

STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has prohibited Mr Yung Lap Hong (**Yung**) from re-entering the industry for life pursuant to section 196 of the Securities and Futures Ordinance (**SFO**).
2. The SFC found that Yung had misappropriated HK\$3,600,000 (**Funds**) from a bank account of a customer (**Customer**) of China Construction Bank (Asia) Corporation Limited (**CCBA**).
3. Yung's conduct casts serious doubt on his ability to perform regulated activities honestly as well as his character and reliability, and calls into question his fitness and properness to be a regulated person.

Summary of facts

4. Yung was registered with the Hong Kong Monetary Authority (**HKMA**) as a relevant individual and engaged by CCBA to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO between 18 December 2015 and 16 April 2019. Yung is currently not registered with the HKMA or licensed by the SFC.
5. At the material time, Yung was the branch manager of the Yaumatei branch of CCBA (**Branch**).
6. On 13 April 2019, the Customer visited the Branch and discovered that the Funds were missing from his bank account, and made enquiries with CCBA.
7. Yung admitted he misappropriated the Funds by using a cashier's order application form pre-signed by the Customer¹ to obtain a cashier's order for the Funds addressed to his wife (**Cashier's Order**) on 2 April 2019. The Funds were debited from the Customer's bank account upon the issue of the Cashier's Order. Yung also admitted that he deposited the Cashier's Order into his wife's bank account on 9 April 2019, and then transferred the Funds from his wife's bank account to himself.
8. On 17 April 2019, Yung repaid the misappropriated Funds to the Customer via CCBA.

Reasons for action

9. Section 129 of the SFO provides that, in considering whether a person is fit and proper, the SFC shall have regard to, in addition to any other matter that the SFC may consider relevant, the person's ability to carry on the regulated activity competently, honestly and fairly, and the reputation, character, reliability and financial integrity of the person.

¹ The Customer's pre-signed cashier order application had been given to Yung for safe-keeping by a staff member of the Branch.

10. The SFC is of the view that Yung has acted dishonestly and breached the trust reposed in him by his employer, his colleagues at CCBA and the Customer.
11. Yung's conduct has called into question his ability to perform regulated activities honestly as well as his character and reliability, and the SFC is of the view that he is not fit and proper to be a regulated person.

Conclusion

12. The SFC has decided that a prohibition for life is appropriate and commensurate with the SFC's view on the gravity of Yung's conduct. In deciding the sanction, the SFC has taken into account all relevant circumstances, including that:
 - (a) Yung's conduct was dishonest;
 - (b) a deterrent message needs to be sent to the market;
 - (c) Yung has returned the misappropriated Funds to the Customer; and
 - (d) Yung has an otherwise clean disciplinary record.