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## SFC commences proceedings in Market Misconduct Tribunal over alleged false research report

22 Dec 2014

The Securities and Futures Commission (SFC) has commenced proceedings in the Market Misconduct Tribunal (MMT) against Mr Andrew Left of Citron Research, alleging market misconduct involving the publication of a research report on Evergrande Real Estate Group Limited (Evergrande) in June 2012 (Note 1).

Left is the head of Citron Research, a US-based publisher of research reports on listed companies (Note 2).

The SFC alleges that on 21 June 2012, Left published a report on Citron Research's website ([www.citronresearch.com](http://www.citronresearch.com)) that contained false and misleading information about Evergrande. The report stated, among other things, that Evergrande was insolvent and had consistently presented fraudulent information to the investing public.

The share price of Evergrande fell sharply on the same day following the publication of the report (Note 3).

The SFC also alleges that shortly before publishing the report, Left short sold 4.1 million shares of Evergrande which he subsequently bought back, making a notional profit of over \$2.8 million. Left made a total realised profit of approximately \$1.7 million.

A copy of the SFC's Notice commencing the MMT proceedings will be available on the MMT's website ([www.mmt.gov.hk](http://www.mmt.gov.hk)).

End

Notes:

1. Evergrande was listed on The Stock Exchange of Hong Kong on 5 November 2009.
2. Left lives in the U.S.
3. On 21 June 2012, the share price of Evergrande reached a high of \$4.52 in the morning but then declined sharply to a day low of \$3.6, down 19.6% from the previous day's close of \$4.48. The stock closed at \$3.97 which was 11.4% down from the previous day's closing price. By comparison, the Hang Seng Index declined 1.3% on the same day.

Page last updated : 22 Dec 2014