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## Enforcement News

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21 January 2004

### SFC Suspends Michael John Fawdry for Falsely and Misleadingly Holding Out an Unregistered Firm as Investment Adviser

The SFC has suspended Mr Michael Fawdry, a deemed licensee, for seven weeks from 21 January to 9 March 2004 under the Securities and Futures Ordinance. (Note 1)

The suspension stems from a complaint lodged with the SFC by a client of Ernest Maude Continental Investment Limited (EMCIL). Inquiry into the complaint revealed that Fawdry had in June 1998 entered into an agreement with the client contemplating the provision of investment advisory services for remuneration. In addition, the service agreement expressly stated that EMCIL was registered as an Investment Adviser.

At the time of the agreement, EMCIL was not registered with the SFC in any capacity. By entering into the service agreement with the client on behalf of EMCIL, Fawdry held EMCIL out as a registered investment adviser when it was not.

The SFC concludes that the fitness and properness of Fawdry has been called into question and decides to suspend his licence. In deciding on the appropriate level of penalty, the SFC has taken into account that Fawdry accepted that he was wrong.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "Holding out as carrying on business in regulated activities without being licensed by the SFC can be prosecuted criminally. The licensing regime exists to ensure that firms and individuals providing investment services are fit and proper. Unlicensed activities are detrimental to investor interests and market integrity. A person must be licensed before engaging in regulated activities or representing that he or she is. We take unlicensed activities seriously and will prosecute and take appropriate disciplinary action against all unlicensed activities."

Ends

Note:

1. Fawdry is a deemed licensed representative in Type 4 regulated activity (advising in securities) accredited to Ernest Maude Investment Services Limited.

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