

Ex-HSBC senior executive jailed for accepting US\$60,000 bribe

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A former senior vice-president of the Hongkong and Shanghai Banking Corporation Limited (HSBC)'s Commercial Banking Department, charged by the ICAC, was today (Wednesday) sentenced to 20 months' imprisonment at the District Court for accepting a bribe of US\$60,000 for recommending and approving applications for credit facilities from a client of the bank.

Chen Ching-hsiao, 46, earlier pleaded guilty to one count of agent accepting an advantage, contrary to Section 9(1)(a) of the Prevention of Bribery Ordinance.

The court also ordered Chen to return US\$60,000 in restitution to HSBC.

In sentencing, Judge Stanley Chan Kwong-chi said the court had to mete out a jail term to the defendant in view of his serious breach of trust as a senior executive of the bank.

The judge said it was a pity the defendant had succumbed to his greed in committing the bribery offence.

The judge also said the starting point of three years was reduced to 20 months, taking into account the defendant's guilty plea. The judge added that the defendant had shown remorse and that the chance for him to repeat the crime was slight.

The court heard that at the time of the offence, the defendant was a senior vice-president of HSBC's Commercial Banking Department in Hong Kong. He was responsible for handling Taiwanese entrepreneurs running business in the Mainland.

Through the introduction of another customer of HSBC, the defendant came to know the proprietor of two companies - Profit Reach (Belize) Enterprises Limited (Profit Reach) and Power Beauty (Belize) Industrial Company Limited (Power Beauty). Both companies were manufacturers of sports shoes.

In January 2007, the proprietor applied to HSBC for credit facilities of US\$2 million for Profit Reach.

Upon the recommendation of the defendant, the application was approved by his supervisor.

The court heard that in May 2007, the proprietor sought to increase the credit facilities of Profit Reach to US\$5 million, with Power Beauty joining as a co-borrower.

Upon the recommendation of the defendant, the application was subsequently approved by the senior management of HSBC.

A month later, the defendant met the proprietor in Tsimshatsui. During the meeting, the proprietor gave the defendant an envelope containing US\$60,000 cash as a reward for the latter recommending and approving the applications of Profit Reach and Power Beauty for credit facilities from HSBC. The defendant accepted the bribe money without reporting to the bank.

The court heard that in January 2008, the credit facilities of the two companies were increased to over US\$9 million upon the recommendation of the defendant.

In August 2008, the proprietor sought to further increase the credit facilities of the two companies to over US\$10 million. The application was approved by the defendant as the increment was within his approving authority.

So far, the default payments owed by the two companies to HSBC totalled about HK\$60 million, the court was told.

The case arose from a corruption complaint referred by HSBC, whose senior management rendered full assistance to the ICAC during its investigation.

The prosecution was today represented by Public Prosecutor Anthony Chau, assisted by ICAC officer Samuel Wong.