

Former investment banker and fund manager jailed for insider dealing

20 Jul 2009

A former director of investment banking at CLSA Equity Capital Markets Ltd (CLSA), Mr Allen Lam Kar Fai, and a former portfolio fund manager at HSZ (Hong Kong) Ltd (HSZ), Mr Ryan Fong Yen-hwung, were jailed for insider dealing in the District Court today.

Deputy District Judge Mr Eddie Yip sentenced Fong to 12 months' imprisonment and ordered him to pay a fine of \$1,372,218, which was equivalent to the total insider dealing profits attributable to Fong. Lam was sentenced to six months' imprisonment and was ordered to pay a fine of \$69,000, which was equivalent to the insider dealing profits indirectly attributable to Lam.

These are the eighth and ninth convictions and the third court case which resulted in imprisonment in relation to insider dealing following investigations by the Securities and Futures Commission (SFC) in the last 12 months (Note 1).

"This was a serious case involving cover-up tactics and code words to disguise the inside information. This was not enough to disguise what they were really doing once the SFC's enforcement spotlight uncovered them. The SFC will continue to attack insider dealing using all our remedies to protect the investing public," the SFC's Executive Director of Enforcement, Mr Mark Steward said.

On 6 July 2009, Lam and Fong each pleaded guilty to one count of insider dealing charge under section 291 of the Securities and Futures Ordinance (Note 2). The case was adjourned to today for sentencing.

End

Notes:

1. Please see SFC press releases dated [17 July 2008](#), [1 April 2009](#) and [20 April 2009](#).
2. In 2005, CLSA acted as the financial adviser for JCDecaux Pearl & Dean Ltd (JCDecaux) in a proposed acquisition (the Takeover) by JCDecaux of the controlling interests of 73.38% in Media Partners International Holdings Inc (Media Partners) (the company is now de-listed) at \$1.141 per share which was substantially above the prevailing market share price of Media Partners. The SFC investigation found that as a senior officer at CLSA, Lam gained access to the confidential, price sensitive information about the Takeover and wrongfully tipped off Fong about such information before its public announcement. Fong in turn took advantage of the information and purchased, for himself and for an HSZ fund he managed, a total of 10,626,000 shares of Media Partners at prices ranging from \$0.6 to \$0.83 between 21 July 2005 and 12 September 2005. When the Takeover was announced on 21 September 2005, the share price of Media Partners jumped dramatically, enabling Fong to sell the shares at prices above \$1. Fong eventually made a profit of \$3,390,000 for the fund and \$1,026,459 for himself. For details, see SFC press release dated 7 July 2009.

Page last updated : 1 Aug 2012