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SFC Suspends Choy Tin Woo Johnnie for Providing Misleading Information and Illegal Short Selling

18 Oct 2004

The SFC has suspended the licence of Mr Choy Tin Woo Johnnie for five months, from 15 October 2004 to 14 March 2005 (both dates inclusive).

Choy was registered as a securities dealing director of Stockwell Securities Limited and Stockwell Online (Securities) Limited, and an accredited commodity dealer of Stockwell Commodities Limited (Note 1).

Following an investigation, the SFC found that Choy had provided misleading information to Hong Kong Exchanges and Clearing Limited (HKEx) and the SFC about the possible short selling of 3.6 million shares of Digital World Holdings Limited on 14 March 2002.

Choy told HKEx that the short sale belonged to a client, not himself. At his first interview with the SFC, Choy kept to his story that the selling transaction belonged to the client. He repeatedly claimed that it was a client's transaction in other communication with the SFC. SFC staff subsequently interviewed the client who denied she had sold any Digital World's shares. In a subsequent SFC interview, Choy admitted that the selling transaction in fact belonged to him. The SFC therefore found that Choy had misled HKEx and the SFC.

The SFC also found that Choy had:

- applied for Digital World's excess rights issue shares via the client's account without a proper written record of the arrangement;
- failed to properly record that he had a related account in Stockwell which was held by his daughter;
- breached company policy by depositing his personal cheques into his daughter's account in Stockwell; and
- failed to obtain written instructions from the client to change the payee for two cheques issued by Stockwell from that client to Stockwell.

In March 2003, Choy pleaded guilty to the illegal short selling of 3.6 million Digital World shares and was fined and ordered to pay SFC's investigation costs (Note 2).

As a result of the above failings, the SFC decides to suspend the licence of Choy.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "The SFC expects all licensees to co-operate with the SFC at all times by giving true and complete answers to our questions. We will suspend licensees found to have deliberately or recklessly given us misleading information. We also expect all licensees to play a role in protecting the integrity of the market. Illegal short selling damages market integrity. Any licensee who short sells illegally may be both prosecuted and disciplined."

Ends

Notes to Editor:

1. Choy is at present a licensed responsible officer.
2. Please refer to the SFC [press release issued on 25 March 2003](#).

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