

## Securities and Futures Appeals Tribunal Upholds the SFC's Decision to Suspend Ng Shun Fu

30 May 2006

The SFC has suspended Mr Ng Shun Fu for nine months pursuant to the determination of the Securities and Futures Appeals Tribunal (SFAT) (Note 1).

The suspension follows an SFC investigation into the subscription of rights shares in Sen Hong Resources Limited in a placement in June 1999. Ever-Long Securities Company Limited was the placing agent and underwriter for this placement. Ng was a responsible officer of Ever-Long Securities at that time.

The SFC's subsequent investigation revealed that Ng had failed to:

- adequately supervise an account executive in relation to account opening procedures and internal controls;
- enquire into the financial standing of six sub-underwriters, which were British Virgin Island companies, introduced by the account executive in breach of the Money Laundering Guidance Notes;
- make enquiries about the identity of the person that stood to gain the economic benefit or bear the economic risk of the relevant subscription of the Sen Hong shares;
- safeguard clients' assets; and
- keep proper records to account for the clients' assets in the handling of client transactions and assets.

The SFC started disciplinary proceedings against Ng for breaching the Code of Conduct and Money Laundering Guidance Notes (Note 2). The SFC concluded that the fitness and properness of Ng had been called into question, and issued its decision against Ng on 26 April 2005 suspending him for nine months.

Ng lodged an application to the SFAT on 13 May 2005 to review the SFC's decision. Ng argued, amongst other contentions, that in making a statement to the SFC under the belief that he was merely assisting the SFC, he was not given a warning that he would be the subject of disciplinary proceedings, therefore making his statements inadmissible for the purpose of later disciplinary proceedings. The SFAT rejected this argument and dismissed the application. In a determination issued today, the SFAT rejected a number of challenges to the SFC's investigatory process, in particular, the need to provide disciplinary cautions, and upheld the SFC's findings on Ng's supervisory failures (Note 3).

Mr Eugène Goyne, an SFC Senior Director of Enforcement, said: "The SFAT determination highlights Ng's failings as a responsible officer. All responsible officers have a duty to ensure that they adhere to the Money Laundering Guidelines and are aware of offshore companies acting as sub-underwriters in rights placements as well as keep their firm's internal controls in order. Further, the SFAT determination strongly backs the SFC's stance on lengthy suspensions for licensees whose failings, whether deliberate or negligent, facilitated possible listed company float/placement rigging frauds. The SFAT even considered imposing a longer suspension."

Ends

Notes to Editor:

1. Ng is deemed licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities. Ng is a responsible officer accredited to Ever-Long Securities.
2. The relevant versions of the Code of Conduct for Persons Registered with the Securities and Futures Commission came into effect in November 1998 and November 1999. The Money Laundering Guidance Notes came into effect in July 1997.
3. The [determination is attached](#) for your reference and it will be available on the website of the SFAT ([www.sfat.gov.hk](http://www.sfat.gov.hk)).

Page last updated : 1 Aug 2012