
Enforcement News

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19 November 2007

Conviction for Misappropriating Client Assets

The SFC reminds the industry that misappropriating client assets attracts serious criminal consequences.

The SFC notes the conviction today of Mr Law Siu Kong, sole proprietor of the now collapsed Lawsons Securities Company, for conspiracy to defraud involving \$32 million worth of client assets.

In 2002, the SFC referred the case to the Commercial Crime Bureau following an audit check on Lawsons which found client assets were missing.

Law was arrested by Police in June 2007 and pleaded guilty today in the District Court. Sentencing is adjourned pending the trial of two other defendants in the case in February 2008. Law is remanded in jail custody.

Mr Mark Steward, the SFC's Executive Director of Enforcement, said: "The SFC will continue to refer appropriate cases to the Commercial Crime Bureau and will provide assistance to them in fighting criminal activity that endangers the investing public."

The SFC would also like to remind investors to always stay vigilant against misappropriation. In particular:

- Investors should not pay monies for settlement to account executives, but only to the broker firms directly;
- They should ensure timely receipt of original copies of contract notes and monthly statements sent directly by the firms, and should immediately check for any discrepancies or irregularities; and
- They are encouraged to open Investor Participant account in their own name at the Central Clearing And Settlement System so they have full control of

their shares.

Ends

Notes:

1. In March 2003 the SFC obtained a bankruptcy order against Lawsons to protect the interests of investors after discovery of serious regulatory breaches. For more details, please see [SFC press releases dated 19 March 2003](#).
2. In January 2007, three former staff of Lawsons were convicted of theft and money laundering in connection with the case, and sentenced to imprisonment for 14 to 17 months.

Page last updated: 19 November 2007