

SFC Suspends Lau Wai Lun for Failings Relating to Account Opening and Operation of a Client Account by a Third Party

28 Jul 2004

The SFC has suspended the licence of Mr Lau Wai Lun, a licensed representative of Core Pacific-Yamaichi Securities (H.K.) Limited and Core Pacific-Yamaichi International (H.K.) Limited, for 15 weeks from 28 July to 9 November 2004.

The suspension stems from a complaint received by the SFC in January 2003. The SFC found that between May and September 2001:

- Lau did not obtain sufficient information from his client and made up some of the information about the client in the account opening documents;
- Lau did not obtain proper written authorisation from the client before he allowed a third party to operate the client's account;
- A third party instructed Lau to transfer \$2.28 million from the client's account to another party. Lau did not verify the instruction directly with the client before transferring the money; and
- Lau deposited a third party's cheque in the client's account notwithstanding that his employer's rules did not allow this.

Lau claimed that he was aware that his client and the third party knew each other but he forgot to obtain the written authorisation from his client. Later, the client lodged a complaint against him for transferring monies out of her account.

The SFC concludes that Lau has been guilty of misconduct and that his fitness and properness has been called into question.

Lau received a shorter suspension than the SFC had originally proposed because he did not dispute his failings.

An SFC spokesman said: "A licensee should ensure that he has obtained genuine and adequate information from his client when he opens an account. Oral authorisation by a client is insufficient to allow a third party to operate the client's account. An authorisation should be in writing to avoid any later dispute. It is also essential for a licensee to obtain written authorisation from the client before any money is transferred out from a client's account. To ensure that the money is from a proper source, a third party cheque should not be accepted unless there is authorisation from the client and the employer. Failing to do so poses risks to the client and his employer and warrants a suspension or fine."

Ends