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## SFC Suspends Lau Yat Wah for Breaching the Code of Conduct and Anti-Money Laundering Guidance Notes

20 Sep 2005

The SFC has suspended Mr Lau Yat Wah, a licensed representative of Hooray Securities Limited, for four months from 20 September 2005 to 19 January 2006 for breaching the Code of Conduct and Money Laundering Guidance Notes (Notes 1 and 2). The suspension is the result of a settlement between the SFC and Lau.

Between September and November 2001, Hooray Securities acted as the selling broker in a number of non-AMS transactions concerning the shares of various companies. At the instructions of the sellers, a large portion of the sale proceeds was transferred from the sellers to the accounts of four BVI companies and an individual. The flow of funds could not be traced beyond the BVI companies because the funds were subsequently transferred out of Hong Kong.

The accounts of the four BVI companies were opened shortly before the transactions. Lau, then a dealing director of Hooray Securities, was the account executive for these BVI companies.

Lau breached the “know your client” rule of the Code of Conduct by failing to make enquiries into the identity of the ultimate beneficiary of the BVI companies. Further, Lau falsely declared on the account opening forms that he had known the BVI companies for a period of time when in fact he had not.

Lau also breached the Money Laundering Guidance Notes by failing to inquire into the transfers of large sums of money from the sellers’ account to the accounts of the BVI companies and the individual, despite the suspicious nature of these transfers.

The SFC considers the settlement to be in the interest of the investing public and in the public interest and has taken into account that:

- there was no loss caused to Hooray Securities;
- there was no evidence that Lau was a party to the suspected money laundering; and
- Lau co-operated with the SFC in coming to a settlement.

Mr Alan Linning, SFC’s Executive Director of Enforcement, said: “The SFC takes a strict view when it comes to breaches of the Money Laundering Guidance Notes and the related “know your client” rule. This case is exacerbated by Lau’s declaration that he knew the BVI companies when in fact he did not. Licensed representatives must ensure they know exactly whom they are dealing with and the true identity of the clients. Extra care must be taken when dealing with companies incorporated outside Hong Kong.”

Ends

Notes to Editor:

1. Hooray Securities is a corporation licensed to carry on Type 1 (dealing in securities) regulated activity. Lau is a representative accredited to Hooray Securities and is licensed to carry on Type 1 (dealing in securities) regulated activity.
2. The relevant version of the Code of Conduct for Persons Registered with the Securities and Futures Commission came into effect in April 2001. The relevant version of the Money Laundering: Revised Guidance Notes Issued by The Securities and Futures Commission came into effect in July 1997.

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