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Retail investor sentenced for false trading

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The Eastern Magistracy today sentenced a retail investor, Mr Yu Yau Ki Tony, to four-week imprisonment, suspended for 18 months after he pleaded guilty to four market manipulation offences.

The court found that between 27 August 2009 and 2 September 2009, Yu placed a series of buy and sell orders in relation to the shares of WLS Holdings Limited in a joint account with his wife. Almost all these transactions were wash sales and did not involve any change of beneficial ownership.

To conduct the wash sales, Yu first inputted a sell order at a price slightly lower than the then best ask price. The sell order was promptly matched by a buy order at the best bid price placed by Yu. As a result of these transactions, the nominal price of WLS shares rose about 5%.

The Securities and Futures Commission reminds investors that any person who engages in wash sales may commit an offence of market manipulation unless there is proof that such transaction is effected not for the purpose of creating a false or misleading appearance to the market.

End

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