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## Enforcement News

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1 April 2009

### **First jail sentence for insider dealing in Hong Kong**

Two people, including a former investment banker, were today jailed for insider dealing in shares of Egana Jewellery & Pearls Ltd (Egana) before the company's privatisation in 2006.

This is the first time any person has been sentenced to jail for insider dealing in Hong Kong.

Ma Hon Yeung (Ma), former Vice President of BNP Paribas Peregrine Capital Ltd, now known as BNP Paribas Capital (Asia Pacific) Ltd (BNP Paribas), was sentenced to 26 months' imprisonment after he was found guilty of insider dealing by the District Court three weeks ago. The court also ordered that he pay a fine of \$230,000.

Ma's girlfriend, Ivy Lo Yuk Wah, was sentenced to 12 months' imprisonment. She was fined \$210,000.

Three family members of Ma - his brother, Sammy Ma Hon Kit, his sister-in-law, Cordelia Tso Kin Wah and his nephew, Ronald Ma Chun Ho, who were also convicted of insider dealing, were ordered to serve 200 hours of community service each and to pay fines of \$330,000, \$110,000 and \$17,000 respectively.

The five defendants were convicted on a total of 12 insider dealing and insider dealing related offences and the total fines are equivalent to the profits they had made while dealing in Egana shares ahead of the privatisation (Note 1).

The Court also ordered them to pay the Securities and Futures Commission (SFC) investigation costs totalling \$322,742.

"Today's jail sentences are a significant milestone signalling the community's strongest condemnation of insider dealing. Insider dealing is a serious crime that will be punished severely, even for first time offenders," the SFC's Chief Executive Officer, Mr Martin Wheatley said.

"The message should now be loud and clear that insider dealers will go to jail," Mr Wheatley added.

The court heard that Ma was working on the proposed privatisation of Egana which he knew was confidential, price sensitive information. Within days of becoming privy to the proposed deal, Ma tipped off Lo as well as the three family members who bought shares in Egana prior to the deal being announced in July 2006 (Note 2).

The five were charged following an investigation by the SFC and was the first criminal prosecution under the Securities and Futures Ordinance since insider dealing was made a criminal offence in 2003.

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Notes:

1. Please see SFC [press release](#) dated 11 March 2009 for details of the convictions.

2. Please see SFC [press release](#) dated 28 February 2008.

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