

# Court freezes bank accounts of suspected boiler rooms

19 Dec 2014

The Securities and Futures Commission (SFC) today obtained interim injunctions in the Court of First Instance freezing bank accounts suspected of receiving monies from investors of alleged frauds known as boiler rooms (Notes 1, 2 & 3).

The interim orders protect approximately \$4.3 million in the bank accounts which allegedly hold the proceeds of unlicensed or boiler room activities being carried out by:

- Broadspan Securities (Broadspan) using the website [www.broadspansecurities.com](http://www.broadspansecurities.com);
- Shepherds Hill Partners, Hong Kong (Shepherds Hill) using the website [www.shepherdshillhk.com](http://www.shepherdshillhk.com); and
- Rich Futures (HK) Limited (Rich Futures) using the website [www.richfutureshk.com](http://www.richfutureshk.com).

The bank accounts are held by six entities, namely, Timeprime Limited; Lynwin Limited; Resmart Limited; Fieldmark Corporation Limited; DH Corporation Limited and SMD Partnership Limited.

The court has adjourned, until 7 January 2015, the hearing of the SFC's application for orders to stop Broadspan, Shepherds Hill and Rich Futures from carrying on unlicensed activities and suspending their websites. The interim orders in relation to the bank accounts will remain in force until the hearing of the SFC's application for final orders against all the parties, the date of which has yet to be fixed.

Today's proceedings were brought under section 213 of the Securities and Futures Ordinance (SFO). The SFC is also seeking final orders against Broadspan, Shepherds Hill and Rich Futures including permanent injunctions and other orders to provide relief to any victims.

The SFC's investigation is continuing.

End

Notes:

1. Boiler rooms usually claim to be licensed for regulated securities or futures business and issue related advertisements when they are not licensed or actually in that jurisdiction. Under section 114(1)(b) of the SFO, it is an offence for a person to hold himself out as carrying on a business in a regulated activity without a licence. Under section 109 of the SFO, it is an offence to issue a related advertisement.
2. The usual way a boiler room works is that they call investors claiming to be in Place A, but are actually in Place B. They ask the investors to invest in a financial product in Place C and to send money to an account in Place D. Often a boiler room will transfer money received from the investors from an account in one place to an account in another place almost as soon as it has been received. By the time the fraud has been discovered, the money has disappeared or been transferred out of reach.
3. There is an Alert List on the SFC website which lists firms which are unlicensed in Hong Kong and are suspected to be targeting Hong Kong investors or claim to have an association with Hong Kong.