

SFC Suspends Lee Po Wing for Failure to Discharge His Duties and Responsibilities as a Dealing Director

9 Dec 2003

The SFC has suspended Mr Lee Po Wing, a deemed licensee, for two months from 9 December 2003 to 8 February 2004 under the Securities and Futures Ordinance. (Note 1)

The suspension stems from an SFC inspection of Prosperous Securities Limited in early July 2002. The inspection and subsequent investigation revealed that Prosperous had failed to comply with the liquid capital requirements under the Financial Resources Rules (FRR) since 1999 and its capital deficiency was as high as \$20 million. Prosperous was convicted at Western Magistracy of (i) providing false and misleading information to the SFC contrary to section 56A of the Securities and Futures Commission Ordinance and (ii) failing to notify the SFC of its liquid capital deficiencies from July 2000 to June 2002 pursuant to section 65C of the Securities Ordinance. (Note 2)

At all relevant times Lee was the dealing director of Prosperous who certified that the FRR returns filed with the SFC were true and accurate. He pleaded guilty and was convicted at Western Magistracy of being negligent in contributing to the failure of Prosperous to forthwith notify the SFC of its inability to comply with the FRR and to cease dealing in securities immediately. Notwithstanding Lee's duty to ensure that the FRR returns were true and accurate, he admitted that he signed the returns without verifying their contents or understanding them.

As a result, the SFC concludes that Lee's fitness and properness has been called into question and has decided to suspend his licence.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "Compliance with the FRR is vital to ensure that a licensed corporation is adequately capitalised and can therefore meet its obligations to clients, other market participants and creditors. This benefits the integrity of the market as a whole. As a result, the SFC views breaches of the FRR by licensed corporations as being a very serious matter. A licensed corporation through its management is obliged to notify the SFC promptly on becoming aware of its inability to maintain the required liquid capital, and immediately cease carrying on all regulated activities except if the SFC otherwise permits. We will therefore continue to investigate and where appropriate both prosecute and take disciplinary action against licensed corporations and members of their management who fail to comply with these requirements."

Ends

Notes :

1. Lee is currently a deemed licensed representative in Types 1, 4, 6, 7 & 9 regulated activities accredited to Prudential Brokerage Limited.
2. Prosperous ceased its business at the request of the SFC in July 2002 and its registration was revoked in November 2002. Please refer to the [press release issued on 29 July 2003](#).