

SFC obtains court order to freeze \$23.5 million assets of Maxim Capital Limited

10 Nov 2015

The Court of First Instance has granted various interim orders against Maxim Capital Limited (Maxim Capital), an unlicensed investment firm, including freezing all its monies in Hong Kong totalling approximately \$23.5 million following legal proceedings brought by the Securities and Futures Commission (SFC) under section 213 of the Securities and Futures Ordinance (SFO) (Note 1).

Interim orders were also granted on 6 November 2015 to restrain Maxim Capital from holding out as carrying on regulated activities whilst unlicensed and to suspend its websites that have been promoting the carrying out of regulated activities under the brand name "Maxim Trader".

The SFC's investigation found that Maxim Capital and Maxim Trader have solicited over 130 investors to invest more than \$111 million in a number of investment schemes since 2013 that claimed to pay monthly returns from 3% to 8%.

Whilst the investors were initially able to receive monthly returns on their investments, they have not received further monthly returns since July 2015 and were informed by Maxim Capital/Maxim Trader that their investments had been converted into shares of a company which appear to the SFC to be worthless.

The SFC alleges that Maxim Capital and Maxim Trader have contravened the SFO by holding out as carrying on a business in SFC regulated activities in Hong Kong without an SFC licence and issuing related advertisements.

The SFC also alleges that Maxim Capital and Maxim Trader have contravened the SFO by issuing advertisements which invite the public to enter into agreements to acquire interests in a collective investment scheme without SFC's authorization. Maxim Capital and Maxim Trader made various fraudulent or reckless misrepresentations, including the claim that Maxim Capital was a financial service provider licensed in New Zealand and regulated in Belize.

On 27 October 2015, the SFC commenced proceedings under section 213 of the SFO seeking various final orders against Maxim Capital and Maxim Trader, including injunctive relief and restitutionary orders requiring them to restore the affected investors to their pre-transaction positions. Pending the substantive determination of the SFC's claims, the SFC also applied on the same day for various interlocutory injunction orders.

The SFC has identified approximately \$23.5 million held in an account maintained by Maxim Capital with a licensed money service operator in Hong Kong. Those funds are now frozen under the terms of the interim injunction order. This order will remain in force until the trial of these proceedings, the date of which has yet to be fixed.

The SFC's investigation is continuing.

End

Note:

1. Maxim Capital is a company incorporated in the Republic of Seychelles and has a business registration certificate in Hong Kong. The SFC alleges that Maxim Capital has marketed its businesses under the brand name of "Maxim Trader" via the websites www.maximtrader.com, www.maximtrader.biz, www.maximtaiwan.com and/or partner.maximtrader.com and various marketing seminars in Hong Kong.

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