
Enforcement News

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18 September 2009

Ex-Morgan Stanley banker jailed for seven years for insider dealing

Former managing director of Morgan Stanley Asia Ltd (Morgan Stanley), Mr Du Jun, was today jailed for seven years and fined \$23,324,117 (Note 1) by the District Court for insider dealing in shares of CITIC Resources Holdings Ltd (CITIC Resources).

His Honour Judge Andrew Chan also banned Du:

- from being a director or manager of any listed company or to take part in the management of any listed company for a period of five years, without leave of the court; and
- from dealing in securities, futures contracts or leveraged foreign exchange contracts or interests in a collective investment scheme for five years, without leave of the court.

The court also ordered Du to pay the Securities and Futures Commission (SFC) \$933,340 in investigation costs and recommended that Du be disciplined by any disciplinary body of which Du is a member.

On 10 September 2009, Du was found guilty of nine counts of insider dealing and one count of procuring his wife to deal in shares of CITIC Resources after a 38-day trial (Note 2).

Du's conviction is the tenth the SFC has secured in the past 14 months and he is the sixth person to be jailed for insider dealing since the first conviction in July 2008.

Mr Martin Wheatley, the SFC's Chief Executive Officer said: "This sentence sends the strongest possible message that insider dealing is not tolerated in Hong Kong and those found guilty can expect lengthy terms of imprisonment."

The SFC acknowledges the valuable assistance provided by the Commercial Crime Bureau of the Police.

The case was prosecuted by the Department of Justice on behalf of the HKSAR.

End

Notes:

1. The fine which is equal to the notional profit earned by Du from his insider dealing is calculated as the difference between the purchase price of the 13 million shares he bought less the price of the shares at the point after the inside information was disclosed and absorbed by the market (where the shares have not been sold already at that point).
2. Please see SFC press release dated 10 September 2009 for details of the convictions.

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