

Enforcement Actions

19 November 2002

SFC Reprimands Lau Chi Keung

The SFC has reprimanded Mr Lau Chi Keung, a dealer's representative registered under the Securities Ordinance.

Between December 2000 and January 2001, Lau, who was a settlement clerk of a brokerage firm but not an SFC registrant, introduced two people to open securities accounts with an unregistered staff member of CEF Brokerage Limited. Between 4 January and 20 February 2001, Lau carelessly placed trading orders on behalf of one client to the unregistered staff member, putting the client at risk. Lau had also impersonated that client to answer phone calls from CEF to confirm executed orders.

Lau was also negligent in observing good settlement practice. He transferred money into the unregistered staff member's personal bank account and CEF's bank account on behalf of the two clients. The unregistered staff, who is being investigated by the Police, conducted trades for the two clients without their authorization. Lau's negligence facilitated the conduct of unauthorized trades by the unregistered staff member.

As a result, the SFC considers Lau's fitness and properness as a registered person has been called into question. The SFC has decided to reprimand him after taking into consideration that Lau was not yet a registered person at the time of his conduct and might not have known better. Had he been registered at that time, the SFC would have suspended him.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "It is important for a registered person to behave honestly and reliably both before and when we license him. We take a dim view of dishonesty in every form. We discourage third parties trading in, or settling trades done in a client's account because of the risks of facilitating misconduct and the financial risk to clients and brokerages if trades are dishonoured."

Lau is currently a dealer's representative of Magnum International Securities Limited.

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