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## SFC reprimands and fines Solomon Independent Financial Advisors Limited \$1.5 million and suspends its responsible officer

13 Oct 2011

The Securities and Futures Commission (SFC) has reprimanded Solomon Independent Financial Advisors Limited (Solomon) and fined it \$1,500,000 for facilitating the unlicensed activities of employees of insurance broker Black Swan Capital (International) Limited (Black Swan) (Note 1 and 2).

The SFC has also suspended the approval granted to Ms Connie Leung Wing Kam to act as a responsible officer for Solomon and suspended her licence for seven months from 13 October 2011 to 12 May 2012 (Note 3).

The disciplinary action follows an SFC investigation which found that Solomon entered into an arrangement in which Black Swan referred clients to Solomon in exchange for Black Swan receiving commissions for trades executed by Solomon on behalf of the referred clients.

The Black Swan employees who made the client referrals to Solomon also performed services in regulated activities to the referred clients.

Solomon knew that the arrangement with Black Swan required participants to be properly licensed by the SFC and that none of the Black Swan employees had been granted a SFC license.

As Leung was primarily responsible for devising the arrangement with Black Swan, she bore direct responsibility for Solomon's conduct.

In deciding the disciplinary actions, the SFC has taken into account all relevant factors, including Solomon and Leung have no previous disciplinary record and there is no evidence to suggest that clients have suffered losses.

The SFC's Executive Director of Enforcement, Mr Mark Steward, said: "Licensees should ensure that any new staff, who are involved directly or indirectly in regulated activities, must be properly authorised to carry on these activities."

End

Notes:

1. Solomon is licensed under the Securities and Futures Ordinance (SFO) to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities.
2. Black Swan is a member of the Hong Kong Confederation of Insurance Brokers, but is not licensed under the SFO to carry on any regulated activity.
3. Leung is licensed under the SFO to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities. Leung is a responsible officer of Solomon.

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