

Press Releases

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3 June 2002

Lawsons Securities Company

The Securities and Futures Commission today issues the following statements with regards to Lawsons Securities Company:

- In an inspection conducted by the SFC, it appeared to SFC staff that there might be deficiencies in Lawsons' internal control procedures. The Commission requested Lawsons to appoint an independent accountancy firm, Hodgson Impey Cheng, in May 2002 to conduct a circularisation of client account balances and a review on internal control procedures.
- Initial results of the circularisation exercise suggested certain irregularities. On 31 May 2002, Lawsons voluntarily suspended trading operation.
- The independent accountancy firm continued to contact Lawsons' clients and perform circularisation of their accounts over the weekend (1 June to 2 June 2002).
- The SFC has been in contact with the sole proprietor of Lawsons, Mr Christopher Law Siu Kong, to ascertain the situation and discuss remedies.
- The SFC has taken and will continue to take appropriate measures to protect the interests of Lawsons' clients. To safeguard clients' assets, the SFC has notified Hong Kong Exchanges and Clearing Limited and will not permit Lawsons to resume trading or dispose of clients or company assets. The SFC will make further announcements when appropriate.
- The SFC has been assisting Lawsons' clients who have enquiries or complaints. The SFC hotline received a total of 56 enquiries and eight complaints today.

- The SFC understands that the case is being investigated by the Commercial Crime Bureau.
- The SFC wishes to remind clients of Lawsons to keep their trading records and supporting documents.
- Investors who have not been contacted by the independent accountancy firm are advised to contact Mr David Hui at 2810 8333.
- Investors who wish to report any misconduct or make any complaints may call the SFC Investor Hotline 2840 9333.
- For enquiries concerning investor compensation, investors may call HKEx's hotlines 2840 3455 or 2840 3457.
- The SFC will continue to closely monitor the financial resources of brokerage firms through review of financial returns, inspection of brokers' books and records, and independent circularisation of client accounts. The SFC will take appropriate action when a firm's financial circumstances are suspected to be a source of unacceptable risk to its customers.

The SFC also wishes to issue the following general advice:

- For better protection, investors should subscribe to a service offered by HKEx known as the Stock Segregated Account with Statement Service (SSA) through their own brokers. The SSA service provides to investors statements issued directly by HKEx whenever there is a stock movement in the account (i.e. a purchase or sale of shares). This will give investors an independent verification of the particulars of their stock holdings held by their brokers on their behalf.
- Better still, investors may choose to have legal and direct control over their shares by opening an Investor Account through HKEx. An Investor Account is a personal depository account for shares. Investors using the Investor Account service can control movements of their shares deposited in CCASS via the Internet or through the phone. Although investors wanting to sell have to take the additional step of giving instructions to CCASS, the Investor Account service gives them better legal protection of their stock holdings.