



## MEDIA RELEASE

### **COMPANY DIRECTOR HANDED RECORD FINE FOR MULTIPLE COMPANIES ACT BREACHES**

**Singapore, 22 February 2019** – On 21 February 2019, a company director was fined a record \$113,400 for 54 charges (\$2,100 per charge) in the State Courts. On 14 November 2018, Tan Hang Song was found guilty of multiple offences under section 175 and 197 of the Companies Act (CA) for being a company director who knowingly and wilfully permitted 9 companies to default in holding the annual general meeting (AGM) and in filing annual returns (AR).

Tan contested the charges leading to the State Courts hearing the case over two days. The State Courts subsequently found Tan guilty of all the offences as charged. Tan will also be disqualified from acting as a director of companies for a period of 5 years.

The holding of AGM and filing of AR are important statutory requirements. The AGM provides a forum for shareholders to be informed of the financial position of the company and to engage the directors of the company on the matter. Filing ARs on time enables timely public disclosure of key information such as the health and status of the company.

#### ***Fines for Companies Act breaches on the rise***

ACRA takes serious view of breaches to the Companies Act and has been stepping up enforcement and seeking deterrent sentences against directors who commit multiple breaches. In 2018, ACRA prosecuted a total of 12 company directors who were convicted and fined of similar offences. This latest fine imposed is the highest to date, with the previous highest being \$57,000 for 38 charges (\$1,500 per charge) which was meted out by the State Courts in July 2018.

### ***Disqualification of Directors***

Directors who have been convicted of three or more filing related offences under the Companies Act within a period of five years are automatically disqualified under the law. Directors who have three or more companies struck off the register by ACRA within a period of five years are similarly disqualified.

Once disqualified, they will not be allowed to act as a company director or take part in the management of any local or foreign company for five years, effective from the day after the date of the third conviction or the date the third company is struck off.

While disqualified individuals can apply to the High Court for leave to continue to act as directors, five directors, who were disqualified due to having 3 or more of their companies struck off by ACRA, had their applications dismissed by the High Court in 2018 and 2019. They were ordered to pay costs ranging from \$6,000 to \$12,000 to the Government, which had opposed the applications. Four other disqualified directors have withdrawn their leave applications. Said Mr Andy Sim, Assistant Chief Executive (Legal Services & Compliance), “Directors must take their statutory duties seriously including complying with important statutory requirements such as the holding of AGM and filing of AR. We will continue to seek high compliance, press for deterrent sentences in egregious cases and object to unmeritorious applications by disqualified individuals to the High Court for permission to continue to act as a director despite being disqualified.”

### ***Status of disqualified directors published on ACRA’s register***

To protect the public interest and enable investors and interested stakeholders to conduct due diligence on a company, ACRA publishes on its public register, directors who have been disqualified from acting as directors. The disqualified status of a director will be displayed in the business profile and directors profile reports of the company. Members of the public can purchase the business profile and director profile reports from ACRA’s online business registration and filing portal for a small fee.

*The above article was taken from ACRA, media release on 22 February 2019*