

Press Releases

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16 June 2004

SFC Has Obtained an Interim Injunction Against Charles Schmitt

The SFC has obtained an interim injunction to prevent Mr Charles Schmitt, the Chief Executive Officer of Charles Schmitt & Associates Limited (CSAL), from dealing with and diminishing the value of his assets and any assets he holds or controls.

The injunction was obtained in the High Court, under section 213 of the Securities and Futures Ordinance to further protect the assets of clients of CSAL. The injunction is in force until 25 June 2004 when the matter will be reconsidered by the High Court.

Banks that are believed to be holding relevant assets have also been informed of the injunction.

The injunction followed a restriction notice that the SFC issued on CSAL last night to preserve the assets of the company and its clients, and to protect the interests of these clients and the investing public.

The restriction notice, which is still in force, prohibits CSAL from carrying on any of the activities for which it is regulated and disposing of or dealing with any assets held or controlled by it without the SFC's prior written consent.

The SFC took action to protect the interests of CSAL clients and investors upon suspicion that client assets might have been misappropriated from the CSA Absolute Return Fund Limited. The fund is advised by Mr Schmitt on behalf of CSAL and is not an SFC authorised fund.

The suspected misappropriation first came to light upon a report to the SFC by certain members of the senior management of CSAL of some unusual fund movements and investment transactions relating to CSA Absolute Return Fund Limited. Based on the intelligence received and further information gathered by an SFC team, the SFC met Mr Schmitt yesterday, who was not able to provide satisfactory answers regarding transfers of client monies into bank accounts with which he is connected.

The SFC is continuing its investigation and is working closely with the senior management of the company. It is not in a position yet to report on the exact amount of assets that might have been misappropriated or the number of clients who might be affected.

The SFC referred the case to the Commercial Crime Bureau of the Police yesterday as soon as it had sufficient ground to suspect misappropriation. The SFC will fully co-operate with the Police in its investigation where necessary.

The SFC investor hotline today received some calls concerning CSAL. CSAL clients may also contact Ms Jennifer Carver at 2110 3878 or Mr Brian MacDougall at 2526 0306 of CSAL for information relating to their investments.

An SFC spokesman said: "Based on information so far, the SFC believes that the case might be an isolated case of misappropriation and concerned the conduct of an individual."

"It should be noted that the SFC has taken resolute and immediate action to seek to protect the interests of the clients of the firm and the investing public. The restriction notice was issued and the injunction was obtained within hours of the failure of Mr Schmitt, who is also owner and Managing Director of the firm, to explain satisfactorily the asset transfers," the spokesman added.

Ends

Notes to Editor:

1. Please also see press release issued on [15 June 2004](#).

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