

## Enforcement News

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22 November 2007

### **SFC Imposes Licensing Condition on Man Kwai Ching and Bans Her from being Senior Management in the Industry for Life**

The SFC has imposed a condition on Ms Man Kwai Ching's licence to prohibit her from handling client assets and banned her from becoming a responsible officer of a licensed corporation and an executive officer of a registered institution for life (Note 1).

An SFC investigation found that Man, formerly a responsible officer of Wing Yip Company Limited, had failed in her duties as a responsible officer and failed to implement and maintain adequate internal control policies and procedures in Wing Yip to protect its operations, ensure compliance with all regulatory requirements and safeguard client assets. As a result of Man's supervisory failure, it was easier for her husband Mr Yip Kwok Kay, formerly the major shareholder and responsible officer of Wing Yip, to misappropriate client assets between 1998 and 2006 without being detected (Note 2). Client assets worth about \$10 million were misappropriated and Wing Yip is currently under administration.

When taking this action, the SFC took into account all the circumstances of the case including:

- the fact that Man voluntarily surrendered personal assets of over \$2 million to the administrators of Wing Yip, which formed part of the money for distribution among clients who had suffered losses as a result of Yip's acts of misappropriation; and
- her co-operation in consenting to the SFC's decision.

Man's voluntary act reduced a probable shortfall in the assets available for distribution to creditors.

Mr Mark Steward, the SFC's Executive Director of Enforcement, said: "Although the SFC has given Man the benefit of the doubt that she had no knowledge of her husband's prolonged misconduct, she is evidently not a suitable person to be part of the senior management of a finance institution. Participants who fail to demonstrate the necessary level of care and competency in their jobs will be punished. We have, however, given credit to Man for action taken to reduce the shortfall in the distribution of funds among victim clients. Otherwise, the disciplinary sanction would have been different."

Ends

Notes:

1. Man is currently a representative licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) regulated activity and accredited to Wellfull Securities Company Limited.
2. Yip pleaded guilty to 23 counts of theft and five counts of false accounting at the District Court, and was sentenced to 40 months' imprisonment on 14 December 2006. His licence was revoked by the SFC and he is banned for life from re-entering the industry. Please see SFC [press release](#) dated 12 January 2007 for details.

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