
Enforcement Actions

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28 July 2006

Court Continues Appointment of Administrators of Tiffit Securities (Hong Kong) Limited and Makes a Prohibition Order against Mr Kwok Wood Yan

The High Court today made an Order continuing the appointment of Mr Jacky Chung Wing Muk and Mr Edward Middleton of KPMG as Joint and Several Administrators of Tiffit Securities (Hong Kong) Limited.

The Court made an interim Order appointing the administrators on 24 July 2006 on the application of the SFC under section 213 of the Securities and Futures Ordinance. The matter came back to Court today for further hearing. The Court considered further developments including the fact that losses reported by clients to Tiffit's staff had increased to \$37.6 million as of close of business on 26 July 2006. The Court made an Order that the appointment of the administrators should continue until further order.

At a hearing last night, the SFC obtained an Order prohibiting Mr Kwok Wood Yan, majority shareholder and a director of Tiffit, from leaving Hong Kong. The purpose of the Order is to ensure that Mr Kwok remains available to assist the administrators.

The administrators have been appointed principally to protect the interests of Tiffit's clients and the Court has granted them wide powers in order to carry out their duties.

Mrs Alexa Lam, speaking as Acting Chief Executive Officer of the SFC, said the SFC was working closely with the administrators.

"We are confident that the administrators will handle the matter professionally and in the best interests of the clients," said Mrs Lam, who is SFC's Executive Director of Intermediaries and Investment Products.

Mrs Lam said that while not even the best laws could prevent deliberate fraud, the

SFC would not hesitate to take decisive and tough action against those found stealing from clients.

“I am sure the industry will also support the necessity for tough actions,” she said.

Mrs Lam’s [statement](#), made at a media briefing today, is attached for your reference.

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Statement by Mrs Alexa Lam
Acting Chief Executive Officer and
Executive Director of Intermediaries and Investment Products
Securities and Futures Commission

1. SFC has been supervising brokers effectively. The problems at Tiffit Securities were uncovered in an SFC inspection, and we moved to protect the clients immediately. As of last Wednesday (26 July 2006), it was estimated that client securities worth \$37.6 million were missing. Had the SFC not taken decisive action, client losses might well have been larger.
2. We understand the clients are anxious to know the latest situation. Clients can be assured that we will keep them informed where we can. However, while inquiries are continuing, we are constrained in what we can discuss in detail.
3. We are confident that the Administrators will handle the matter professionally and in the best interests of the clients. We are working closely with the Administrators. The SFC late last night obtained a court order prohibiting Tiffit's major shareholder, Mr Kwok Wood Yan, from leaving Hong Kong. This is to ensure that Mr Kwok remains available to assist the Administrators.
4. It appears this incident concerns the integrity of the firm and its owner. The SFC has been in close co-operation with the Police on this matter.
5. I wish to stress that even the best laws cannot totally prevent deliberate acts of fraud or other dishonesty. Within the limit of its powers, the SFC will take decisive and tough action against anyone who steals from clients.
6. We have heard comments that the brokerage industry is going through a tough time. However, a difficult operating environment does not give anyone the right to take away investors' assets. I am sure the industry also agrees on this point, as the great majority of market participants operate their businesses honestly.
7. The SFC has always imposed disciplinary penalties that it considers proportionate to the misconduct at the time when it occurs. This will continue to be so, notwithstanding that we often face criticism for being too tough.
8. To the public, we thank you for your support of our work. We hope the public will continue to support the SFC in any future decisions that it takes to adopt a hard line with offenders. The Tiffit incident has brought pains and financial losses to investors. I am sure the industry will also support the necessity for tough actions.

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