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The SFC Reprimands Yau Shu Cheung, Gary for Improper Conduct in Handling Internal Documents

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The SFC has reprimanded Mr Yau Shu Cheung, Gary, a responsible officer of T G Holborn (Hong Kong) Limited, for improper conduct in handling internal client administration documents (Note 1). Yau also agreed to make a voluntary payment of \$146,000 in settling the disciplinary action against him. The SFC accepted the voluntary payment in lieu of a one-month suspension.

The action follows the SFC's routine inspection of T G Holborn's accounts in August 2002, which revealed that T G Holborn's investment representatives had received commission for selling unit funds to their clients whilst unregistered. Three unlicensed representatives pleaded guilty and were convicted of unregistered dealing in 2003 (Note 2).

SFC investigation also revealed that Yau had negligently signed on an internal client administration form as the consultant to a client, solicited by one of the unlicensed representatives, when in fact an unlicensed representative was the consultant. The SFC started disciplinary proceedings against Yau for breaching the Code of Conduct (Note 3) and issued its decision against Yau on 23 September 2005 suspending him for one month.

Yau appealed the decision to the Securities and Futures Appeals Tribunal (SFAT) on 14 October 2005. Yau subsequently entered into a settlement agreement with the SFC and withdrew his appeal.

In settling the disciplinary action, the SFC has taken into account the fact that:

- Yau has a clear record and this was a one time error;
- there was no loss caused to T G Holborn or to any other person;
- Yau made no money off the relevant client; and
- Yau co-operated with the SFC.

The SFC considers the settlement to be in the interest of the investing public and in the public interest and will pay the sum into government revenue.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "All licensees, including responsible officers, have a duty to act in a fit and proper manner. Although the document in question which incorrectly recorded Yau as the consultant to the client was an internal company document, it was meant to help the company ensure that only licensed consultants advised clients and was important for this reason. Licensees must take care to ensure that all material paperwork relating to a firm's business or its compliance with law and regulation accurately reflects the facts so that the firm and the regulator can monitor compliance. Those who deliberately falsify such documents will face harsher penalties and possible criminal prosecution."

Ends

Notes:

1. Yau is deemed licensed under the Securities and Futures Ordinance to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities. Yau is a responsible officer accredited to T G Holborn (Hong Kong) Limited.
2. Please see SFC press releases dated [9 September 2003](#), [16 September 2003](#) and [4 December 2003](#) for details.
3. The Code of Conduct for Persons Registered with the Securities and Futures Commission came into effect in April 2001.

