

Court freezes bank accounts of suspected boiler rooms

15 Jan 2016

The Securities and Futures Commission (SFC) today obtained interim injunctions in the Court of First Instance freezing approximately \$600,000 in bank accounts suspected of receiving monies from investors of alleged frauds known as boiler rooms (Notes 1, 2 & 3).

The Court has also granted the SFC's application for interim orders to restrain the following entities from holding themselves out as carrying on regulated activities whilst unlicensed and suspending their websites:

- Waldmann Asset Management (Waldmann) using the website www.waldmann-asset-management.com
- Doyle Hutton Associates (Doyle) using the website www.doyle-hutton-associates.com
- Cardell Limited and/or Cardell Company Limited (Cardell) using the website www.cardell-limited.com

The interim orders protect the monies in bank accounts held by Cardan Limited, Cedan Limited, Hamtron Limited and Mutual Hope Limited which allegedly hold the proceeds of unlicensed or boiler room activities being carried out by Waldmann, Doyle and Cardell.

The interim orders will remain in force until the hearing of the SFC's application for final orders against all the parties, the date of which has yet to be fixed.

Today's proceedings were brought under section 213 of the Securities and Futures Ordinance (SFO) in which the SFC is seeking final orders against Waldmann, Doyle and Cardell including permanent injunctions and other orders to provide relief to any victims.

The SFC's investigation is continuing.

End

Notes:

1. Boiler rooms usually claim to be licensed for regulated securities or futures business and issue related advertisements when they are not licensed or actually in that jurisdiction. Under section 114(1)(b) of the SFO, it is an offence for a person to hold himself out as carrying on a business in a regulated activity without a licence. Under section 109 of the SFO, it is an offence to issue a related advertisement.
2. The usual way a boiler room works is that they call investors claiming to be in Place A, but are actually in Place B. They ask the investors to invest in a financial product in Place C and to send money to an account in Place D. Often a boiler room will transfer money received from the investors from an account in one place to an account in another place almost as soon as it has been received. By the time the fraud has been discovered, the money has disappeared or been transferred out of reach.
3. There is an Alert List on the SFC website which lists firms which are unlicensed in Hong Kong and are suspected to be targeting Hong Kong investors or claim to have an association with Hong Kong.

Page last updated : 15 Jan 2016