
Enforcement News

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5 September 2007

Court Appoints Administrators for Man Lung Hong Securities Limited and Issues Interim Mareva Injunction against Mr Ip Shu Kun and Ms Chan Sau King

The Court today appointed Mr Patrick Cowley and Mr Paul Brough, both of KPMG, to administer the property of Man Lung Hong Securities Limited and property it holds on behalf of clients. The Court last night also issued an interim Mareva Injunction against Mr Ip Shu Kun, a licensed representative of Man Lung Hong, and his wife, Ms Chan Sau King, restraining them from removing any of their assets from Hong Kong, or dealing with or diminishing the value of any of their assets within Hong Kong.

The administrators

The SFC applied for the appointment of administrators under section 213 of the Securities and Futures Ordinance.

This action follows a restriction notice that was issued by the SFC against Man Lung Hong on 31 August 2007. The restriction notice prohibited Man Lung Hong from carrying on all activities for which it is licensed, disposing of or dealing with any assets held by it or held on behalf of its clients, and assisting, counselling or procuring another person to dispose of or deal with any such property without prior written consent from the SFC. (Note 1)

The administrators have been appointed principally to protect the interests of Man Lung Hong's clients. The Court has granted the administrators wide powers including the power to investigate Man Lung Hong's affairs, verify clients' claims and return client assets.

The SFC's decision to issue a restriction notice against Man Lung Hong, and subsequently to make application to the Court to appoint administrators, arose out

of an initial investigation of alleged misappropriation of client assets by a licensed representative of Man Lung Hong. During the course of the SFC's investigation, it has become apparent that:

- (a) securities and money belonging to clients of Man Lung Hong may have been misappropriated;
- (b) falsified statements and contract notes were issued to the clients to conceal the misappropriation; and
- (c) management of the firm may have identified some earlier misappropriation of client assets but this may have been concealed from both clients and the SFC.

The shortfall amounts reported by the firm's clients amounted to approximately \$25 million as of 1 September 2007.

In view of the serious nature of these apparent breaches, the SFC does not consider it to be in the public interest or in the interest of the investing public to permit Man Lung Hong and its management to verify clients' positions and handle the return of client assets. The SFC considers there to be a need for independent and experienced professional accountants to administer the affairs of the firm, verify clients' positions and return client assets in a prompt and orderly manner.

The SFC has also varied the restriction notice issued on 31 August 2007 today in light of the appointment of the administrators.

The order appointing the administrators is an interim order and the matter will come back to the Court for another hearing on 21 September 2007, at which time Man Lung Hong will have the opportunity to oppose the continuation of the order and to present evidence and arguments.

The administrators will send a circular to Man Lung Hong's clients shortly to explain the circumstances of the firm and to request them to submit their claims.

Clients may contact the administrators on their hotline: (852) 3121 9888 during office hours (8.30am – 7pm, Monday to Friday).

Mareva Injunction

The interim Mareva Injunction was obtained in the High Court, also under section 213 of the SFO, in an effort to safeguard and protect the interests of Man Lung Hong's clients.

The interim Injunction will remain in force until 7 September 2007 when the matter will be reconsidered by the Court.

SFC's inquiries into the conduct of Man Lung Hong and its management will continue. Further announcements will be made when appropriate.

Ends

Notes:

1. For details, please see SFC [press release dated 31 August 2007](#).

Page last updated: 5 September 2007

法院就萬隆行證券有限公司委任管理人 及向葉樹根及陳秀琼發出臨時資產凍結強制令

2007年9月5日

法院今日委任畢馬威會計師事務所的侯柏特先生(Patrick Cowley)及彭博倫先生(Paul Brough)，管理萬隆行證券有限公司的財產及其代客戶持有的財產。法院昨晚亦已向萬隆行的一名持牌代表葉樹根及其妻子陳秀琼發出臨時資產凍結強制令，限制他們在香港境內將其任何資產轉移至香港境外或處置或削減其任何資產的價值。

管理人

證監會是根據《證券及期貨條例》第213條向法院申請委任管理人的。

這項行動是繼證監會於2007年8月31日對萬隆行發出限制通知書後而採取的。該限制通知書禁止萬隆行在未經證監會事先書面同意前進行其獲發牌進行的所有活動、處置或處理其所持有或代其客戶持有的資產，以及輔助、慫使或促使另一人處置或處理任何上述財產。(註1)

委任管理人的主要目的是保障萬隆行客戶的利益。法院已賦予管理人廣泛的權力，包括調查萬隆行的事務、核實客戶的申索及退還客戶資產的權力。

證監會對萬隆行發出限制通知書及其後向法院申請委任管理人的決定，源於對萬隆行一名持牌代表被指曾挪用客戶資產一事的初步調查。在證監會進行調查期間，有資料顯示：

- (a) 屬於萬隆行客戶的證券及金錢曾被挪用；
- (b) 曾向有關客戶寄發偽造的結單及成交單據以隱瞞挪用客戶證券一事；及
- (c) 該商號的管理層可能已發現早前曾有客戶資產被挪用，但卻可能一直向客戶及證監會隱瞞此事。

該商號的客戶所報稱的短欠數額，在2007年9月1日約達2,500萬港元。

鑑於上述表面違規行為的嚴重性，證監會認為准許萬隆行及其管理層核實客戶的持倉及處理客戶資產的退還，並不合乎公眾利益及投資大眾的利益。證監會認為有需要委任獨立及經驗豐富的專業會計師，以管理該商號的事務、核實客戶持倉及以迅速和有秩序的方式退還證券。

證監會今日亦因應管理人的委任而修改了於2007年8月31日發出的限制通知書。

上述委任管理人的命令屬於臨時命令，而此案將於2007年9月21日再度於法院進行聆訊，屆時萬隆行將有機會就延續這項命令提出反對及提出證據和論據。

管理人將於短期內向萬隆行的客戶發出通函，解釋該商號目前的情況和促請他們向管理人提出申索。

萬隆行的客戶可於辦公時間(星期一至五上午8時30分至下午7時)致電其熱線電話 (852) 3121 9888與上述管理人聯絡。

資產凍結強制令

該臨時資產凍結強制令亦是根據《證券及期貨條例》第213條在高等法院取得的，旨在維護及保障萬隆行客戶的權益。

該項臨時強制令將會持續有效，直至2007年9月7日為止，屆時法院將再度考慮該事宜。

證監會將繼續對萬隆行及其管理層的操守進行查訊。證監會及上述管理人將於適當時候再作公布。

完

備註：

1. 詳情請參閱證監會於2007年8月31日發出的新聞稿。