

Investor sues Citibank for 'professional negligence'

Lim Ann Nee says she has incurred losses amounting to more than \$171,600 in landmark case against banking giant

By LORNA TAN

IT WAS a retirement dream that has turned into a nightmare for Madam Lim Ann Nee, 35, who invested her hard-earned savings of \$230,000 with Citibank in February 1999 with the intention of growing them.

The nest-egg was meant to pay for the tertiary education of her son — now aged seven — when he turned 18, and fund Madam Lim's retirement when she reaches 50.

Instead, Madam Lim, a divorcee, has incurred losses of more than US\$100,000 (S\$171,600) and is now suing Citibank for "professional negligence" — in a landmark case set to send shock waves throughout the entire financial services industry.

She said in an interview: "With such a huge loss, I have to slowly build up my nest-egg again... and postpone my retirement plan."

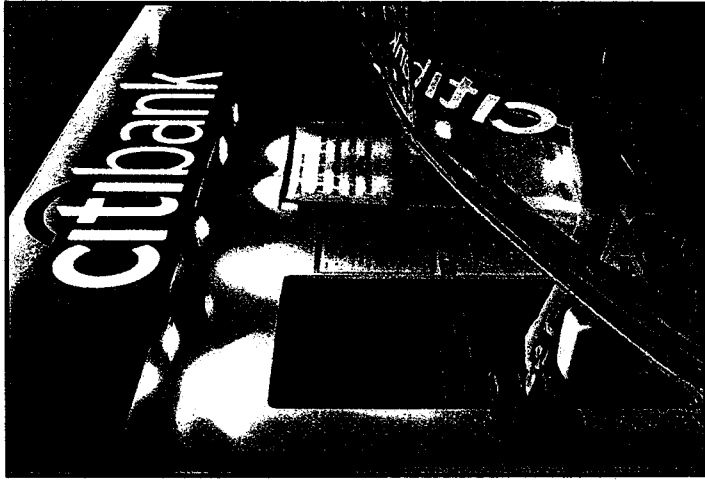
In a writ filed in the High Court on Wednesday through

Madam Lim's statement of claim alleges that the investment products recommended to her, except for a global bond fund, were viewed by the market "to be high in risk and were concentrated on a few industries and regions".

Save for the global bond fund, the investment products were wholly unsuitable for her as they were inconsistent with her financial objectives, risk profile, risk capacity and financial situation, she claimed in the writ.

According to the writ, between February and March 1999, the first Citibank relationship manager advised her to purchase the Citi Global Bond Fund, ACM Global Growth Trend and Citi Japan Fund, which she did.

And between October and December 1999, she was advised by another relationship manager to purchase another five funds: Schroders Japanese Equity Fund; CMG First



END OF A RETIREMENT DREAM

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By then, Madam Lim's cumulative losses from her two foreign currency accounts had amounted to a whopping US\$103,599.45.

The losses came from currency trading and the trades that were executed upon the advice of a Citibank treasury services officer, the writ said.

When asked to comment, a Citibank spokesman said: "We're looking into the matter."

The funds and currency trading accounts were recommended even though Madam Lim claimed that she had communicated orally to Citibank from the start and reiterated throughout the duration of her dealings with the bank that she was not prepared to lose more than 25 per cent of the amount she had invested.

State Asia Innovation Fund; UOB Asia Top 50 Fund; Henderson Global Technology Fund; and CMG First State Asia Innovation Fund.

The majority of the investments had resulted in "substantial losses" in late 2001.

To help her recoup her losses, the third Citibank relationship manager advised her to open a foreign currency trading account and a foreign currency leverage trading account, which she did in late 2001. Both accounts were active till May last year.

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— Madam Lim

On top of this, she also claimed that she made it clear that she had little knowledge of investing in these types of financial products.

Her statement of claim further alleged that the steps taken by Citibank and its representatives were "inadequate to assess and monitor" her personal and financial circumstances.

The claim alleged that Citibank has "failed to advise and provide adequate warning" to her on the risks posed to her by entering into high-risk investment funds and currency trading.

It added that based on the information available to Citibank, the bank supposedly did not have a reasonable basis for the investment recommendations made to Madam Lim.