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SFC Reprimands Cheung Lai Ping for Failure to Handle Properly Client Complaints

2 Jul 2003

The SFC has reprimanded Ms Cheung Lai Ping, a licensed representative of Celestial Commodities Limited.

The reprimand stems from a complaint lodged with the SFC by a client against an account executive of Celestial in May 2002. It was found that the relevant account executive had conducted unauthorised trading in the client's account.

At the time, Cheung was the supervisor of the account executive. She failed repeatedly to conduct an independent inquiry after having received complaints from the client. Instead, she relied on the account executive's assurance to straighten out the complaint.

Cheung's failure to act on a client's complaint was confirmed by Celestial's warning letter issued subsequent to an internal investigation of the matter. The letter stated that Cheung had failed to supervise her subordinate adequately and effectively, and to protect the company from dishonest acts.

The SFC found that Cheung had failed to handle properly client complaints and to meet the standard expected of her from her employer. Accordingly, the SFC concludes that Cheung's fitness and properness as a licensed person has been called into question and decides to reprimand her.

The SFC notes that Cheung compensated the client who suffered financial loss as a result of the misconduct of the relevant account executive and that she promptly implemented certain remedial measures following the incident.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "Licensed persons should handle complaints from clients in a timely and appropriate manner and take steps to investigate and respond promptly. If a licensed person cannot remedy a complaint promptly, he must tell the client about other remedies he has, including complaining to the SFC. We would also like to remind licensed persons of the importance of supervising closely their subordinates to help detect improper conduct. They should also behave fairly when handling clients' complaints, in particular in relation to cases where losses are caused by an account executive's unauthorised trades."

Ends

Notes:

1. The account executive left Celestial shortly after the incident. At present, she is not licensed by the SFC.
2. Celestial has implemented additional internal controls measures to prevent unauthorised trades.

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