



## Press Releases

### Joint press release: SFC and ICAC joint operation against sophisticated ramp-and-dump syndicate

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Eight people – including a suspected ringleader of a sophisticated syndicate operating ramp-and-dump schemes through a complex cross-shareholding network of Hong Kong-listed companies involving illicit gains of \$191 million – were arrested in a joint operation of the Securities and Futures Commission (SFC) and the Independent Commission Against Corruption (ICAC) mounted in the past two days (9 and 10 November) (Notes 1 & 2).

Other arrestees are also key members of the syndicate including the chairperson of a Hong Kong-listed company and three responsible officers of two brokers.

More than 120 SFC officers and 70 ICAC officers participated in the joint operation during which a total of 50 premises were searched including over 20 jointly searched by the SFC and the ICAC. The premises covered by search warrants obtained by the SFC and the ICAC included offices of certain Hong Kong-listed companies and SFC-licensed brokers.

The SFC conducted the search in relation to suspected ramp-and-dump schemes involving the stocks of six Hong Kong-listed companies and other market misconduct under the Securities and Futures Ordinance (SFO). The ICAC conducted the search and made the arrests for suspected corruption offences under the Prevention of Bribery Ordinance.

The joint operation was the result of the SFC's initial discovery of suspicious trading activities of the syndicate in intensive investigations and referral of the case to the ICAC because of suspected corruption offences in addition to specific market misconduct offences under the SFO. The syndicate is suspected to have offered bribes to the responsible officers and staff members of brokers for providing assistance in share placing so as to facilitate the ramp-and-dump schemes.

The SFC's Executive Director of Enforcement, Mr Christopher Wilson, said: "Combating social media ramp-and-dump schemes has been and remains one of the top enforcement priorities of the SFC. The latest enforcement action sends a clear message to the public that the SFC has zero tolerance of the active participation of shareholders and senior executives of listed companies, as well as SFC-licensed individuals, in these manipulative schemes because of the harm of their misconduct to the interests of minority shareholders and the reputation of Hong Kong's financial markets."

Mr Wilson added: "The joint operation demonstrated the continuous close collaboration between the SFC and the ICAC to tackle complex and serious financial crimes to protect the investing public and maintain the integrity of Hong Kong's financial markets".

Deputy Commissioner and Head of Operations of the ICAC, Mr Ricky Yau Shu-chun, said: "Corruption-facilitated market misconduct is intrinsically sophisticated, which required the concerted efforts and expertise of both the ICAC and the SFC to tackle. The ICAC and the SFC will continue to collaborate and work in partnership to combat such illicit activities to sustain Hong Kong's status as a clean international

financial centre.”

No further comment will be made at this stage as investigations are ongoing.

Notes:

1. Ramp-and-dump scheme is a form of market manipulation where fraudsters use different means to “ramp” up the share price of a listed company and then “dump” the shares to other investors at an artificially high price. The fraudsters also used social media platform to lure the unsuspecting investors to buy the shares at an artificially high price while the syndicate members were offloading for profit leaving innocent victims with substantial financial losses.

2. The joint operation was conducted under the arrangement of the Memorandum of Understanding signed between the SFC and the ICAC. Please see the websites of the SFC and the ICAC.

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