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## Court upholds insider dealing conviction of Pablo Chan

23 Aug 2011

The Court of First Instance today dismissed the appeal of Mr Pablo Chan Pak Hoe against his conviction for insider dealing but reinstated the original sentence of a 240-hour community service order (CSO) on a technical ground.

The Honourable Justice Macrae explained that the Magistrates Court, which handed down the CSO, was not able to review its own sentence in this case and so the community service order stood.

The Judge, however, observed in today's ruling that insider dealing was a serious crime and that a six-month jail term would have been lenient in the case of Chan.

"The appellant should consider himself extremely fortunate... A CSO was a wholly inadequate response to the seriousness of the offence... whilst the failure to impose any fine whatsoever did not even deprive the appellant of his ill-gotten gains," he wrote in the judgement.

Chan was found guilty in the Magistrates Court last year of insider dealing in shares of Universe International Holdings Ltd (Universe) between 2 May and 19 June 2008 when he acted as a representative of the controlling shareholder in a proposed takeover of Universe by another company. Chan used inside information about the takeover negotiations to buy Universe shares selling them at a 40% higher price once the negotiations were announced.

The Magistrates Court originally sentenced Chan to community service. After a SFC's initiated sentence review, the Magistrates Court sentenced Chan to four months of imprisonment and a fine of \$120,000 which represented his profit from the insider dealing (Note 1).

Chan appealed against his conviction and the reviewed sentence.

The SFC's Executive Director of Enforcement, Mr Mark Steward said, "The SFC will continue to prosecute insider dealing as a criminal offence wherever possible."

The SFC will review the reasons for the decision.

End

Note:

1. Please see SFC's press releases dated [5 August 2010](#), [19 August 2010](#) and [14 September 2010](#).

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