime Minister himself ever wished that [I should be prosecuted], but the persons that I have mentioned seem to have taken it upon themselves to proceed in this manner.

Again, without realising it at that time, but now, with the information that has become available, it does appear that the person who had been the second chairman and chief executive of the bank in Malaysia and subsequently the finance minister, may have had far more to do with the operating of the Hong Kong company than anybody realised after he had become minister of finance. Certainly at that

time I had no knowledge whatsoever that he had any involvement, either with the operations or with any of the borrowers in Hong Kong.

What sort of publicity has this case received in Hong Kong and Malaysia?

A certain amount of publicity in Hong Kong, more so, I think, in Malaysia. But again, the publicity has in most cases (or at least that's the impression I have), been in accordance with the prosecution's view of the case. They have of course, sought to paint me in the blackest of terms.

Is there any press censorship in Malaysia?

[The] Malaysian press and indeed not only the press but all forms of news and communications are under total governmental control. All newspapers in Malaysia are required to be licensed by the government, and such licences can be cancelled without notice. No newspapers not published in Malaysia (with a few exceptions which I will explain) are allowed to circulate in Malaysia. For example, none of the Singapore newspapers are allowed to circulate in Malaysia, nor, I believe are the Hong Kong newspapers.

Air mail editions of, for example, *The Sunday Times* and *The Financial Times* are allowed in, but all of these, and certainly all news magazines are subject to censorship in that they are all vetted by the Ministry of Home Affairs before they are allowed on the news stand. And, not infrequently, issues of such important news publications are banned.

I believe you trained as a barrister?

I did, yes.

With that training, what is your opinion of what has happened to you and how the authorities in Hong Kong, Malaysia and here in the UK have handled your case?

I have to say that these last five years, my experience of such proceedings, has given me one of the greatest shocks it is possible for a professional ever to experience. I received my entire training as a barrister in this country in one of the most well known law schools and one of the oldest universities in this country. [I was] taught by men who, at the time, were pre-eminent in their field, and one thing above all has always been a basic tenet of the English judicial system, namely that it is the duty of the prosecution in a criminal case to adduce in evidence, the truth. It is not the duty of the prosecution to put forward a set of suppositions for the purpose of securing a conviction.

In my experience, the way that the prosecution against me has been conducted has been one in which even the most rabid of civil litigants would have hesitated to espouse. The prosecution had produced only such evidence as would support their case. They have suppressed all evidence which would have clearly indicated not merely inconsistencies but implausibilities in their case.

I think you were offered a deal to plead guilty by Warwick Reid who was the previous prosecutor in the case in return for a lesser charge and a lighter sentence. Why didn't you take it?

Yes. Yes, that was very interesting because the offer was made in such attractive terms, and I will just explain one that sticks out in my mind, that if I were to [have agreed] to the deal, when I went back to Hong Kong I might even [have] been allowed to stay in the Hilton Hotel. The reason I was not prepared to accept a deal was simply because I could not bring myself to admitting something that I had

not done, and something that throughout my working life I have never done, and was known never to have done [emphatically].

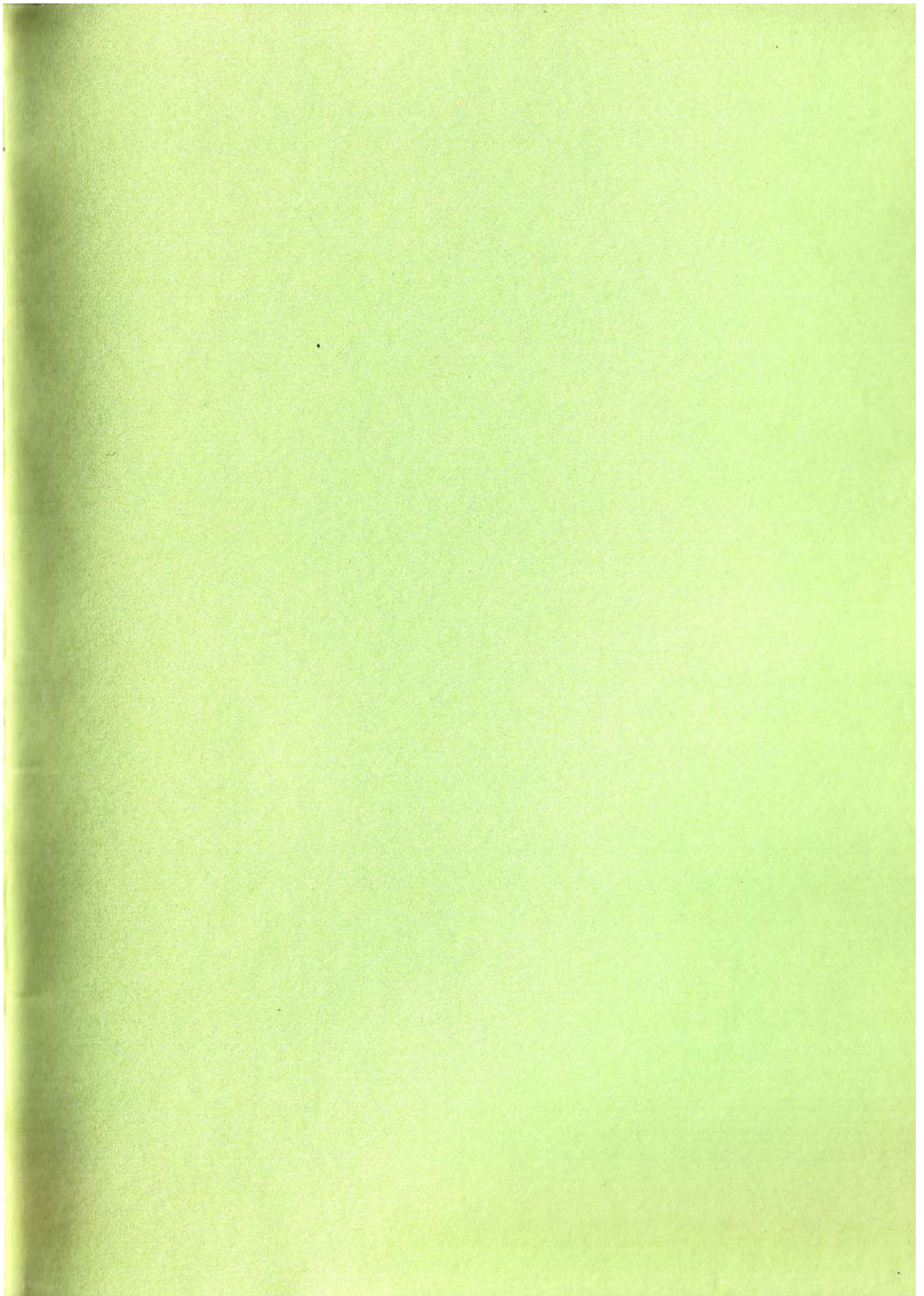
You are obviously a very stubborn man, Mr Osman. This is not intended as a criticism but don't you think it might have been wiser to take the line of least resistance?

Perhaps to some people that might have been so, but I should tell you that my family has for generations served our own government, and indeed that meant, ironically, in previous generations [we] actually served the British government as the then colonial masters. We have always done so with integrity, with efficiency, with honour. It is just not in my nature to admit to dishonourable acts merely to take an easy line, more so when none of these were acts that I had in fact done.

How much longer do you think you can go on?

Emotionally and mentally that may be hard to say, but I do believe that my upbringing and my experience you must not forget that I grew up in a period of nearly four years of the most horrifying terror under the Japanese military occupation of Malaysia, when there were times it appeared that my whole family were to be executed within a matter of hours. I think that prepared me for a fairly enduring fight.

Lorrain Osman, thank you very much indeed.



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