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## Enforcement News

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12 September 2008

### SFC seeks court orders against unlicensed futures trader

The Securities and Futures Commission (SFC) made an urgent application in the High Court this afternoon seeking the appointment of administrators over a firm located in Wan Chai, which the SFC alleged has been conducting an unlicensed futures dealing business in Hong Kong (Note 1).

The court granted the application appointing Rod Sutton and Desmond Chiong of Ferrier Hodgson as joint and several administrators of Gartlett Investments Ltd (Gartlett). The court also ordered the firm to stop carrying on dealing in futures contracts for clients.

The SFC alleged that Gartlett was conducting an unlicensed futures dealing business on behalf of approximately 200 clients mainly in commodity futures contracts traded through London brokers on the London Metals Exchange.

The SFC relied on information that over 2,400 sampled contracts were executed in the last two weeks of August 2008 with a total value over US\$950 million. Most clients appear to be in the Mainland.

Given the scale of the unlicensed activity and that client and company money has appeared to have been mixed, the SFC decided it was necessary to ask the court to place the business in the hands of court-appointed administrators.

The administrators will take possession of the company's records and bank accounts, account for and segregate client money, oversee an orderly closure of outstanding client positions and report, as required, to the court.

Gartlett has co-operated with the SFC's investigation and did not oppose today's application. The owner of Gartlett has indicated to the SFC that he will co-operate with both the SFC and the administrators.

The orders remain on foot until the case returns to court on 19 September 2008.

End

Note:

1. Dealing in futures contracts is a regulated activity requiring a Type 2 licence from the SFC.

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