
Enforcement News

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31 May 2010

Suspended jail term for false trading

A securities broker, Mr Leung Kin Bon, was today given a suspended jail sentence after pleading guilty at the Eastern Magistracy to 15 charges of false trading contrary to the Securities and Futures Ordinance.

Leung was sentenced to four weeks' imprisonment suspended for 12 months and ordered to pay a fine of \$30,000.

The court also ordered Leung to pay the Securities and Futures Commission's (SFC) investigation costs of \$29,700.

The SFC has also disciplined Leung (Note 1) by revoking his licence and prohibiting him from re-entering the industry for 12 months effective from 31 May 2010.

An SFC investigation found that, on various days between January and April 2009, Leung placed buy orders shortly before market close for single board lots of the shares of Takson Holdings Limited (Takson) when the prices of the best sell orders were significantly above the then nominal prices. As a result of these orders, Leung raised the nominal prices and the closing prices of Takson on those days. Leung's single board lot orders sometimes had the effect of raising the prices of the best buy orders and the transaction prices.

The SFC considered that Leung had no real intention to buy Takson shares because the small purchases were not economical given the transaction costs involved were disproportionately high. Further he only bought on days when it would have a significant impact on the nominal prices and the closing prices of the shares.

In deciding the disciplinary action against Leung, the SFC took into account that he:

- co-operated with the SFC by pleading guilty to the summonses issued and consenting to the disciplinary action; and
- had a clear disciplinary record with the SFC.

End

Note:

1. Leung is licensed to carry on Type 1 (dealing in securities) regulated activity. He is a representative accredited to Tung Shing Securities (Brokers) Limited, formerly known as ICEA Securities Limited.

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