

[Home](#) ▶ [News & announcements](#) ▶ [News](#) ▶ [Enforcement news](#)

SFC Revokes the Licence of Lau Hing Hung Joie and Bans Him for 10 Years

28 Jan 2005

The SFC has revoked the licence of Mr Lau Hing Hung Joie, a licensed representative of TA Securities (HK) Limited, and banned him from re-entering the industry for 10 years with immediate effect, pursuant to the decision of the Securities and Futures Appeals Tribunal (SFAT) (Note 1).

The action is the result of an SFC investigation into a complaint that Lau impersonated the complainant, who is an old friend of Lau, to open an account with C A Pacific Securities Limited (CAPS) (now in liquidation) on 1 July 1997 and conducted trading in the account without the complainant's knowledge and consent. In effect, Lau stole the complainant's identity to trade in his name. At the relevant time, Lau was a dealer's representative for CAPS.

The complainant had given Lau a copy of his identity card to open an account with CAPS. The complainant later changed his mind and told Lau that he did not want to open the account and asked Lau to destroy the copy of his identity card. However Lau used it to open an account in the complainant's name.

Lau traded in the account resulting in substantial losses which CA Pacific Finance Limited's (CAPF) liquidators had pursued the complainant for, thinking that they were his debt, rather than Lau's.

The complainant did not know about the account or trades in the account. Lau gave his own address as the client address on the account opening documents and therefore the complainant received no communications from CAPS or CAPF's liquidators. The complainant only found out about the matter when he received a notice from the Court on 21 October 2002 stating that he owed over \$1 million to the liquidators of CAPF as a result of Lau's trades.

The SFC found that Lau had lied to the SFC in his interviews that he did not know the complainant and that he had no knowledge of the account or the trades in the account.

The SFC concluded that Lau had been guilty of misconduct and his fitness and properness had been seriously called into question, and decided to revoke Lau's licence and ban him from re-entering into the industry for 10 years.

Lau appealed the SFC's decision to the SFAT.

The SFAT upheld the SFC's decision and accepted its finding that Lau was dishonest and had abused the trust of the complainant placed in him and that Lau had lied to the SFC (Note 2).

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "Honesty is one of the fundamental requirements in licensed persons. The SFC won't tolerate dishonest licensees. Lau's conduct was deliberate and he should be kept out of the industry for a very long period of time. This present penalty is appropriate."

"We would also like to warn clients of financial intermediaries about the dangers of identity theft. This case is a timely warning of what can go wrong. By getting a copy of a person's identity card and forging his signature, Lau almost got away with saddling someone else with a \$1 million debt he incurred. It is important that investors take appropriate steps to keep personal data safe and out of the wrong hands."

Ends

Notes to Editor:

1. Lau is a deemed licensee in Type 1 (Dealing in Securities) regulated activities accredited to TA Securities (HK) Limited.

The banning sanction is made under section 194 of the Securities and Futures Ordinance. Under this section, Lau is prohibited from: (i) applying to be licensed or registered; (ii) applying to be approved

under section 126(1) as a responsible officer of a licensed corporation; (iii) applying to be given consent to act or continue to act as an executive officer of a registered institution under section 71C of the Banking Ordinance; and (iv) seeking through a registered institution to have his name entered in the register maintained by the Monetary Authority under section 20 of the Banking Ordinance, as a person engaged by the registered institution in respect of a regulated activity.

2. A copy of the SFAT's determination is available at www.sfat.gov.hk.

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