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## SFC Suspends Lok Yuen Ming Lawrence for Failure to Provide Accurate Information to the SFC

20 Apr 2006

The SFC has suspended the licence and the approval for Mr Lok Yuen Ming Lawrence to act as representative and responsible officer for six months from 20 April to 19 October 2006 for not answering questions put to him by the SFC with the degree of candour expected of a licensed person (Note 1).

The suspension stems from an SFC investigation into the listing of the shares of Codebank Limited on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited in December 2001.

The investigation revealed that, before Codebank's listing, one of its substantial shareholders gave an irrevocable authorisation to the Lead Manager of the listing to pay a company an amount not exceeding \$22.375 million. On the day of the listing, the Lead Manager upon a written payment request from that company issued five cash cheques totalling over \$21 million. Lok collected the cheques and presented them for payment.

Of the approximately \$21 million, Lok paid \$3 million to an account executive of the Lead Manager, which was said to be compensation made to cover the losses of the latter's clients in subscribing for the Codebank shares because Codebank's share price had fallen by 50% on the first day of trading (Note 2). Furthermore, Lok transferred \$7 million to the Lead Manager's bank account to settle the subscriptions for Codebank shares in four of the account executive's client accounts.

During his interviews with the SFC, Lok claimed that he had collected and disposed of the money according to the instructions of the owner of the company and had passed the remaining sum to the owner. However, the owner could not be reached and his whereabouts are unknown to the SFC. The SFC regards the nature and circumstances of the payments as highly unusual and suspicious.

Lok also claimed that he did not know who had signed the written payment request and who had signed on the back of the cheques for and on behalf of the company. Lok also represented that the relevant signatures on the back of each of the cheques were already there when he received them. However, evidence showed that Lok had signed on the back of the cheques when presenting them for payment. In addition, there were reasons to believe that Lok had signed the written payment request.

The SFC concludes that Lok has been guilty of misconduct and his fitness and properness has been called into question. The SFC has decided to suspend his licence. In determining the penalty, the SFC has taken into account Lok's co-operation in settlement of the disciplinary action.

The SFC considers that it is in the interest of the investing public and in the public interest to settle its disciplinary action against Lok.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "All licensees are expected to be forthcoming and candid to regulators. Any person interviewed by the SFC is under a statutory obligation to truthfully answer questions put to him/her to the best of his/her ability. Not answering SFC's questions with the degree of candour expected of a licensed person will attract suspension. Lok's conduct is not acceptable and he deserves to be suspended."

Ends

Notes:

1. Lok is licensed under the Securities and Futures Ordinance to carry on Type 6 (advising on corporate finance) regulated activity. He is a responsible officer accredited to CSI Investment Management Limited.
2. Please see [SFC press release dated 27 October 2005](#) for details.

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