preliminary investigation committee results: 2016

Whenever it is alleged that a member has broken any Article, Bylaw or Rule, the Directors appoint a Preliminary Investigation Committee to determine whether the member has committed an offence under Article 24 which may result in a penalty being awarded against the member.

PIC/2016/01
Bhadresh Trading Corporation Limited, India

It was alleged that Bhadresh Trading Corporation Limited (BTCL) had committed an offence under the ICA’s Articles of Association in that they had failed to pay monies owed in connection with an arbitration award made under the provisions of the Bylaws & Rules of the Association.

The Preliminary Investigation Committee (PIC) concluded that in failing to pay, BTCL had committed an offence under Article 24.1.4 of the Articles of Association and advised BTCL that they would recommend to the Board of Directors that BTCL be expelled from membership. However, BTCL subsequently settled the outstanding invoices and, as a consequence, the PIC decided to apply a censure as penalty.

PIC/2016/02
Millennium Cotton Ginning & Oil Industries, Pakistan

The Preliminary Investigation Committee (PIC) investigated an allegation that Millennium Cotton Ginning & Oil Industries had committed an offence under Article 24.1.1 of the Articles of Association by trading with defaulters, breaching Bylaw 419.

The PIC determined that Millennium Cotton Ginning & Oil Industries did trade with firms which appear on ICA List of Unfulfilled Awards and duly recommended that Millennium Cotton Ginning & Oil Industries receive a fine of £25,000 and a suspension from the Association for a period of 3 months. This recommendation was upheld by the Board of Directors as was the recommendation that should the fine not be paid within 14 days of the Board’s endorsement of the PIC’s decision, that Millennium Cotton Ginning & Oil Industries be expelled from the Association with immediate effect.

As Millennium Cotton Ginning & Oil Industries failed to pay the fine within the 14 day deadline, Millennium Cotton Ginning & Oil Industries was subsequently expelled from the Association on 12 August 2016.

PIC/2016/03
Amin Textile Mills (Pvt) Ltd, Pakistan

The Preliminary Investigation Committee (PIC) met to consider an allegation that Amin Textile Mills (Pvt) Ltd had committed an offence under the ICA’s Articles of Association by failing to honour two arbitration awards made under the provisions of the ICA Bylaws & Rules.

The PIC concluded that Amin Textile Mills (Pvt) Ltd did breach Article 24.1.4 and the PIC’s recommendation that Amin Textile Mills (Pvt) Ltd be expelled from the Association was upheld by the Board of Directors, taking effect from 12 August 2016.
preliminary investigation committee results: 2015

Whenever it is alleged that a member has broken any Article, Bylaw or Rule, the Directors appoint a Preliminary Investigation Committee to determine whether the member has committed an offence under Article 24 which may result in a penalty being awarded against the member.

PIC/2015/01
Ittehad (Private) Limited, Pakistan

It was alleged that Ittehad (Private) Limited had committed an offence under Article 24.1.4 of the ICA’s Articles of Association in that they failed to abide by an arbitration award dated 23 December 2013 made under the provisions of the Bylaws and Rules of the ICA.

The Preliminary Investigation Committee recommended to the Board of Directors that Ittehad (Private) Limited were guilty of the offence and should be expelled from ICA membership.

The Board of Directors agreed to expel Ittehad (Private) Limited from ICA membership with effect from 1 April 2015.

PIC/2015/02
V P Udyog Limited, India

It was alleged that V P Udyog Limited had committed an offence under Article 24.1.4 of the ICA’s Articles of Association in that they failed to abide by an arbitration award dated 9 October 2014 made under the provisions of the Bylaws & Rules of the ICA.

Whilst the Preliminary Investigation Committee (PIC) concluded that V P Udyog Limited had clearly breached Article 24.1.4, the PIC recommended to the Board that V P Udyog Limited should be allowed 60 days to reach a settlement agreement or mediate with the other party. The PIC further recommended that should an amicable solution not be reached within that timeframe, that V P Udyog Limited should automatically be expelled from the ICA.

V P Udyog Limited went on to reach a settlement agreement with the other party within the 60 day period and the investigation was closed.

PIC/2015/03
Fresno Cotton Company, USA

It was alleged that Fresno Cotton Company breached the Articles of Association (Article 24.1.4 refers) by failing to fully pay for the costs of an invoice relating to an arbitration award.

The Preliminary Investigation Committee (PIC) concluded that the failure of Fresno Cotton Company to pay the amount outstanding was a clear breach of the Articles of Association as they were liable for those costs and they requested that Fresno pay the outstanding invoice. The PIC recommended no further action be taken provided that the amount concerned was paid within a period of 21 days.

Fresno paid the invoice within the 21 day period.
PIC/2015/06  
Cottonex Anstalt, Poland

The Preliminary Investigation Committee (PIC) considered the allegation that Cottonex Anstalt had committed an offence under Article 24 of the Articles of Association by trading with defaulters thereby breaching Bylaw 419. The matter was referred by the PIC to the Board of Directors who further investigated following an appeal, in accordance with the Articles.

The Board concluded that Cottonex Anstalt failed to abide by the Articles and in particular to provide any evidence of pre-existing contracts or settlement agreements in accordance with Bylaw 419 despite numerous requests to do so.

As a consequence, Cottonex Anstalt were ordered by the Directors to pay a £25,000 fine and were suspended from all rights and privileges of membership of the Association until 12 August 2017.

PIC/2015/07  
Supriya Mills (P) Ltd, India

The Preliminary Investigation Committee (PIC) investigated an allegation that Supriya Mills (P) Ltd had breached Article 24 of the Articles of Association by trading with defaulters by breaching Bylaw 419.

The PIC concluded that Supriya Mills (P) Ltd had indeed breached Article 24.1.1 of the Articles of Association but as it was the first time Supriya Mills (P) Ltd had committed an offence, the PIC decided that they would receive a warning only. The PIC further advised Supriya Mills (P) Ltd that should there be a repeat of the offence, then the PIC would have no other option but to recommend to the Board of Directors a far harsher penalty up to and including expulsion.
Whenever it is alleged that a member has broken any Article, Bylaw or Rule, the Directors appoint a Preliminary Investigation Committee to determine whether the member has committed an offence under Article 24 which may result in a penalty being awarded against the member.

PIC/2014/01
PT Indiratex Spindo, Indonesia

It was alleged that PT Indiratex Spindo had committed an offence under Article 24.1.3 of the ICA’s Articles of Association in that they failed to abide by an arbitration award dated 6 September 2013 made under the provisions of the Bylaws and Rules of the ICA.

The Preliminary Investigation Committee recommended to the Board of Directors that PT Indiratex Spindo were guilty of the offence and should be expelled from ICA membership.

The Board of Directors agreed to expel PT Indiratex Spindo from ICA membership with effect from 2 July 2014.

PIC/2014/02
Zhuji Yangpiao Chemical Fiber Factory, China

Zhuji Yangpiao Chemical Fiber Factory was alleged to have breached Article 24.1.4 of the Articles of Association by acting in a manner detrimental to the interests of the Association or unbecoming membership of the Association. It was alleged the member is related to Zhuji Jishida Textile Co Ltd, who currently appears on the ICA’s List of Unfulfilled Awards: Part 1, through a Mr Qi Jiancan.

The Business Intelligence Team researched both firms and could not find any evidence to indicate that the two companies were related or that Mr Qi Jiancan had an operational or controlling interest in both firms. China Cotton Association were also consulted and advised that they were not aware of any connection between the firms.

The committee was therefore satisfied with Zhuji Yangpiao Chemical Fiber Factory’s explanation that they had used Zhuji Jishida Textile Co Ltd as an agent prior to that company being listed but had no other relationship with them and were therefore not in breach of any Articles.

The Board of Directors agreed that no action should be taken against Zhuji Yangpiao Chemical Fiber Factory.
preliminary investigation committee results: 2013

Whenever it is alleged that a member has broken any Article, Bylaw or Rule, the Directors appoint a Preliminary Investigation Committee to determine whether the member has committed an offence under Article 24 which may result in a penalty being awarded against the member.

PIC/2013/01
Patriot Spinning Mills Ltd, Bangladesh

It was alleged that Patriot Spinning Mills Ltd had committed an offence under Article 24.1.3 of the ICA’s Articles of Association in that they failed to abide by an arbitration award dated 5 April 2012 made under the provisions of the Bylaws and Rules of the ICA.

The Preliminary Investigation Committee recommended to the Board of Directors that Patriot Spinning Mills Ltd were guilty of the offence but since they had shown a strong willingness to settle the award, they should be suspended from ICA membership for six months pending the settlement.

The Board of Directors agreed to suspend Patriot Spinning Mills with effect from 6 May 2013 until 23 August 2013. If, after this date, the award has not been settled, the Board of Directors agreed that Patriot Spinning Mills Ltd shall be expelled from ICA membership.

Addendum dated 26 July 2013: Patriot Spinning Mills Ltd reached a settlement agreement for this award.

PIC/2013/02a
Gulistan Spinning Mills Ltd, Pakistan

It was alleged that Gulistan Spinning Mills Ltd had committed an offence under Article 24.1.3 of the ICA’s Articles of Association in that they failed to abide by an arbitration award dated 13 August 2012 made under the provisions of the Bylaws and Rules of the ICA.

The Preliminary Investigation Committee recommended to the Board of Directors that Gulistan Spinning Mills Ltd were guilty of the offence and should be expelled from ICA membership.

The Board of Directors agreed to expel Gulistan Spinning Mills Ltd from ICA membership with effect from 6 May 2013.

PIC/2013/02b
Gulistan Textile Mills Ltd, Pakistan

It was alleged that Gulistan Textile Mills Ltd had committed an offence under Article 24.1.3 of the ICA’s Articles of Association in that they failed to abide by an arbitration award dated 13 August 2012 made under the provisions of the Bylaws and Rules of the ICA.
The Preliminary Investigation Committee recommended to the Board of Directors that Gulistan Textile Mills Ltd were guilty of the offence and should be expelled from ICA membership.

The Board of Directors agreed to expel Gulistan Spinning Mills Ltd from ICA membership with effect from 6 May 2013.

PIC/2013/03
Patriot Spinning Mills Ltd, Bangladesh

It was alleged that Patriot Spinning Mills Ltd had committed an offence under Article 24.1.3 of the ICA’s Articles of Association in that they failed to abide by an arbitration award dated 6 February 2012 made under the provisions of the Bylaws and Rules of the ICA.

The Preliminary Investigation Committee recommended to the Board of Directors that, in light of the previous recommendation in PIC/2013/01, Patriot Spinning Mills should be ordered to fulfil both their outstanding awards by 23 August 2013, failing which, they should be expelled after this date.

The Board of Directors agreed that Patriot Spinning Mills should remain suspended from ICA membership until 23 August 2013. If, after this date, both of their outstanding awards award have not been settled, the Board of Directors agreed that Patriot Spinning Mills Ltd shall be expelled from ICA membership.

Addendum dated 22 August 2013: The Directors agreed to allow Patriot Spinning Mills Ltd an extension of time, until 23 November 2013, to settle this award before expulsion.

Addendum dated 26 November 2013: The award was not fulfilled by the deadline; Patriot Spinning Mills Ltd were expelled from ICA membership.

PIC/2013/04
Gulshan Spinning Mills Ltd, Pakistan

It was alleged that Gulshan Spinning Mills Ltd had committed an offence under Article 24.1.4 of the ICA’s Articles of Association in that they acted in a manner detrimental to the interests of the Association or unbecoming membership of the Association.

Gulshan Spinning Mills were alleged to be related to Gulistan Spinning Mills Ltd and Gulistan Textile Mills Ltd, both of whom the Board agreed to expel for each failing to fulfil an arbitration award (see PIC/2013/02a and PIC/2013/02b above).

The Preliminary Investigation Committee was satisfied that there was sufficient financial and corporate information to show that the three companies shared the same address and common Directors, as part of the Gulistan Group. They recommended to the Board of Directors that Gulshan Spinning Mills should be expelled from ICA membership.

The Board of Directors agreed to expel Gulshan Spinning Mills Ltd from ICA membership with effect from 31 July 2013.

PIC/2013/06
Qingdao Yinxia Trading Co Ltd, China

It was alleged that Qingdao Yinxia Trading Co Ltd had committed an offence under Article 24.1.3 of the ICA’s Articles of Association in that they failed to abide by an arbitration award dated 23 November 2012 made under the provisions of the Bylaws and Rules of the ICA.

The Preliminary Investigation Committee recommended to the Board of Directors that Qingdao Yinxia Trading Co Ltd were guilty of the offence and should be expelled from ICA membership.
The Board of Directors agreed to expel Qingdao Yinxia Trading Co Ltd from ICA membership with effect from 31 July 2013.

**PIC/2013/08**  
**Shanghai Dragon Corporation, China**

It was alleged that Shanghai Dragon Corporation had committed an offence under Article 24.1.3 of the ICA’s Articles of Association in that they failed to abide by an arbitration award dated 12 July 2013 made under the provisions of the Bylaws and Rules of the ICA.

The Preliminary Investigation Committee recommended to the Board of Directors that Shanghai Dragon Corporation were guilty of the offence and should be offered until 2 January 2014 to settle the award, failing which they should be expelled from ICA membership.

No settlement was reached and the Board of Directors agreed to expel Shanghai Dragon Corporation from ICA membership with effect from 6 January 2014.

**PIC/2013/05**  
**Bhadresh Trading Corporation Ltd, India**

It was alleged that Bhadresh Trading Corporation Ltd (BTCL) had committed an offence under Article 24.1.1 of the ICA’s Articles of Association in that they entered into a contract with a firm listed on the ICA List of Unfulfilled Awards (default list).

BTCL provided copies of the contracts in question which showed that the contracts either predated the listing of the defaulter or predated BTCL’s membership, and in many cases, had been amended and/or delayed as a result of the Indian export ban. BTCL acknowledged that they should have advised the ICA of these ongoing contracts with defaulters in accordance with Bylaw 418.

Taking into account these explanations and the fact that BTCL and its subsidiary firm had put systems in place to avoid this occurring again in future, the Preliminary Investigation Committee was satisfied that BTCL had not breached Article 24.1.1 but had contravened Bylaw 418 which was in turn an offence under Article 24.2.6.

The Board of Directors agreed to caution Bhadresh Trading Corporation Ltd for failing to notify the ICA of its outstanding contracts with firms on the List of Unfulfilled Awards in accordance with Bylaw 418.

**PIC/2013/07a – Crescent Bahuman Ltd, Pakistan**  
**PIC/2013/07b – Crescent Steel and Allied Products Ltd, Pakistan**

It was alleged that Crescent Bahuman Ltd (CBL) and Crescent Steel and Allied Products Ltd (CSAPL) had committed an offence under Article 24.1.4 of the ICA’s Articles of Association in that they had acted in a manner detrimental to the interests of the Association or unbecoming membership of the Association. It was alleged both companies were related to four companies appearing on the ICA’s List of Unfulfilled Awards.

Upon reviewing the evidence, the Preliminary Investigation Committee was satisfied that the shares held in CBL and CSAPL by the defaulting companies were minimal and that the defaulters did not have any controlling interest in their activities and vice versa, and under Pakistani law neither firm could not be held liable for the actions of any of its shareholders. They were satisfied that as a public listed company, CSAPL had no control over who bought its shares, nor could it legally deny the rights of its Directors that served on the Boards of defaulting companies.

The Board agreed that neither firm had committed an offence under the Articles and that no action should be taken against Crescent Bahuman Ltd and Crescent Steel and Allied Products Ltd.