

SFC Reprimands and Fines Hang Tai Securities Limited and So Ping Tsuen Gary

23 Oct 2007

The SFC has issued a reprimand to Hang Tai Securities Limited and its executive director, Mr So Ping Tsuen Gary. The SFC has also fined them \$800,000 and \$100,000 respectively (Note 1).

During the investigation of the misappropriation of client assets by a former representative of Hang Tai (Note 2), the SFC found that Hang Tai did not:

- have adequate internal controls to prevent and detect the representative's misappropriation of client assets and unauthorised trading conducted in client accounts;
- adequately segregate its front and back office functions; and
- take reasonable steps to: (i) identify the person originating client orders; (ii) prevent unauthorised changes to client contact details; and (iii) ensure that client monies were paid into the appropriate accounts.

So is responsible for Hang Tai's operations and compliance. Together with Hang Tai, he bears direct responsibility for Hang Tai's failure.

In deciding the sanction, the SFC has taken into account all the circumstances, including: (i) Hang Tai and So were co-operative; (ii) Hang Tai engaged an independent accountant to review its internal controls and has adopted the recommendations suggested by the independent accountant in order to improve its internal controls; (iii) So had no disciplinary history; (iv) Hang Tai did not immediately notify the SFC about the discovery of a falsified client statement of account and the suspicion of client assets being misappropriated; and (v) Hang Tai has fully compensated all the clients who suffered losses.

The link between internal control failures and serious client losses is a strong one. This decision should remind other firms to maintain rigorous systems and controls to prevent fraud and losses to clients.

Mr Mark Steward, SFC's Executive Director of Enforcement, said: "Keeping client assets safe is among a broker's most basic duties, and failing to maintain adequate internal systems and controls breaches the trust and confidence that investors and clients expect from intermediaries and advisers. The penalty would have been much higher but for Hang Tai's steps to rectify the damage, compensate the clients and fully co-operate with the SFC after the SFC's discovery of the breach."

Ends

Notes:

1. Hang Tai is licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) regulated activity. So is not licensed but he is a person who is regarded, under the Securities and Futures Ordinance, as involved in the management of Hang Tai.
2. Please see [SFC press release dated 9 November 2006](#) for details of the disciplinary action taken by the SFC against Ms Fung Kit Ching Bandie banning her for re-entering the industry for life.

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證監會譴責恒泰證券有限公司及蘇炳全及向其施加罰款

2007年10月23日

證監會對恒泰證券有限公司及其執行董事蘇炳全（男）作出譴責，並分別向其罰款800,000元及100,000元（註1）。

證監會在調查恒泰一名前任代表挪用客戶資產一事（註2）期間，發現恒泰並無：

- 設立足夠的內部監控措施，以防止及偵察該代表挪用客戶資產及於客戶帳戶內進行未經授權的交易；
- 充分劃分其前線及後勤辦公室的職能；及
- 採取合理的步驟，藉以：(i) 識別發出客戶買賣盤的人士；(ii) 防止任何人對客戶的聯絡資料作出未經授權的改動；及(iii) 確保向適當的帳戶支付客戶的款項。

蘇負責恒泰的運作及合規事宜。他與恒泰須對恒泰的缺失負上直接責任。

證監會在釐定制裁時，已考慮到所有情況，當中包括：(i) 恒泰及蘇表現合作；(ii) 恒泰已聘請獨立會計師檢討其內部監控措施，及採納獨立會計師提出的建議，以改善其內部監控措施；(iii) 蘇並無遭受紀律處分的紀錄；(iv) 恒泰並無就發現偽造客戶帳戶結單及懷疑客戶資產被挪用一事即時通知證監會；及(v) 恒泰已對所有蒙受損失的客戶作出充分賠償。

內部監控缺失與嚴重客戶損失兩者之間存在極大的關聯，是項決定應能提醒其他商號須維持嚴格的系統及監控措施，以防止客戶遭到詐騙及蒙受損失。

證監會法規執行部執行董事施衛民先生(Mr Mark Steward)表示："妥善保管客戶資產是經紀最基本的職責之一，如未能維持足夠的內部系統及監控措施，便會破壞投資者及客戶對中介人及顧問的信任及信心。若非恒泰採取步驟就損害作出補救、賠償客戶及在證監會發現該違規情況後與證監會充分合作，有關罰則應會更高。"

完

備註：

1. 恒泰根據《證券及期貨條例》獲發牌進行第1類（證券交易）受規管活動，蘇並沒有獲發牌，但根據《證券及期貨條例》，他被視作一名參與管理恒泰的人士。
2. 有關證監會就終身禁止馮潔貞(女)重投業界所採取的紀律行動的詳情，請參閱證監會在2006年11月9日發出的新聞稿。

最後更新日期：2012年8月1日