

SFC Tackles Secret Accounts and Bans Responsible Officer for Life

30 Jul 2007

The SFC has banned Mr Yeung Hon Fat from re-entering the industry for life for operating secret accounts (Note 1).

An SFC investigation found that in late 2005, while acting as a responsible officer of KGI Futures (Hong Kong) Limited, Yeung:

- concealed from KGI his personal options trading through an account under his brother-in-law's name, resulting in a margin deficit of over \$13 million;
- conducted unauthorised trading in two other clients' accounts, resulting in a total margin deficit of over \$1.5 million;
- coached one of these two clients to assume responsibility for Yeung's unauthorised trades and to lie to KGI about these unauthorised trades in order for Yeung to evade his own liability; and
- coaxed a subordinate to become the nominal account executive of these clients.

Mr Mark Steward, SFC's Executive Director of Enforcement, said: "This is the third case where the SFC has taken action in recent months against representatives of brokers operating secret accounts. The SFC views this conduct as a form of market misconduct and plainly dishonest behaviour, deceiving employers and harming the interests of clients. We will treat it seriously." (Note 2)

Ends

Notes:

1. Yeung was formerly licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities as a responsible officer of KGI Asia Limited, KGI Futures (Hong Kong) Limited and KGI Securities (Hong Kong) Limited. His licence was revoked in January 2006 when he ceased to be employed by KGI. He was adjudged bankrupt by the court on 16 January 2007.

2. Please see SFC press releases dated [17 May 2007](#) and [26 June 2007](#) for details.