

SFC Takes Action Against Grand Fortune Securities & Investment Company Limited

29 Jan 2001

The Securities and Futures Commission (SFC) announced today that it has publicly reprimanded Grand Fortune Securities & Investment Company Limited (Grand Fortune), a registered securities dealer.

The action stems from inquiries during which a leading accountancy firm was commissioned by Grand Fortune at the SFC's request as independent accountants to look into allegations that two former dealer's representatives of Grand Fortune had used clients' securities without authority. The independent accountants also conducted a comprehensive review of Grand Fortune's dealing system and internal controls. The independent accountants found upon the conclusion of their review that: -

- From 1989 to 1999 two former dealer's representatives of Grand Fortune had used clients' securities without authority and provided false documentation to mislead those clients as to the state of their accounts at Grand Fortune; and
- There were weaknesses in Grand Fortune's internal controls and management supervision which affected Grand Fortune's ability to detect these matters.

In deciding on this course of action, the SFC has taken into account that: -

- Grand Fortune has co-operated fully with the SFC throughout the inquiries; Grand Fortune has implemented all the recommendations made by the independent accountants to enhance its internal controls to prevent future abuses by employees and to ensure the business is conducted in an efficient manner;
- Grand Fortune has employed one more dealing director to strengthen the supervision of its staff and its dealing process;
- Mr Huen Wing Ming, Patrick, Grand Fortune's dealing director and substantial shareholder, acknowledges and accepts his monitoring and supervision of the trading activities of Grand Fortune had not met the standards expected by the SFC of a registered dealing director;
- As a result of these matters, Ms Huen Lai Ping, Florence, a registered dealer's representative and Grand Fortune's Dealing Manager has resigned from Grand Fortune and has agreed to voluntarily surrender her registration and not to re-apply for any registration for a period of three years.