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SFC Suspends Leung Pui Kin For Assisting a Dishonest Colleague

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The SFC has suspended Mr Leung Pui Kin, a licensed representative of ICEA Securities Limited and ICEA Futures Limited (Note 1), for six weeks from 31 January 2005 to 13 March 2005 for giving improper assistance to a colleague at ICEA Securities, enabling the latter to steal from clients (Note 2).

The SFC's inquiry into a theft complaint by a client of ICEA Securities against a staff member of ICEA Securities found that:

- between May 2002 and February 2003, at the request of the colleague, Leung had accepted transfers into his ICEA Securities trading account amounts totalling \$113,300 from the accounts of four of the colleague's clients. Leung then apparently transferred the amounts to the colleague;
- the colleague told Leung that the clients owed him (the colleague) money, but at the same time, he owed money to ICEA Securities; therefore, if the clients transferred the money to the colleague's account, the firm would set it off against his debt;
- although Leung had questioned the propriety of the transfers, he agreed to help after the colleague had reassured him that they were proper;
- the colleague had in fact falsified the clients' signatures on the transfer forms or deceived them into signing the forms; and
- Leung's actions therefore unwittingly had facilitated the theft.

The reason the colleague gave to Leung for these transfers was unconvincing. Leung's action subjected ICEA Securities and the clients to unnecessary risks. It also hampered the ability of ICEA Securities to monitor the money transfers between the colleague and his clients. Leung's action also helped the colleague hide from the firm the purported loans between him and his client and the potential conflict of interest such loans would have given rise to.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "Fund transfers between account executives and their clients are susceptible to abuse and need to be closely monitored. Also, we view conflicts of interest seriously. Licensees should be alert to the risks involved and must not subject client interests to unnecessary risks by helping others hide such matters from their employers. But for Leung's co-operation and the remorse he has shown, the penalty would have been tougher."

Ends

Notes to Editor:

1. Leung is a licensed representative in Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities.
2. As the person in question has left the industry in 2003, the SFC has no jurisdiction to discipline him. The case has been referred to the Police.

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