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11 March 2009

Five convicted of insider dealing in landmark trial

A former investment banker and four other defendants were found guilty of insider dealing by the District Court today after the first indictable trial for such offence under the Securities and Futures Ordinance (SFO).

Ma Hon Yeung (Ma), a former Vice President of BNP Paribas Peregrine Capital Ltd (now known as BNP Paribas Capital (Asia Pacific) Ltd) (BNP Paribas), his girlfriend, Ivy Lo Yuk Wah, and three of Ma's relatives were convicted on a total of 12 charges of insider dealing under section 291 of the SFO following an investigation by the Securities and Futures Commission (SFC)(Note 1).

Sentencing was adjourned until 1 April 2009. The Chief District Judge remanded Ma in jail custody while the others were allowed bail and were ordered to surrender their travel documents.

The three relatives of Ma were his brother, Sammy Ma Hon Kit, his sister-in-law Cordelia Tso Kin Wah and his nephew, Ronald Ma Chun Ho.

The court heard that in his position at BNP Paribas, Ma Hon Yeung was working on a proposed privatisation of Egana Jewellery & Pearls Ltd (Egana) which he knew was confidential, price sensitive information. Within days of becoming privy to the proposed deal, Ma tipped off Lo as well as the three family members who all bought shares in Egana prior to the deal being announced in July 2006 (Note 2).

"This case, being the first indictable trial for insider dealing, is a landmark decision," said Mr Mark Steward, the SFC's Executive Director of Enforcement.

"Over the last two years, the SFC has stepped up prosecutions against insider dealing and market misconduct. This is the second of five insider dealing prosecutions and we will continue to use all our remedies including more criminal prosecutions, where appropriate, to tackle the unfairness of insider dealing," he added (Note 3).

Notes :

1. The summonses were filed by the SFC on 31 January 2008 following an SFC investigation. The case was transferred to the District Court on 25 March 2008 for indictable prosecution (see SFC press releases dated [28 February 2008](#) and [17 March 2008](#)) and prosecuted by the Department of Justice.

2. Egana was the jewellery division of EganaGoldpfeil (Holdings) Ltd (EganaGoldpfeil) with its business principally in luxury and fashion branded jewellery. Egana was listed on the Stock Exchange of Hong Kong on 27 July 1998. Between 1 June 2006 and 6 July 2006, trading in Egana's shares ranged between \$1.35 and \$1.61 with average daily turnover of 636,630 shares. Trading in the shares of Egana and EganaGoldpfeil were suspended on 7 July 2006 pending an announcement. On 11 July 2006, Egana and EganaGoldpfeil made a joint announcement about a proposed privatisation of Egana. The proposal offered shareholders a choice of receiving \$1.80 per share or one share of EganaGoldpfeil for every 1.5 Egana shares or a combination of both. Following the announcement on 11 July 2006 the share price

closed at \$1.84 with substantially increased turnover of 25 million shares. The privatisation proposal was approved by shareholders and by the court and became effective on 23 October 2006. Egana was delisted on the following day.

3. The SFC is currently awaiting a decision in the Magistrates Court following the conclusion of another insider dealing trial involving two defendants alleged to have illegally traded in shares of Chi Cheung Investment Co Ltd. The decision is scheduled to be handed down on 27 March 2009.

Page last updated: 11 March 2009