

Ex-securities company director charged for
alleged \$600,000 sub-underwriting
commissions fraud

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A former director-cum-responsible officer of a securities company has been charged by the ICAC for allegedly deceiving sub-underwriting commissions totalling about \$600,000 in relation to rights issue, open offer and share placement exercises.

Franco Tong Sui-lun, 44, former director-cum-responsible officer of Quam Securities Co. Ltd. (Quam), faces three counts of fraud and one of doing an act tending and intended to pervert the course of public justice.

Quam, a wholly-owned subsidiary of publicly listed Quam Limited, is engaged in providing its clients with services of securities and futures.

The defendant will appear in Eastern Magistracy at 9:30 am tomorrow (Friday) for mention, pending transfer to the District Court.

The case arose from a corruption complaint referred by the Securities and Futures Commission (SFC). Subsequent ICAC enquiries revealed the above alleged offences.

One of the fraud charges alleges that the defendant falsely represented to Quam that a person had genuinely accepted the offer by Quam as a sub-underwriting agent to procure subscribers for 20,000,000 rights shares of KanHan Technologies Group Limited for a commission of 2% of the subscription price.

With intent to defraud, the defendant allegedly induced Quam to release a sub-underwriting commission of \$22,800 to the securities account in the name of the said person with Quam, which resulted in benefit to the defendant.

Another fraud charge alleges that the defendant falsely represented to Quam that another person had genuinely accepted the offer by Quam as a sub-underwriting agent to procure subscribers for 30,160,000 offer shares of Hua Xia Healthcare Holdings Limited for a commission of 2% of the subscription price.

It was alleged that with intent to defraud, the defendant induced Quam to release a sub-underwriting commission of \$48,256 to the securities account in the name of that person with Quam, which resulted in benefit to the defendant.

The remaining fraud charge alleges that the defendant falsely represented to Quam that the above two persons had genuinely accepted the offer by Quam as sub-underwriting agents to procure subscribers for 47,300,000 placing shares of Galileo Holdings Limited for a commission of 2% of the placing price.

With intent to defraud, the defendant allegedly induced Quam to release two sub-underwriting commissions of \$260,150 each to the securities accounts of the said two persons with Quam, which resulted in benefit to the defendant.

The defendant is also alleged to have done a series of acts which had a tendency to pervert the course of public justice in that he induced and instructed one of the above two persons to give a false statement to officers of the SFC.

The above alleged offences took place between January 2006 and November 2007.

The SFC and Quam Limited have rendered full assistance to the ICAC during its investigation.

The defendant has been released on ICAC bail, pending his court appearance tomorrow.