

SFC suspends Goh Chee Liong for nine months

9 Oct 2009

The Securities and Futures Commission (SFC) has suspended the licence of Mr Goh Chee Liong, former responsible officer of Hang Tung Securities Ltd, as a representative and the approval for him to act as a responsible officer for nine months (Note 1).

The disciplinary action follows an SFC investigation which revealed that Goh:

- failed to put in place a proper accounting and settlement system in Hang Tung;
- failed to properly supervise the settlement and accounting functions of Hang Tung; and
- permitted the use of either third party cheques or other clients' transactions/cash balance to settle the outstanding balance in the account of an account representative's sister at Hang Tung.

Between July 2000 and April 2007, an account representative accredited to Hang Tung used her sister's account at Hang Tung to carry out personal trades in securities. She started incurring substantial trading losses in her sister's account in February 2006 and losses in that account continued to rise thereafter.

Goh, as part of the senior management of Hang Tung, failed to ensure that Hang Tung's internal system in relation to operational controls was adequate. This gave rise to the opportunity for the account executive to manipulate the settlement process to avoid paying for the losses. As a result, Hang Tung suffered a loss of \$3.8 million.

Despite his role as responsible officer, Goh failed to properly supervise the operation of the Accounts and Settlement Department at Hang Tung. This facilitated the use of sale proceeds due to another client to settle the account of the account executive's sister by an accountant. Goh also failed to spot the inaccurate internal reports which were relied upon by the accountant to compile Hang Tung's financial returns (Note 2).

End

Notes:

1. Goh is licensed under the SFO to carry on Type 1 (dealing in securities) regulated activity and has been accredited to Hang Tung since 24 October 1989. He was a dealing director and a responsible officer of Hang Tung from 9 January 1991 to 30 April 2009.
2. Both the account executive and the accountant were disciplined by the SFC. For further details, see SFC [press release](#) dated 6 July 2009.

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