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SFC resolves compliance issues with Good Harvest Securities Company Ltd and Chu Ho Miu Hing

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The Securities and Futures Commission (SFC) has resolved certain compliance issues with Good Harvest Securities Company Ltd (Good Harvest) and Ms Chu Ho Miu Hing (Chu) (Note 1).

During the investigation of the misappropriation of clients' assets by a former account executive (Note 2), the SFC found that Good Harvest, under the management of Chu, had a number of internal control deficiencies, including:

- failing to segregate its front and back office functions;
- failing to ensure that the issuing process of trading documents, including statements and contract notes, is properly protected against tampering and abuse by unauthorised staff; and
- failing to ensure adequate and diligent supervision of its staff.

Good Harvest and Chu acknowledge the findings of the SFC in respect of Good Harvest's internal control deficiencies.

Under the resolution, the SFC has:

- issued a reprimand to Good Harvest and Chu; and
- fined Good Harvest and Chu \$800,000 and \$300,000 respectively.

In deciding to resolve the above compliance issues with Good Harvest and Chu, the SFC took into account that:

- Chu has caused Good Harvest to begin to take steps to rectify the internal control deficiencies identified;
- Good Harvest has engaged an independent accountant to review its internal controls;
- Good Harvest and Chu fully co-operated with the SFC at both the investigation and disciplinary stages; and
- both Good Harvest and Chu have expressed contrition for their failings.

End

Notes:

1. Good Harvest is licensed under the Securities and Futures Ordinance (SFO) to carry on Type 1 (dealing in securities) regulated activity. Chu is licensed under the SFO to carry on Type 1 (dealing in securities) regulated activity, accredited to Good Harvest. Chu is a responsible officer and a director of Good Harvest.
2. Please see SFC press release dated [1 September 2008](#) for details of the disciplinary action taken by the SFC against Ms Lance Leung Chiu Ling banning her from re-entering the industry for life.

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