
Enforcement Actions

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1 March 2005

So Wai Yin Irene Surrenders Licence to SFC for Five Years for Serious Conflict of Interest

Ms So Wai Yin Irene, a deemed responsible officer of Mansion House Asset Management Limited, has surrendered her licence to the SFC and undertaken not to re-apply for a licence for five years from 28 February 2005 to 27 February 2010 for serious conflict of interest (Note 1).

At the time of the events in question So was a dealing director of Mansion House Securities (F.E.) Limited (MHS) and an executive director of the Mansion House Group Limited (MHG) (Note 2).

The SFC found that So was instrumental in obtaining funds from her clients at MHS to finance MHG's activities between 1999 and 2002 in circumstances where she was aware of the financial and regulatory difficulties facing both companies. So's clients were not told that they were loaning money to a company in financial difficulties.

In the single most serious incident, a client's shares were borrowed and pledged to MHG's bankers and were subsequently sold by the bank without the client's consent. To date that client has not been fully repaid. \$63.47 million was outstanding as at 22 October 2003 (Note 3).

So owed her clients a positive duty to act in their best interests by ensuring they understood the nature of their investment and the risk they were taking as a result. She was required to evaluate their appetite for risk and make sure that they invested on a fully informed basis, but she did not do so.

So failed to avoid a conflict of interest and did not act in the best interest of her clients.

So was previously disciplined by the SFC for failings also related to conflicts of interest (Note 4).

The SFC decided that the seriousness of the conduct in this case, when coupled with her previous failings, necessitated revocation of So's licence.

So appealed the SFC's decision to the Securities and Futures Appeals Tribunal. The proceedings have been withdrawn as part of a settlement that So surrenders her licence and undertakes not to re-apply for a licence for five years. The SFC considers the settlement to be in the public interest.

Mr Alan Linning, SFC's Executive Director of Enforcement, said: "The conflict of interest might have been addressed if So had been prepared to inform her clients clearly about the identity of the borrower, its financial situation and the risks of lending to that entity including, in particular, the risk of losing their money should the borrowing company's position deteriorate. So was obliged to tell her clients of MHG's up-to-date financial position, and should not have expected them to rely on out-dated published accounts."

Mr Linning added: "I said last year that a tough stance would be taken in cases involving serious conflicts of interest. The consequences of the conflict in this case were serious. Some investors had to wait months before they could get their money back and the single largest lender will not be fully repaid until 2007. This is not acceptable."

Mansion House Hong Kong Trust

So is a key personnel of Mansion House Asset Management Limited, the fund manager of Mansion House Hong Kong Trust, an SFC authorised fund. Dexia Trust Services Hong Kong Limited, being the trustee of the fund is aware of the latest development regarding So and its potential implications on the fund. Should unit holders of the fund have any enquiries regarding the fund, please call Ms Sheren Lau, Operations Manager of Dexia at 2978 5549 (direct line) or 2978 5656 (general line).

Ends

Notes:

1. So was licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities.
2. Mansion House Group Limited has since changed its name to Asia TeleMedia Limited.
3. See Mansion House Group company announcement dated 16 October 2003.
4. See [press release dated 4 October 2001](#).

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