

SFC Reprimands Ricofull Securities Limited for Internal Control Failings

18 Oct 2002

The SFC announced today that it has publicly reprimanded Ricofull Securities Limited.

The reprimand follows an SFC investigation during which an independent accountant firm was commissioned by Ricofull at the SFC's request to look into falsification of trading accounts by a former dealer's representative, Mrs Ho Lee Lai Kuen, that occurred between February 1998 and November 2000. The independent accountants also conducted a comprehensive review of Ricofull's internal control system. The independent accountants identified a number of specific weaknesses of Ricofull in their reports including:

- (a) no written company policies and procedures manual;
- (b) inadequate overall management controls including:
 - (i) weak control over the issue and delivery of trading documents; and
 - (ii) weak control over account opening procedures and the steps necessary to change client particulars;
- (c) inadequate segregation of duties in the form of weak control over client orders and dealing; and
- (d) no proper procedures for staff dealing.

In deciding to reprimand Ricofull, the SFC took into account that Ricofull had been co-operative with the SFC throughout the inquiries and had implemented the recommendations made by the independent accountants.

Alan Linning, SFC Executive Director of Enforcement said: "Weak internal controls in a brokerage put the broker's clients and the broker itself at risk. At worst, they allow brokerage employees to defraud clients. We will take appropriate action whenever we discover brokers with poor controls. However, we take remedial action by brokers into account in our disciplinary action and have favourably considered Ricofull's follow up actions."

Ricofull is a registered securities dealer.

Page last updated : 1 Aug 2012