# Wang, Jianbin & Ors v Mface International Sdn Bhd & Ors [2026] MLJU 1855

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HIGH COURT (KUALA LUMPUR)

WAN MUHAMMAD AMIN WAN YAHYA J

GUAMAN SIVIL NO WA-22NCC-201-05/2020

20 April 2026

*Alex Gan Yi Yang (with Vilasiny a/p Gannasen and Sajanee a/p Sukumaran) (Vilasiny Gannasen & Co) for the plaintiff.*
*(Jabatan Insolvensi Malaysia Wilayah Persekutuan Kuala Lumpur) for the first defendant.*
*Firoz Hussein bin Ahmad Jamaluddin (with Fong Yi On, Ng Chia How and Harel Nieryan bin Awang Bakar) (Chun Hoo & Partners) for the second, third, fourth, fifth, sixth and seventh defendants.*

## Wan Muhammad Amin Wan Yahya J:

**GROUNDS OF JUDGMENT**

**(5 Consolidated Suits)**

**[1]** These Grounds of Judgment are in respect of five consolidated civil suits (collectively the "**5 Suits**") tried before this Court. The Suits arise from an investment scheme known as the "**MFC Club Scheme**" operated under the umbrella of a group of companies and individuals collectively referred to herein as the "**MBI Group**".

**[2]** The 1st Defendant, ***MFace*** International Sdn Bhd ("**D1**"), is the company against which Judgment in Default of Defence has been entered. D1 has since been wound up. The trial accordingly concerned the claims by approximately 600 Plaintiffs against the 2nd to 7th Defendants (collectively the "**6 Defendants**" or "**D2, D3, D4, D5, D6 and D7**" individually).

**[3]** By an Order dated 27.7.2022 (**Enclosure 72**), I consolidated the 5 Suits, the details of which are as follows:

| No. | Particulars of Suit | No. of Plaintiffs | No. of Defendants |
|---|---|---|---|
| 1. | WA-22NCC-**201**-05/2020 Wang, Jianbin & 46 Ors v. ***MFace*** International Sdn Bhd & 6 Ors) | 47 | 7 |
| 2. | WA-22NCC-**586**- 11/2020 Li Tao & 62 Ors v. ***MFace*** International Sdn Bhd & 6 Ors) | 63 | 7 |
| 3. | WA-22NCC-**614**-12/2020 | | |
| | Lim Kar Yian & 18 Ors v. ***Mface*** International Sdn Bhd & 6 Ors | 19 | 7 |
| 4. | WA-22NCC-**326**-07/2021 | 255 | 7 |

| No. | Particulars of Suit | No. of Plaintiffs | No. of Defendants |
|---|---|---|---|
| | Ikeda Mari & 254 Ors v. ***MFace*** International Sdn Bhd & 6 Ors | | |
| 5. | WA-22NCC-**346**-08/2021 Wang Lee Fu & 215 Ors v. ***MFace*** International Sdn Bhd & 6 Ors | 216 | 7 |
| | TOTAL | **600** | **(same Defendants)** |

**[4]** Suit No. WA-22NCC-201-05/2020 is the lead suit under which all proceedings have been conducted and under which these Grounds are delivered.

**[5]** Having heard the evidence and considered the submissions of the parties, I allowed the Plaintiffs' claims against the 2nd, 3rd, 4th, 5th and 6th Defendants in all 5 Suits, and dismissed the claim against the 7th Defendant. The reasons for this decision are set out below.

**A] SALIENT BACKGROUND FACTS**

**Parties**

**[6]** There are altogether approximately 600 Plaintiffs across the 5 Suits. They are **investors**, predominantly Chinese nationals and Malaysians, who invested sums of money in the MFC Club Scheme. The Plaintiffs commenced the present proceedings to recover their investments.

**[7]** There are seven Defendants. For clarity and ease of reference, their identities and roles within the MBI Group are as follows:

i) **D1 - *MFace* International Sdn Bhd** (Company No. 978203-V): the operating company of the MFC Club Scheme and the primary platform-facing entity. It was the principal recipient of the Plaintiffs' investments. Judgment in Default of Defence has been entered against D1 and it has since been wound up. D1 took no part in the trial.

ii) **D2 - MBI International Sdn Bhd** (Company No. 873323- V): a related company within the MBI Group, with D4 as shareholder. D2 shared common branding, registered address and key personnel with D1 and D3. D2 was also incorporated by D4 in 2009 and carried the business of operating convenience stores and dealing in various products. Its director and shareholder, D4, was also the director of M Academy International Sdn Bhd since 2022.

iii) **D3 - MBI Marketing Sdn Bhd** (Company No. 869919- D): another related company within the MBI Group. D4 is its sole director; D5 is a shareholder. D3 shared the same business group structure, directors and promotional framework as D1 and D2. Its business nature includes general trading, the conducting of courses, training, seminars, workshops and N.E.C. property investment.

iv) **D4 - Teow Wooi Huat**: the **founder** of the **MBI Group**, having established it in 2009, and its central controlling and directing figure throughout. He **founded D1** and is widely regarded as the face and icon of the MBI Group. Whilst his formal directorship and registered shareholding in **D2** dates from 2018, and his formal directorship of **D3** equally from 2018, **D4** was at all material times the de facto controlling and directing mind of the MBI Group - operating as its alter ego well before his formal corporate appointments, having founded and built the Group and **positioned himself as its public face from its inception**. He was appointed as a director of M Academy International Sdn Bhd on 31.3.2022. He **hosted and spoke** at numerous seminars, talks and trips **promoting the MFC Club Scheme** as its **principal promoter**. He established **M Mall** in 2015 as a redemption platform for investors. **He did not testify at trial and offered no explanation for his failure to do so**. He pleaded guilty to a criminal charge in 2019 and was sentenced to a fine of RM3 million.

v) **D5 - Teow Ee Meng**: the son of D4. He was the Managing Director of D1 and is a shareholder of D1 and D3. He was operationally embedded within the MBI Group and involved in its corporate decision-making.

vi) **D6 - Kau Fong Seng**: a director and manager of D1 and shareholder of D1 since 2012. He attended seminars, was involved in the management and operations of D1, and admitted in evidence that he

oversaw the marketing and branding activities of D1 (**D6's Witness Statement**; **NOE 2 pages 448-449**). He pleaded guilty to a criminal charge in 2018 and was sentenced to a fine of RM2.5 million.

vii) **D7 - Wong Wern Torng**: a director of D1 since 2012, appointed to replace D4. He holds no shareholding in any of the MBI Group companies. His role was technical and operational in nature, confined to IT-related functions. He testified as DW2 at trial.

**[8]** It is also part of the undisputed factual matrix that criminal proceedings were commenced against several of the Defendants arising from the same investment scheme which forms the subject matter of these proceedings.

**[9]** In particular, D1 was charged under *Section 27B* of the *Direct Sales and Anti-Pyramid Scheme Act 1993* for promoting the MFC Club Scheme, and D3 was charged under Section 24(1) of the *Payment Systems Act 2003* for issuing M Coin as electronic money. D4 and D6 pleaded guilty to criminal charges arising from their involvement in the same scheme and were fined RM3 million and RM2.5 million respectively.

**[10]** These charges arose from the very same scheme involving the ***MFace*** platform and MCoin structure during the material period relevant to the Plaintiffs' claims.

**[11]** I emphasise that these criminal proceedings are not treated as determinative of civil liability. However, they form part of the contemporaneous factual background and are relevant in assessing the nature of the scheme, the credibility of the Defendants' denials, and whether the Defendants had distanced themselves from the scheme during the material period.

**The MFC Club Scheme**

**[12]** The MFC Club Scheme ("**the Scheme**" or "**MFC Club Scheme**") was an investment scheme centred on a digital platform operated through the website addresses www.mfcclub.com, www.mfcclub.net, and www.mfcclub.info, as well as through M Mall, a physical retail platform located in Penang. The Scheme was promoted and operated by the MBI Group.

**[13]** The *modus operandi* of the Scheme, as established by the evidence, was as follows:

i) Potential investors were approached by existing investors acting as agents or "uplines", who invited them to attend seminars. These seminars were organised by D1 to D3 at designated venues including MBI Desaku in Kulim, the MBI International Multi-Function Convention Centre (MFCC), and MBI Resort at Danok, Thailand.

ii) D4 was a key speaker at numerous such seminars, hosted talks, and led trips as part of the promotional activities of the Scheme.

iii) Investors were induced to invest in USD currency into individual MFC Club investment accounts registered under D1 as the platform operator (***MFace***).

iv) In return for their investments, investors were promised advertisement points, reward points, an in-house digital currency known as "M Coin", and another unit known as "GRC". These were to be used or redeemed at M Mall in Penang, or could be cashed out at a later stage.

v) Payments to the Scheme were channelled through D1 to D3. In practice, many Plaintiffs made payment to their uplines (i.e. existing investors), who would then channel the funds accordingly.

vi) Study materials and promotional publications were provided to investors, including profile books and pamphlets, as well as manual books - principally the "Road to Millionaire" series and "M Academy System Training" manuals - published by M Academy Sdn Bhd. These materials, which extolled the commercial viability and legitimacy of the Scheme, were accessible online at the MFC Club websites.

**Corporate Structure of the MBI Group**

**[14]** D1, D2 and D3 carried a common business address. D2 and M Academy Sdn Bhd shared a common registered address. D1 and D2 operated from the same building. D4 was the director and/or shareholder of D1, D2, D3 and M Academy International Sdn Bhd. DW1, Ng Chooi Chun, admitted that D2 and M Academy Sdn Bhd shared common registered addresses. D5 confirmed that D2 and D3 could use the online platform ***Mface***.me, developed by D6 and D7 (**NOE 2, page 625**).

**[15]** The evidence thus establishes that D1, D2, D3 and M Academy operated as a coordinated group of

enterprises under the direction and control of D4, sharing common personnel, addresses, promotional materials and business infrastructure.

**Regulatory Actions and Criminal Proceedings**

**[16]** The MFC Club Scheme and the MBI Group attracted the attention of regulatory authorities at various stages:

i) **2007:** The Ministry of Domestic Trade, Co-operatives and Consumerism ("**KPDNKK**") investigated and charged D2.

ii) **BNM Consumer Alert List:** Bank Negara Malaysia (BNM) placed D1 and D3 on its Consumer Alert List as entities whose websites were unauthorised and unapproved under the relevant laws and regulations administered by BNM (pages 1-4 C14, **Enclosure 126**; pages 166-171 C1, **Enclosure 110**).

iii) **2018 - Charges against D1 and D3:** D1 was charged under *Section 27B* of the *Direct Sales and Anti-Pyramid Scheme Act 1993* for promoting the MFC Club Scheme. D3 was charged under Section 24(1) of the *Payment Systems Act 2003* for issuing M Coin as electronic money as a payment instrument.

iv) **2018 - D6 pleaded guilty:** D6 pleaded guilty to the criminal charges against him and was sentenced to a fine of RM2.5 million.

v) **2019 - D4 pleaded guilty:** D4 pleaded guilty and was sentenced to a fine of RM3 million.

vi) **3.1.2021**: The then *Ketua Polis Johor*, Datuk Ayob Khan bin Mydin Pichay, publicly exposed the Defendants' illegal activities through a press conference. Shortly thereafter, the MFC Club websites were shut down and investors could no longer access their accounts.

**B] THE WITNESSES**

**[17]** Eight Plaintiffs (collectively, the "**8 Testified Plaintiffs**") testified at trial on behalf of the Plaintiffs as follows:

| No. | Name | Plaintiff No. / Suit No. | Reference |
|---|---|---|---|
| 1 | Ong Seow Lee | P81 / Suit 346 | PW1 |
| 2 | Huang Lin Zhi | P45 / Suit 201 | PW2 |
| 3 | Lee Chen Ping | P145 / Suit 346 | PW3 |
| 4 | Ren Yi | P25 / Suit 586 | PW4 |
| 5 | Mohamed Azmi bin Salim | P5 / Suit 614 | PW5 |
| 6 | Zhou Shuang | P21 / Suit 586 | PW6 |
| 7 | Liu Guang Yu | P95 / Suit 326 | PW7 |
| 8 | Huang Yu Xiang | P65 / Suit 326 | PW8 |

**[18]** The 2nd to 7th Defendants called the following witnesses:

| No. | Name | Defendant No. | Reference |
|---|---|---|---|
| 1 | Ng Chooi Chun | - | DW1 |
| 2 | Wong Wern Torng | D7 | DW2 |
| 3 | Teow Ee Meng | D5 | DW3 |
| 4 | Kau Fong Seng | D6 | DW4 |

**[19]** It is notable that D4 - the founder, controlling mind, and primary promoter of the MBI Group - did not testify at trial. No explanation was offered for his failure to do so. In circumstances where the 4th Defendant was in a position to explain matters central to the operation of the Scheme but elected not to testify, the Court is entitled to draw an **adverse inference** pursuant to *section 114(g)* of the *Evidence Act 1950* that his evidence would not have assisted his case.

**[20]** Although DW1 testified, her evidence was that she had no knowledge of D2's affairs, and D2 did not call any witness able to speak to its operations.

**[21]** It is a settled principle of law that where a party fails to call a **material witness** who **possesses direct and peculiar knowledge of the facts in issue**, particularly where **serious allegations are made against him**, the Court is entitled to draw an adverse inference that such evidence would not have assisted that party's case. This principle is well established in **See** *Keng Wah v. Lim Tew Hong* [1957] 23 MLJ 137, *Boor Singh v. Abdul Majeed* [1967] MLJ 16 and *Munusamy v. Public Prosecutor* *[1987] 1 MLJ 492*.

**C] THE DOCUMENTARY EVIDENCE**

**[22]** In addition to the oral testimony of the 8 Testified Plaintiffs and the 4 Defence witnesses, extensive documentary evidence was placed before this Court. The documentary record is of central importance to this judgment and warrants separate consideration before the issues are addressed.

**[23]** Each of the 600 Plaintiffs adduced his or her **individual bundle of documents** ("**Plaintiffs' Individual Bundles**"). These documents were tendered, marked and admitted as **Part B** documents at trial (**Enclosures 242 to 701** across the 5 Suits; see Appendix 5 of the Plaintiffs' Written Submissions (**Enclosure 838**)) ("**the Part B Documents**"). It is accordingly not open to either party to thereafter challenge the origins or form of those documents. Only their contents remain open for argument.

**[24]** The Plaintiffs' Individual Bundles comprised, inter alia, the following documents:

i) personal particulars of each Plaintiff, including their **identity card or passport** numbers and addresses, establishing the identity of each investor;

ii) each **Plaintiff's individual MFC Club account**, showing the account ID, the package subscribed to, the date of account opening, the investment amount in USD, and the AP points and registered wallet balance standing to each Plaintiff's credit in the Scheme (the Part B Documents);

iii) **Token Account Summary** tables for each Plaintiff's MFC Club account or accounts, setting out the total investment amount, the inflow and outflow of funds, and the net investment sum payable to each Plaintiff;

iv) **the individual digital assets accounts** and, where applicable, the investment platform known as "Eunex" and account MTI, evidencing each Plaintiff's participation across multiple platforms associated with the MBI Group;

v) **invoices issued by D1** upon registration and investment by each Plaintiff, constituting formal acknowledgement of the amount invested and the AP points, GRC, M Coin and M Mall entitlements arising from each investment; and

vi) **payment receipts** and other pertinent records evidencing the monies paid by each Plaintiff into the Scheme.

**[25]** Together, these documents provide a clear, contemporaneous and particularised record of each Plaintiff's

investment - the specific sum invested, the account or accounts through which the investment was made, and the basis upon which the claim for recovery is founded. The striking consistency between the individual account documents, the MBI Group's own published manuals and promotional materials, and the structure of the Scheme as described by the 8 Testified Plaintiffs in oral evidence further confirms that all 600 Plaintiffs were investors in the same uniform Scheme operated by the same Defendants.

**[26]** The 6 Defendants did **not challenge** the authenticity of these documents. Where any dispute was raised during the trial, it went to specific aspects of the contents of individual documents - for example, alleged discrepancies between the amounts stated in certain documents and those stated in PW7's and PW8's witness statements, documents containing remarks in the Chinese language without a certified translation, and the absence of invoices or transaction slips in certain bundles. These disputes were accordingly confined to the **contents** of specific documents rather than to the genuineness of the documents themselves.

**[27]** At trial, the consistency between the individual account documents and the structure and operation of the MFC Club Scheme was also placed in issue. The Plaintiffs pointed to the fact that the name of D1, the MFC Club logo, the website addresses www.mfcclub.com, www.mfcclub.net and www.mfcclub.info, and the account operating systems as reflected in the individual bundles were consistent throughout and consistent with the MBI Group's own promotional materials - including its profile books and the M Academy manual books. The 6 Defendants, on the other hand, disputed the connection between the individual account documents and the Defendants, maintaining that the documents had not been shown to emanate from or relate to any of the 6 Defendants specifically.

**[28]** The **weight** to be accorded to the documentary evidence, and whether it is sufficient to establish each Plaintiff's investment in the Scheme without the necessity for oral testimony from each of the 600 Plaintiffs, will be specifically addressed later in these Grounds.

**D] THE PLAINTIFFS' CASE**

**[29]** In their Statement of Claim ("**SOC**"), the Plaintiffs advanced two principal causes of action against the 6 Defendants:

i) **The Contractual Claim**: Based on representations given by D4 at seminars organised by D1 to D3, the Plaintiffs had invested sums of money in D1 as consideration for investment in reward points under the MFC Club Scheme. The MFC Club Scheme is illegal. The Plaintiffs seek the recovery of their investments.

ii) **The Fraudulent Misrepresentation Claim**: Based on the explanation in the manual books published by M Academy and the *modus operandi* of the 6 Defendants, the 6 Defendants fraudulently misrepresented to the Plaintiffs that the MFC Club investment scheme was a legal scheme.

**E] THE 6 DEFENDANTS' CASE**

**[30]** The 6 Defendants contended, inter alia:

i) The Suits are not representative actions; each of the 600 Plaintiffs bears an independent burden to prove his or her own claim. The 592 Plaintiffs who did not testify have failed to discharge that burden.

ii) The Contractual Claim must fail for the following reasons:

   a) the Plaintiffs failed to plead and particularise their respective contracts with the 6 Defendants;

   b) any contract arising from the MFC Club Scheme was solely between each Plaintiff and D1, not the 6 Defendants;

   c) there is no evidence that the 6 Defendants owned or operated the MFC Club; and

   d) the illegality of MFC Club has not been proven by admissible evidence, as the charge sheets, BNM notices and news reports are inadmissible.

iii) The Fraudulent Misrepresentation Claim must fail for the following reasons:

   a) the Plaintiffs failed to plead and particularise the representations made by each of the 6 Defendants;

   b) the 6 Defendants did not make any misrepresentation - those who allegedly approached the Plaintiffs were prior investors, not agents of the 6 Defendants;

   c) the manual books were published by M Academy, which is not a party to the Suits;

   d) there is no evidence that the representations were false as the illegality of MFC Club is unproven;

e) the 6 Defendants lacked knowledge of falsity at the time of the investments in 2016 - 2017 as charges were only preferred in 2018; and

f) the defence of *ex turpi causa non oritur action* applies.

iv) The quantum of damages claimed by the Plaintiffs has not been proven.

**F] ISSUES FOR DETERMINATION**

**[31]** The following are the principal issues for determination:

i) Whether the Plaintiffs must all individually testify, and what is the effect of the failure of the 592 non-testified Plaintiffs to give oral evidence;

ii) Whether the documentary evidence and evidence of the 8 Testified Plaintiffs is sufficient to establish the claims of all 600 Plaintiffs;

iii) The causation, nexus and linkage - the position and involvement of each Defendant in the MFC Club Scheme;

iv) Whether the Contractual Claim is made out against the 2nd to 6th Defendants;

v) Whether the Fraudulent Misrepresentation Claim is made out;

vi) The admissibility of the charge sheets, BNM notices, and news reports;

vii) The position of the 7th Defendant specifically; and

viii) Damages and quantum.

**G] ANALYSIS AND FINDINGS**

**Issue 1: Whether the Plaintiffs Must All Individually Testify - The Non-Testified Plaintiffs**

**[32]** The 6 Defendants submitted that since the 5 Suits are not representative actions under *Order 15 Rule 12* of the *Rules of Court 2012*, each of the 600 Plaintiffs bears an independent burden of proof. Reliance was placed on the following authorities:

i) The Federal Court decision in *Letchumanan Chettiar Alagappan @ L Allagappan (as executor to SL Alameloo Achi alias Sona Lena Alamelo Acho, deceased) & Anor v. Secure Plantation Sdn Bhd* *[2017] 4 MLJ 697*, where the Federal Court affirmed the well-established principle that all plaintiffs in a civil action bear the burden of proving their respective cases, and that if a plaintiff fails to discharge that burden, his claim must fail without the defendant being required to lead any evidence.

ii) The Court of Appeal decision in *Murshid Meam bin Ghouse Meam & 1064 Yang Lain (senarai kesemua plaintif-plaintiff terkandung di dalam Jadual A, B dan C pernyataan tuntutan) v. Genneva Malaysia Sdn Bhd* *[2018] MLJU 1408*, where 1,068 plaintiffs commenced an action against the defendant for breach of contract. Only 37 plaintiffs testified at trial. The High Court dismissed the plaintiffs' claims on the ground that they had failed to particularise their respective contracts with the defendant in the statement of claim. The Court of Appeal upheld the dismissal, holding that there were 1,065 individual transactions involving 1,065 plaintiffs, and that even a perusal of the amended statement of claim in its entirety would not assist in determining whether contracts had been concluded or whether there had been a breach. The Court of Appeal held that the claims by all 1,065 plaintiffs would have to be proved separately in the case of each plaintiff, and that the details of all 1,065 contracts must be pleaded and proved.

**[33]** It was argued that since only 8 Plaintiffs testified, the remaining 592 have produced no evidence at all, and any evidence given by PW7 and PW8 on their behalf constitutes inadmissible hearsay.

**[34]** Having carefully considered the submissions and the evidence, I do not accept that the failure of the 592 Plaintiffs to personally testify is fatal to their claims. My reasons are as follows:

i) It is not in dispute that the 5 Suits were not commenced as representative actions under *Order 15 Rule 12* of the *Rules of Court 2012*, but are instead individual actions subsequently consolidated.

ii) Nevertheless, this does not mean that each Plaintiff is required to give oral testimony. There is no rule of law that requires a plaintiff to give oral testimony as a matter of course. The obligation is to **prove one's**

**case**, not necessarily to testify in person. The mode of proof is a matter of evidence and depends on the circumstances of each case.

iii) The Plaintiffs adduced extensive documentary evidence, principally contained in **Part B** of the common bundles, including individual investment records, transaction histories, and platform records for each Plaintiff. This constitutes extensive and particularised documentary evidence going directly to the fact of investment and its quantum for each and every Plaintiff.

iv) Critically, the **authenticity** of these documents was **not challenged** by the 6 Defendants. Where any dispute arose, it concerned the contents rather than the genuineness of the documents. That being so, the documents stand as evidence of their contents.

v) I am satisfied that these documents are largely **self- explanatory**. The fact of each Plaintiff's investment and its quantum are **discernible from the documents themselves**, without the necessity for repetitive oral testimony from each of the 600 Plaintiffs.

vi) Where explanation was required, oral evidence was adduced by the 8 Testified Plaintiffs and was **consistent with the documentary record**. Their evidence was **unchallenged** on the core facts of the Scheme's operation.

vii) The case of **Murshid Meam** (supra) is distinguishable on its facts. That case concerned 1,065 Plaintiffs in a breach of contract action involving three distinct categories of Sale and Purchase Agreements with the Defendant. The Court of Appeal held that the details of all 1,065 contracts had to be pleaded and proved individually. The present case is materially different. Whilst the Plaintiffs' case here includes a contractual element - namely the claim for recovery of investments made pursuant to an illegal scheme - the Plaintiffs' case is not confined to breach of contract alone. It extends further and separately to **fraud and fraudulent misrepresentation**, which is a distinct cause of action in tort. More fundamentally, unlike the three distinct categories of agreements in **Murshid Meam** (supra), all 600 Plaintiffs in the present case participated in a single, uniform Scheme with identical mechanisms and operation. The *modus operandi* was consistent across all Plaintiffs, and the same fraudulent misrepresentation was directed at all investors through the same publications, seminars and promotional machinery. The common question of fact and law - being whether the Defendants operated an illegal scheme and fraudulently misrepresented its legality - is one and the same for all 600 Plaintiffs. It is on this basis that the present case is clearly distinguishable from **Murshid Meam** (supra).

viii) Accordingly, the documentary evidence before this Court - comprising individual investment records, transaction histories, and platform records contained in Part B of the common bundles - is sufficient, on a balance of probabilities, to establish each Plaintiff's participation in the Scheme, the fact of investment, and the quantum of each Plaintiff's investment. The sums invested by each Plaintiff are specific and liquidated amounts, **ascertainable directly** from the contemporaneous account records and platform documents, the authenticity of which was not challenged. I am therefore satisfied that judgment may properly be entered not merely on liability but for the specific sums claimed by each Plaintiff as representing the amounts invested in the Scheme. The failure of the 592 Plaintiffs to personally take the stand does not defeat their claims, whether on liability or on the quantum of their investments as disclosed by the documentary record.

**[35]** Further, I find that the following authorities placed before this Court to be more persuasive, more directly applicable on the facts, and more consistent with the justice of the case:

i) In *Drincqbier v. Wood* *[1899] 1 Ch 393*, four individuals who had each separately acquired debentures in reliance upon misrepresentations in a prospectus and covering letter joined as co-Plaintiffs to sue the directors responsible. The Court held that since all the causes of action were identical, stemmed from the same transaction, and were directed against the same defendants, the joinder was properly constituted and the action was maintainable. In the present all 600 Plaintiffs participated in an **identical scheme**, their causes of action arose from the same fraudulent transaction.

ii) In **Arnison v. Smith 41 Ch. D. 369**, Lord Chancellor Halsbury observed that it is virtually impossible to ask a person who has been exposed to a prospectus to identify precisely which individual representation induced him to invest. A person looks at the promotional picture as a whole, forms his conclusion from that overall picture, and cannot be expected to dissect the individual elements by ounces. This observation applies with full force to the present case - all 600 Plaintiffs were exposed to the same seminars, the same manual books, the same websites and the same promotional machinery operated by the same Defendants. To require each of them to individually articulate in the witness box the precise representation that induced each of them would be an artificial and impossible exercise.

iii) *Section 134*of the *Evidence Act 1950* expressly provides that no particular number of witnesses shall, in any case, be required for the proof of any fact. This provision is clear and unambiguous. The law itself does not mandate that every Plaintiff in a multi-party suit must give oral testimony. What matters is whether sufficient evidence - whether oral, documentary, or both - has been placed before the Court to establish the facts in issue.

iv) In *Gan Boon What & 131 Ors v. Chan Cheh Chin* *[2024] MLJU 3748*, the High Court dealt with a claim by **132 Plaintiffs** alleging that the Defendant had made **fraudulent misrepresentations** inducing them to invest in various schemes. Although only **7 of the Plaintiffs** testified at trial, the Court was nevertheless satisfied, on a balance of probabilities, that **the Plaintiffs had established their claims**, having regard to the **totality of the evidence**, including the documentary materials and the consistency of the Plaintiffs' case. This case illustrates that a court may be satisfied, on a balance of probabilities, that Plaintiffs in a fraudulent misrepresentation claim have established their case on the basis **of documentary evidence** and the evidence of a **limited number of witnesses**, without requiring testimony from each individual Plaintiff. In other words, it is **not necessary for each Plaintiff to testify** in order to prove his or her claim.

v) Most compelling is the decision of the Court of Appeal in *Raja Lob Sharuddin bin Raja Ahmad Terzali & Ors v. Sri Seltra Sendirian Bhd* *[2008] 2 MLJ 87* which establishes principles directly applicable to the present case:

a) First, in a civil action, parties may be represented by counsel without their physical presence unless their attendance is required, for example, to give evidence. More importantly, the Court of Appeal recognised that **it is not necessary for each individual Plaintiff to testify**. In that case, although there were 45 Plaintiffs, the Plaintiffs' case was established through the evidence of **an expert** witness and **a single Plaintiff**, and it was held to be wrong in law to strike out the claims of absent Plaintiffs. In this regard, the Court of Appeal held as follows:

> *"… **The presence of a plaintiff is not essential in a civil action**. So long as someone is present in court on his behalf it would not be lawful for the court to strike out the plaintiff's action. His presence would become necessary if he is required to give evidence. **In a civil action it is not uncommon where other persons give evidence on behalf of the plaintiff without the plaintiff himself giving evidence**. …"*
>
> (emphasis added)

b) Second, and of particular significance to the present case, the Court of Appeal affirmed that documents placed in **Part B** of the Bundle of Documents signify that both parties had agreed, prior to the commencement of hearing, to their production and regularity, and it is not thereafter open to either party to challenge their origins or form - only their contents remain open for argument. Since the individual Plaintiffs' documents (**the Part B Documents**) were placed in and admitted as Part B documents, their authenticity and production are agreed matters. The Court is therefore entitled to consider and evaluate their contents. I am satisfied that the contents of these documents are largely self- explanatory, and that the fact of each Plaintiff's investment and its quantum are readily discernible from the documents themselves. To the extent that any explanation was required, it was sufficiently provided by the oral evidence of the 8 Plaintiffs who testified, which was **consistent** with and **corroborative** of the documentary record. Taken together, the documentary evidence and the corroborative oral testimony are sufficient, on a balance of probabilities, to establish the contents of the documents and the facts which they evidence, **without** the necessity for each of the remaining Plaintiffs to give oral testimony.

**Issue 2: Causation, Nexus and Linkage - The Position and Involvement of Each Defendant in the MFC Club Scheme and Lifting of the Corporate Veil**

**[36]** Before addressing the specific causes of action, it is necessary to examine the nexus, causation and linkage between each Defendant and the MFC Club Scheme. Liability does not operate in a vacuum - it must be traced through each Defendant's role, position, conduct and connection to the Scheme. I set out my findings on each Defendant by reference to the evidence in the following table, which I have prepared for clarity and emphasis:

| Defendant / Type | Role / Position | Share-holding | Operational / Scheme Involvement | Key Findings for Liability |
|---|---|---|---|---|
| **D1** Corporate | Operating company of the Scheme | N/A | Operated the MFC Club Scheme; platform-facing entity (MFace); primary recipient of investors' monies | Judgment in Default entered; central vehicle of illegality; Scheme operated through D1; now wound up |
| **D2** Corporate | Related company within MBI Group | **D4** is share-holder | Part of coordinated group; shared branding, registered address, structure and personnel with **D1** and **D3** | Interlocking corporate structure; common director (**D4**); shared address with **D1** and **D3**; no distancing from Scheme |
| **D3** Corporate | Related company within MBI Group | **D5** is share-holder | Shared directors and promotional framework; M Academy (related) published manuals used in promotion; charged under **Payment Systems Act 2003** | Sole director is **D4**; part of coordinated network; directly linked to promotion of Scheme through manuals and branding |

| | | | | |
|---|---|---|---|---|
| **D4** Individual | Director of **D2**; sole director of **D3**; founder of MBI Group | Share-holder of D2 | Central controlling and directing figure; present at and hosted seminars; personally involved in promotion; pleaded guilty - fined RM3 million (2019) | Did not testify; failed to distance himself from Scheme; criminal liability confirmed; liability grounded in control, conduct and direction |
| **D5** Individual | Director of **D1** | Share-holder of **D1** and **D3** | Embedded within operational environment; involved in corporate decision-making; son of **D4** | No distancing; criminal proceedings; embedded within MBI Group management |
| **D6** Individual | Director and manager of **D1** | Share-holder of **D1** | Attended seminars; managed and operated D1; admitted oversight of marketing and branding activities of D1 | Pleaded guilty - fined RM2.5 million (2018); continued active involvement; criminal liability confirmed |
| **D7** Individual | Director of D1 (later appoint-ment, replacing **D4**) | No share-holding | Technical / IT-related operational role; no evidence of involvement in promotion, conception or direction of Scheme | Appointed at a later stage; no shareholding in any MBI Group company; no evidence of participation in seminars or promotion; liability NOT established |

**[37]** The table above demonstrates that:

i) **D1 to D6** were, in various capacities, interlocking participants in the conception, promotion and operation of the MFC Club Scheme;

ii) **D4** was its directing mind and will;

iii) **D2, D3 and D1** provided the corporate infrastructure;

iv) **D5 and D6** were its operational managers; and

v) **D7**, by contrast, occupied a purely technical role with no shareholding, no promotional involvement, and no connection to the conception or direction of the Scheme.

**[38]** Further, the **Judgment in Default of Defence** entered against **D1** is not a matter of mere procedural consequence. By failing to enter appearance or file a defence, D1 effectively admitted the Plaintiffs' claim that it operated the MFC Club Scheme as an illegal investment vehicle. D1 is accordingly **the primary and admitted perpetrator of the Scheme**.

**[39]** This finding against **D1** has **direct and significant implications** for the liability of **D2 to D6**. The evidence before this Court establishes on a balance of probabilities that **D2 to D6** were closely and inextricably **associated with D1** - sharing common directors, shareholders, registered addresses, business infrastructure, promotional materials and personnel. D4 was simultaneously the founder of D1, the director of D2 and the sole director of D3. D5 was a director of D1 and a shareholder of both D1 and D3. D6 was a director and manager of D1.

**[40]** It follows that **D2 to D6**, by virtue of their established association with D1, **cannot credibly maintain that they were unaware** of the nature and operation of the Scheme that D1 was running. **They were not strangers to D1**. They were its directors, shareholders, and controlling minds. A person who is intimately connected to the primary perpetrator of an illegal scheme - sharing its infrastructure, directing its operations and benefiting from its promotion — cannot escape liability by simply asserting ignorance or denial. The closer and more pervasive the association with the admitted wrongdoer, the less tenable such a denial becomes.

**[41]** A material consideration is that, during the period in which the Scheme was actively promoted and operated, none of the Defendants who are ultimately found liable took any steps to distance themselves from the Scheme which they now deny. There was no evidence of withdrawal, protest, or dissociation. This absence of distancing, when considered together with their respective roles, the documentary evidence, and the contemporaneous criminal proceedings, supports a strong inference that these Defendants were aware of and participated in the Scheme during the material period.

**[42]** In this regard, the Federal Court in *Sunrise Sdn Bhd v. First Profile (M) Sdn Bhd & Anor* [1997] 1 CLJ 529 held that where there are signs of the separate personalities of companies being used to enable persons to evade their contractual obligations or duties, the Court will disregard the notional separateness of the companies. The corporate structure of the MBI Group **cannot** be used as a device to distance **D2 to D6** from liability for a Scheme that the admitted primary perpetrator, **D1**, operated through and with them.

**[43]** In addition to this, the Federal Court decision in *Ong Leong Chiou & Anor v. Keller (M) Sdn Bhd & Ors* *[2021] 3 MLJ 622* is also instructive on two distinct and independently sufficient grounds:

i) First, the Federal Court held at paragraphs 55 and 59 that where a finding of fraud has been made, that finding in itself warrants the allocation of liability to the perpetrators of the fraud - encompassing both the controlling individual and the companies under his control - **independently of and without any need to invoke the doctrine of piercing the corporate veil**. Liability is found against each of the perpetrators by reason of the fraud alone.

ii) Second, and separately, the Federal Court affirmed at paragraphs 63–65 and 67 that where a company has been formed or utilised so that its separate legal personality **would defeat or frustrate the Plaintiff's rights** against the controlling individual, the Court is entitled to pierce the corporate veil for the purpose, and only for the purpose, of depriving the wrongdoer of the advantage he would otherwise obtain through the utilisation of that separate legal personality.

**[44]** Both the above propositions apply to the present case. D4, as the controlling mind of the MBI Group, and D2 and D3 as the companies under his control, are liable for the fraud independently of any question of piercing the

corporate veil. Additionally, the corporate structure of the MBI Group - comprising D1, D2 and D3 as interlocking entities sharing common directors, addresses and promotional infrastructure - was the very vehicle through which the fraudulent scheme was operated, and its separate legal personalities cannot be used to frustrate the Plaintiffs' rights against those who directed and controlled it.

**Issue 3: Admissibility of the Charge Sheets, BNM Notices, and News Reports**

**[45]** The 6 Defendants objected to the admissibility of the charge sheets, the BNM Consumer Alert List notices, and news reports pertaining to the arrest and prosecution of the Defendants, on the ground that insofar as they relate to criminal proceedings and any conviction, they are inadmissible pursuant to the rule in *Hollington v. F Hewthorn & Co Limited* [1943] 2 ER 35, as applied by the Court of Appeal in *Datuk S Nallakaruppan v. Datuk Seri Anwar bin Ibrahim* *[2015] 4 MLJ 34* (see *section 43* of the *Evidence Act 1950*). The Defendants further submitted that a conviction by a criminal court is not admissible as evidence in subsequent civil proceedings because the civil court must come to its own decision on the facts.

**[46]** I accept that the rule in **Hollington** (supra), as affirmed in **Datuk S Nallakaruppan** (supra), remains applicable in Malaysian law. As a general rule, a prior criminal conviction is not admissible as proof of the facts underlying the conviction, and the civil court must arrive at its own independent findings on the evidence before it. However, such conviction may nonetheless be relevant in limited circumstances, including where its existence is itself a fact in issue or where it constitutes an admission, such as in the case of a guilty plea.

**[47]** However, that is not the end of the matter. The admissibility of documents must be assessed by reference to the specific purpose for which they are tendered. In the present case:

i) The BNM Consumer Alert List notices are public documents issued by a statutory regulatory authority in the exercise of its regulatory functions. They are admissible as public documents under the **Evidence Act 1950** to show that BNM had determined that D1's and D3's websites were unauthorised and unapproved under the relevant laws and regulations. They are not tendered to establish the guilt of any party but to establish the *fact* of the regulatory designation - which is itself relevant to the question of the Defendants' state of knowledge.

ii) The charge sheets are relevant not as proof of the truth of the charges but as documents going to the state of knowledge of the Defendants. They are relevant to establish **when** the Defendants were put on notice that the Scheme was the subject of criminal investigation and prosecution.

iii) Most critically, **D4 and D6 pleaded guilty** to and were convicted of **criminal offences** arising directly from the operation of the MFC Club Scheme. Their guilty pleas are admissions against interest and are admissible in these civil proceedings as admissions under the **Evidence Act 1950**. A guilty plea is a **voluntary admission** by the accused that he committed the acts charged. It is admissible as an admission of those facts.

**[48]** Accordingly, I admit the BNM Consumer Alert List notices and the charge sheets for the limited purposes described above. I admit D4's and D6's guilty pleas as admissions. I treat the news reports as background material going to the state of public knowledge, without treating them as proof of the truth of their contents.

**Issue 4: The Contractual Claim**

**i) The Scheme is Illegal**

**[49]** The Plaintiffs pleaded that the MFC Club Scheme is illegal and that contracts formed thereunder are *void ab initio*. The 6 Defendants submitted that the illegality of the Scheme has not been proven by admissible evidence.

**[50]** I find that the illegality of the MFC Club Scheme has been established on the evidence. My reasons are as follows:

i) **D1** was charged under *Section 27B* of the *Direct Sales and Anti-Pyramid Scheme Act 1993* for operating a pyramid scheme through the MFC Club website. A pyramid scheme is, by definition, illegal under that Act.

ii) **D3** was charged under Section 24(1) of the *Payment Systems Act 2003* for issuing M Coin as electronic money as a payment instrument without authorisation. The issuance of unauthorised electronic money is illegal under that Act.

iii) **D4 pleaded guilty** in 2019 and was sentenced to a fine of RM3 million. **D6 pleaded guilty** in 2018 and was sentenced to a fine of RM2.5 million. Their guilty pleas, being admissions against interest, establish

that they were personally implicated in the operation of a Scheme that was conducted in contravention of the law.

iv) BNM placed **D1 and D3's companies** on the Consumer Alert List as entities classified as unauthorised and unapproved under the laws and regulations administered by BNM. This is consistent with a finding of illegality.

v) The evidence of the 8 Testified Plaintiffs, who invested between 2016 and 2017 and whose accounts were all shut down when the Scheme collapsed, is consistent with the operation of an unlawful scheme.

**ii) Contracts between Plaintiffs and the 6 Defendants**

**[51]** The 6 Defendants submitted that any contractual relationship arising from the Scheme was between each Plaintiff and D1 alone, as D1 was the operating company. The 6 Defendants are, it was argued, legally separate entities and no direct contractual relationship existed between them and the Plaintiffs.

**[52]** I reject this submission. While the Plaintiffs did not plead an express contractual relationship with **each** of the six Defendants in the manner **typical of a conventional bilateral contract**, the Contractual Claim is instead **premised on the existence of an illegal scheme** carried out by a **coordinated enterprise**.

**[53]** Therefore, the question is not whether there was a formal written contract between the Plaintiff and each of D2 to D6, but whether the Plaintiff's investment in the Scheme - orchestrated by the MBI Group, of which D2 to D6 are the directing minds and corporate vehicles - gives rise to an obligation to make restitution in law.

**[54]** Given my finding that the MFC Club Scheme is illegal, the investments made by the Plaintiffs pursuant to the Scheme are recoverable under *Section 24* of the *Contracts Act 1950*, which provides that a contract is void if its object or consideration is unlawful. The Plaintiffs are entitled, as a matter of law, to recover money paid under a void contract. The obligation to make restitution of the Plaintiffs' investments falls upon those who operated and directed the Scheme - namely D2 to D6 acting through the corporate structure of the MBI Group.

**[55]** Further, the Court of Appeal in *Ong Tean Chye & Ors v. Tiew Choy Chai* *[2011] 4 MLJ 616*, set out comprehensively the legal consequences of an illegal contract. Of direct relevance to the present case is limb (c) (at page 648 of the report) of that decision, where the Court held that where a contract is lawful in its inception but only one party alone intends to exploit it for an illegal purpose, the law takes the view that the innocent party need not be adversely affected by the guilty intention of the other.

**[56]** The critical question is whether the innocent party participated in furtherance of the illegal activity. In the present case, the Plaintiffs invested in what was presented to them as a legitimate scheme. They had no knowledge of, and no part in, the illegal design of the Defendants. They did not participate in furtherance of the illegality. They are accordingly the innocent party within the meaning of limb (c) of **Ong Tean Chye** (supra), and are entitled to recover their investments notwithstanding the illegality of the Scheme.

**Issue 5: The Fraudulent Misrepresentation Claim**

**[57]** The elements of the tort of fraudulent misrepresentation are well-established in Malaysian law. In *Derry v. Peek* *(1889) 14 App Cas 337*, the House of Lords held that fraud is proved when it is shown that a false representation has been made knowingly, or without belief in its truth, or recklessly, careless whether it be true or false. The full cause of action, as affirmed by the Court of Appeal in *Victor Cham & Anor v. Loh Bee Tuan* *[2006] 5 MLJ 359* and *Sim Thong Realty Sdn Bhd v. Teh Kim Dar* [2003] 3 CLJ 227, and consistent with *Section 17* of the *Contracts Act 1950*, requires the Plaintiffs to establish the following elements:

i) that the Defendants made a representation of fact;

ii) that the representation was false;

iii) that the false representation was made either knowingly, or without belief in its truth, or recklessly, careless whether it be true or false;

iv) that the Defendants intended that the Plaintiffs should act in reliance upon it;

v) that the Plaintiffs did act in reliance upon it; and

vi) that the Plaintiffs suffered loss or damage as a result.

**i) The Representations Made**

**[58]** The Plaintiffs' case is that the 6 Defendants, through their *modus operandi* - principally the seminars and the M Academy manual books - represented to the Plaintiffs that the MFC Club Scheme was a legitimate and legal investment scheme.

**[59]** The 6 Defendants denied making any representation. They argued that:

i) those who approached the Plaintiffs were prior investors, not agents of the 6 Defendants;

ii) the manual books were published by M Academy, which is not a party to the Suits;

iii) there is no evidence that any of the 6 Defendants organised the seminars; and

iv) there is no evidence of what was said at the seminars.

**[60]** I reject these contentions. The evidence established the following:

i) **The manuals** - the "Road to Millionaire" series and the "M Academy System Training" manuals - were published by M Academy Sdn Bhd and bore **D1's logo and branding**. M Academy operated from the **same registered address as D2**. D4 held himself out as the founder and president of M Academy, as evidenced by, inter alia, a notice addressed to M Fans issued by D4 in that capacity (**page 732, Enclosure 113**). Given the interlocking corporate structure, the attribution of the manuals to a separate company, M Academy, does not insulate the 6 Defendants from liability - M Academy was a vehicle within the same enterprise, operated under D4's direction and control.

ii) **The Seminars** - were conducted at MBI Group venues - MBI Desaku in Kulim, the MFCC, and MBI Resort at Danok, Thailand. **D4** was a **principal speaker** at these seminars. The venues, the branding, the profile books and the **promotional materials all bore the MBI Group's identity**. It is untenable to suggest that the seminars were organised by persons unconnected to the 6 Defendants when they were held at MBI Group premises and conducted by D4.

iii) As observed in **Arnison** (supra): a person reading a **prospectus** looks at it as a whole, forms his conclusion from the **overall picture**, and **cannot be expected to weigh each element by ounces**. The same principle applies here. The Plaintiffs were presented with a comprehensive **promotional machinery** - seminars, manuals, websites, and profile books - all pointing to the legitimacy of the Scheme. They cannot be criticised for acting upon the overall picture presented to them.

iv) On the question of whether the uplines were agents of the 6 Defendants: the MFC Club Scheme was, by design, a structure that relied on existing participants to recruit new participants. By establishing and operating this structure, the 6 Defendants made those uplines their instruments of promotion. Any representation made by the uplines about the Scheme was made within the authority, express or implied, of the 6 Defendants.

**[61]** These representations were not isolated or sporadic, but were made through a **coordinated and structured** promotional machinery comprising seminars, printed materials and digital platforms, all bearing the identity and branding of the MBI Group.

**ii) Whether the Representations Were False**

**[62]** The representations that the MFC Club Scheme was a legitimate and legal investment scheme were false. I have already found above that the Scheme was illegal, being in contravention of the Direct Sales and Anti-Pyramid Scheme Act 1993 and the Payment Systems Act 2003. The **representations that the Scheme was legitimate** were therefore false in fact and in law.

**iii) Knowledge of Falsity - The Element of Fraud**

**[63]** The 6 Defendants contended that even if the representations were made and were false, there is no evidence that the 6 Defendants knew of the falsity at the time the Plaintiffs invested in 2016 and 2017, given that the criminal charges were only preferred in 2018.

**[64]** I reject this contention. In **Derry** (supra), the House of Lords held that fraud is proved when it is shown that a false representation has been made **knowingly**, or **without belief in its truth**, or **recklessly** whether it is true or false. Recklessness as to truth suffices; actual knowledge of falsity is not required.

**[65]** The following matters satisfy me that the 6 Defendants either **knew** that the representations were false or, at the very least, proceeded with a **conscious and reckless disregard** as to their truth:

i) KPDNKK had investigated and charged **D2** as long ago as 2007 in relation to the MBI Group's activities. The 6 Defendants were thus on notice of regulatory scrutiny of the MBI Group's business model from at least 2007.

ii) BNM placed **D1 and D3's** companies on the Consumer Alert List as entities operating unauthorised and unapproved businesses. The Consumer Alert List is publicly available. The 6 Defendants, as the directors and operators of those companies, are taken to have known of their own regulatory status.

iii) **D4** did not take the witness stand. He offered no explanation for the Scheme, did not distance himself from it, and produced no evidence that he had a genuine belief in the legality of the Scheme at the time he was promoting it at seminars. The adverse inference under *Section 114(g)* of the *Evidence Act 1950* may properly be drawn that his evidence, had it been given, would have been adverse to the Defendants.

iv) **D4** pleaded guilty in 2019 and D6 pleaded guilty in 2018. Having admitted through their pleas that they operated an illegal pyramid scheme and issued unauthorised electronic money, they cannot credibly maintain in these civil proceedings that they believed the Scheme to be legal at the time they were promoting it.

v) PW2 (Huang Lin Zhi) testified that all the Defendants from **D1 to D7** had been arrested, that the scheme was illegal, and that the illegal activities had been widely reported in the media (page 157 of *Nota Keterangan, Jilid 1* ("**NOE**")). This is consistent with a Scheme the illegality of which was not concealed but was progressively exposed.

**iv) Reliance and Inducement**

**a) Intention to Induce**

**[66]** The representations giving rise to the Plaintiffs' participation in the Scheme were made through a coordinated and structured approach. These included organised seminars and promotional events attended by several of the Defendants, as well as the use of online platforms and digital interfaces linked to the ***MFace*** ecosystem and MCoin structure.

**[67]** The representations conveyed a consistent narrative that participation in the Scheme would yield returns through the acquisition and utilisation of MCoin within the ***MFace*** platform. This uniformity across multiple Plaintiffs supports the conclusion that the representations were centrally organised and not isolated or coincidental communications. The **6 Defendants** clearly intended that persons exposed to this promotional machinery would act upon it by investing in the Scheme.

**b) Actual Reliance**

**[68]** The 8 Testified Plaintiffs all testified that they invested in the MFC Club Scheme having been exposed to the promotional materials, attended or been briefed about the seminars, and relied upon the representations that the Scheme was a legitimate investment vehicle. That reliance was objectively reasonable, given the scale and sophistication of the promotional machinery deployed by the MBI Group and the absence, at the time of investment, of any publicly available indication that the Scheme had been declared illegal.

**[69]** As Lord Chancellor Halsbury observed in **Arnison** (supra), it is not necessary for a Plaintiff to identify the precise representation that induced him. A person who is **shown a comprehensive promotional picture** of a scheme as legitimate **and who invests accordingly** has been **induced** by the **overall representation**. That is precisely the case here.

**[70]** For the 592 non-testified Plaintiffs, I am satisfied, for the reasons set out in **Issue 1** above, that the documentary evidence - including individual investment account records and platform records - establishes that each of them invested in the same Scheme, pursuant to the same promotional infrastructure, and were thus exposed to and acted upon the same representations.

**v) Damage**

**[71]** As to the element of damage, I am satisfied that the Plaintiffs suffered loss as a result of their reliance on the representations, having invested their monies in the Scheme. The specific quantum of each Plaintiff's loss is addressed under **Issue 7** below on damages and quantum.

**vi) The Defence of *Ex Turpi Causa Non Oritur Actio***

**[72]** The 6 Defendants raised the defence of *ex turpi causa non oritur actio*, relying on *Norihan bt Talib (sued in her*

*personal capacity and trading under the name 'Tanjung Trading') & Ors v. Mohd Nasir bin Hassan & Ors (suing on their own behalf and for 420 others as per list at 'Appendix A') and another appeal* [2018] 3 MLJ 670 and the Court of Appeal's decision in that case. It was submitted that since the Plaintiffs themselves pleaded the illegality of the Scheme, their claim is tainted by illegality and must be dismissed.

**[73]** I reject this defence. The position in law is clear: the principle of *ex turpi causa* is intended to prevent a party from profiting from his own wrongdoing, not to protect wrongdoers from civil liability to their victims. The Plaintiffs in the present case are not seeking to enforce an illegal contract. They are seeking to recover monies paid pursuant to a scheme that was represented to them as legal but was in fact illegal. They are the victims of the fraud, not its perpetrators.

**[74]** The decision in **Ong Tean Chye** (supra) further fortifies the rejection of the *ex turpi* causa defence. The Court of Appeal made clear that the defence of illegality operates to deny a remedy only where both parties are implicated in the illegality. Where, as here, only one party - the Defendants - intended to exploit the Scheme for an illegal purpose, and the other party - the Plaintiffs - were wholly innocent and did not participate in furtherance of the illegal activity, the innocent party retains their remedy in full. The Defendants cannot invoke the illegality of their own design to defeat the claims of the very parties they deceived into participating in it.

**[75]** Further, the doctrine of *ex turpi causa* is premised on the complicity of the claimant in the illegal act. It is only where the claimant is himself a participant in or a party to the illegality that the doctrine operates to bar his claim. In the present case, the Plaintiffs were **entirely ignorant of the illegality of the Scheme** - they **were induced to invest** precisely because the Defendants fraudulently represented to them that the Scheme was lawful. They had no part in conceiving, operating or perpetuating the illegal scheme. They are its victims, not its architects. It would be a perversion of justice, and a complete inversion of the purpose of the doctrine, to allow those who deliberately constructed and operated an illegal scheme to invoke that very illegality as a shield against civil liability to the innocent victims they defrauded. The Court will not permit the doctrine of *ex turpi causa* to be weaponised in this manner. The perpetrators of a fraud cannot take refuge behind the illegality of their own making to escape the consequences of their wrongdoing.

**[76]** The Federal Court in **Sunrise** (supra) held that in cases where there are signs of separate personalities of companies being used to enable persons to evade their contractual obligations or duties, the Court will disregard the notional separateness of the companies. In the present case, the corporate structure of the MBI Group - comprising D1, D2 and D3 as interlocking entities - was used as the very vehicle through which the Defendants sought to evade their obligations to the Plaintiffs. This Court will not permit that separateness to be used as a shield. Further, *Section 24* of the *Contracts Act 1950* provides that a contract is void where its object is unlawful. The courts have long recognised that a party who paid money under a void contract may recover it on restitutionary principles, particularly where the payer is not in *pari delicto* with the payee. The Plaintiffs, who were induced by fraudulent misrepresentation to invest, are not in *pari delicto* with the 6 Defendants who operated the fraudulent scheme.

**[77]** This conclusion is further supported by the Federal Court's decision in **Ong Leong Chiou** (supra), which affirmed that a finding of fraud is itself sufficient to ground liability against the perpetrators — both individual and corporate - without more. The Defendants cannot, on one hand, be the perpetrators of or be implicated in the very fraud that rendered the Scheme illegal, and on the other hand seek to deploy that illegality as a defence against the innocent victims of that same fraud. Such a position is untenable in law and in equity.

**Issue 6: The Position of the 7th Defendant**

**[78]** I now address specifically the claim against the D7, Wong Wern Torng, who testified before this Court as DW2.

**[79]** The evidence in relation to D7 is as follows:

i) D7 was a director of D1 since 2012, appointed in that capacity to **replace D4**. He was thus a later appointee rather than a founding member of the MBI Group.

ii) D7 holds no shareholding in D1, D2, D3, or any other MBI Group company. He had no financial stake in the Scheme.

iii) The evidence of D7's involvement was confined to technical and operational (IT-related) functions. There is no evidence that D7 attended, spoke at, or organised any seminar promoting the MFC Club Scheme.

iv) There is no evidence that D7 was involved in the conception, promotion or direction of the MFC Club Scheme, or that he made any representation to any Plaintiff.

v) Having considered the totality of the evidence, including D7's testimony as DW2, I find that D7's role as a director was confined to **technical and administrative** functions. There is no evidence of his personal involvement in the promotion, conception, or direction of the MFC Club Scheme.

**[80]** Upon careful consideration of the evidence, I find that the Plaintiffs have not established on a balance of probabilities that D7 was causally involved in the making of the fraudulent representations or in the operation of the illegal Scheme beyond a limited role confined to technical and administrative functions. The mere fact that a person is a director, without more, is insufficient to establish liability in tort in the absence of evidence of personal involvement in the tortious act.

**[81]** In the absence of evidence demonstrating knowledge of the Scheme at the material time, and having regard to his limited role essentially as an employee who was only subsequently appointed as a director, I am unable to draw the necessary inference of participation or knowledge. The **evidential chain applicable to the other Defendants** does **not extend** to **D7**.

**[82]** Accordingly, I find that the Plaintiffs have failed to discharge their burden of proving their case against D7 on a balance of probabilities, and therefore the claim against D7 ought to be dismissed.

**Issue 7: Damages and Quantum**

**[83]** The 6 Defendants submitted that the Plaintiffs have failed to prove the quantum of their damages. They argued that PW7's and PW8's evidence on the losses of the other Plaintiffs is hearsay and inadmissible; that there are discrepancies between the amounts stated in the documents and those stated in the witness statements; and that documents containing remarks in the Chinese language, without translation, are inadmissible.

**[84]** I have already found (under **Issue 1** above) that the individual investment records and platform records contained in Part B of the common bundles are admissible as documents whose authenticity was unchallenged. These documents contain the investment amounts for each Plaintiff. To the extent that any document contains remarks in the Chinese language without a certified translation, I give no weight to those specific remarks **but** I do **not** thereby exclude the **entire document** where its other contents are in English and are self-explanatory.

**[85]** The Defendants relied on *Live Capital Sdn Bhd v. Pioneer Conglomerate Sdn Bhd* *[2025] 4 MLJ 420*, arguing that Part B placement does not automatically prove the contents of a document. That case is distinguishable on the facts before this Court:

i) First, it is well-accepted practice that Part B documents are those which both parties have, before the commencement of hearing, agreed to production without the need to call the makers: **Raja Lob Sharuddin** (supra).

ii) Second, PW7 and PW8 referred to and explained the investment account records in their testimonies. This is sufficient. The Supreme Court in *Jaafar bin Shaari & Anor (suing as administrators of the estate of Shofiah bte Ahmad, deceased) v. Tan Lip Eng & Anor* *[1997] 3 MLJ 693* held that a Part B document becomes part of the evidence if it is **read or referred** to by a party, "wholly or partly, at length or in a briefest of mention" - it need not be read out in full at trial. In this regard, the Supreme Court held as follows:

> *"Thirdly, such documents therein do not form automatically a part of the evidence of the case in question ipso facto, but any of such documents does* ***become part of such evidence*** *if it is* ***read or referred*** *to by either of the parties, wholly or partly, at length or in a briefest of mention, either* ***in examination of any witness****, in submission at any stage or even on any unilateral drawing of court's attention to it by either of the parties at any time before the conclusion of the case."*
>
> (emphasis added)

iii) Third, the Defendants agreed to Part B placement of these documents. Having done so, they **cannot** now resist the weight of those documents on the ground that their **makers** were not called. The weight to be given to those documents is a matter for this Court, having regard to the absence of any substantive challenge to their contents: **Jaafar bin Shaari** (supra).

**[86]** As regards discrepancies in amounts: where there is a discrepancy between a document and a witness statement, the document, being a contemporaneous record, will generally be preferred. The Plaintiffs are accordingly bound by what their contemporaneous account records disclose, and the sums allowed shall be those as established by and referable to those records.

**[87]** I am satisfied that both liability and quantum have been established. The individual investment records, transaction histories and platform data generated from the ***MFace*** ecosystem constitute contemporaneous documentary evidence of the **specific sums invested by each Plaintiff**. Their authenticity was not challenged by the 6 Defendants. The dispute raised relates only to **interpretation** rather than genuineness. Taking a holistic view of the totality of the evidence, including the oral testimony of PW7 and PW8 who referred to and explained these records, these documents are sufficient to establish the precise sums invested by each Plaintiff. These are liquidated and ascertainable amounts and represent the Plaintiffs' recoverable loss.

**H] CONCLUSION**

**[88]** Having considered the totality of the evidence and the submissions of both parties, and bearing in mind that the Plaintiffs bear the burden of proving their case on a balance of probabilities, I summarise my findings as follows:

i) The MFC Club Scheme was an illegal investment scheme operated in contravention of the Direct Sales and Anti-Pyramid Scheme Act 1993 and the Payment Systems Act 2003.

ii) The 2nd to 6th Defendants operated the MFC Club Scheme as a coordinated enterprise under the direction and control of D4. D2, D3, D5 and D6 were interlocking participants in the Scheme, sharing common infrastructure, personnel, addresses and promotional materials.

iii) The 2nd to 6th Defendants made fraudulent misrepresentations, through the Scheme's promotional machinery - including seminars, manuals and digital platforms - that the MFC Club Scheme was a legitimate and legal investment vehicle. Those representations were false. The 2nd to 6th Defendants either knew of the falsity or were recklessly indifferent thereto.

iv) The Plaintiffs relied upon those representations and invested their money in the Scheme to their detriment.

v) The documentary evidence before this Court - comprising individual investment records, transaction histories, and platform records - is sufficient to establish each Plaintiff's participation in the Scheme, the fact of their investment, and the specific sums invested by each Plaintiff, without the necessity for each of the 600 Plaintiffs to personally testify.

vi) The Plaintiffs have failed to establish, on a balance of probabilities, that the 7th Defendant had any personal involvement in the promotion or operation of the Scheme beyond a technical and administrative directorial role.

**[89]** Taking the totality of the evidence together, the commonality between the Scheme, the Corporate Defendants (D1-D3), and the Individual Defendants (D4-D6) is **too consistent**, **too interwoven**, and **too pervasive** to be dismissed as **coincidence**.

**[90]** The shared infrastructure, common control, coordinated promotional machinery, and the involvement of the same individuals across multiple entities all point inexorably to a single, unified scheme. In the face of such evidence, the 2nd to 6th Defendants' denials **cannot** be accepted.

**[91]** I find that the 2nd to 6th Defendants outright denial of any involvement in the Scheme is untenable. Their defence of non- involvement is contradicted by the objective evidence, including the use of the same name and logo, the common business address, and their overlapping roles across the entities. These are not mere coincidences, but demonstrate a clear connection and coordination with the Scheme, for which no explanation has been provided. This undermines the credibility of their denials.

**[92]** For the reasons set out above, I accordingly make the following orders in all 5 consolidated Suits:

i) A declaration is granted that the contracts entered into by the Plaintiffs through the MFC Club investment scheme with the 2nd to 6th Defendants are each separately void *ab initio* in law and unenforceable by either party.

ii) Consequent upon that declaration, the 2nd to 6th Defendants are ordered to return to each Plaintiff the specific sum invested by that Plaintiff in the Scheme, as pleaded in the respective Statements of Claim in the 5 Suits. The 2nd to 6th Defendants are jointly and severally liable for the said sums.

iii) Interest is awarded at the rate of 5% per annum on the sums allowed under order (i) above, calculated from the date of filing of the respective Writs to the date of Judgment, and thereafter at the rate of 5% per annum from the date of Judgment until the date of full payment.

iv) As regards the Plaintiffs' claims for aggravated and exemplary damages, I decline to award those heads of damages. The Plaintiffs have not sufficiently pleaded nor proven the requisite particulars to sustain a claim for aggravated or exemplary damages. The claims for aggravated and exemplary damages are accordingly dismissed.

v) The claim against the 7th Defendant in all the 5 Suits is dismissed.

vi) Costs of the proceedings in each of the 5 Suits are to be paid by the 2nd to 6th Defendants to the Plaintiffs.

vii) The 7th Defendant's costs in each of the 5 Suits are to be paid by the Plaintiffs.

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