

SFAT affirms SFC's decision to ban Ramesh Kumar Chuharmal Sadhwani

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The Securities and Futures Commission (SFC) has banned Mr Ramesh Kumar Chuharmal Sadhwani, a former licensed representative of Citigroup Global Markets Asia Limited (Citi Asia), from re-entering the industry for 10 years from 23 March 2012 to 22 March 2022 (Notes 1 and 2).

The SFC's decision to ban Sadhwani was upheld by the Securities and Futures Appeals Tribunal (SFAT), which varied the SFC's initial decision to ban Sadhwani for life (Note 3).

The SFC investigation found that Sadhwani operated a fraudulent scheme involving 13 Citi Asia wealth management clients who invested with Citi Asia on the basis of representations made by Sadhwani that their money would be pooled and used to purchase US Treasuries and other products. Sadhwani promised the affected customers that their principal was protected and returns were guaranteed by Citi Asia. Instead, returns were funded wholly or partly from other affected clients induced by Sadhwani's representations.

Sadhwani's scheme operated from 2004 to February 2009 until it was discovered by Citi Asia. Sadhwani left Hong Kong shortly afterwards.

The Chairman of the SFAT, Hon Mr Justice A R Wright said that Sadhwani's conduct was "... fully deserving of the conclusion that he is not a fit and proper person to be licensed..." *"Whatever descriptive label one applies to that conduct it remains fraudulent – which word I use in the everyday sense rather than in the sense of any criminal determination – reprehensible and cynically in breach of the trust reposed in the applicant [Sadhwani] by his clients as well as in breach of the internal policies of CITI..."* and *"...fully deserving of condemnation and a meaningful penalty."* (Note 4)

As a result of a separate action, Citi Asia is assessing the loss to each of the 13 clients and will make them whole up to the principal amounts they invested (Note 5).

Mr Mark Steward, the SFC's Executive Director of Enforcement said "Sadhwani's conduct was gravely dishonest causing financial loss to his clients as well as emotional stress to them and their families. Sadhwani lacks the propriety and the fitness to be authorized by the SFC to conduct securities business in Hong Kong and will remain so for at least 10 years".

Notes:

1. Sadhwani was licensed under the Securities and Futures Ordinance (SFO) to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities and was accredited with Citi Asia until he was dismissed on 16 February 2009. He was employed by Citi Asia's private banking division at the time of the conduct in question.
2. Citi Asia is licensed under the SFO to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities.
3. Sadhwani's application was decided by the Chairman of the SFAT, the Honourable Mr Justice A R Wright. See SFAT's Decision (*Ramesh SADHWANI v SFC*, Application No 4 of 2011) published on the SFAT's website at www.sfat.gov.hk.
4. See paragraphs 14, 18 and 29 of the SFAT's Decision (*Ramesh SADHWANI v SFC*, Application No 4 of 2011).
5. The SFC has also taken disciplinary action against Citi Asia and its former responsible officer as a result of the same investigation. Please see SFC's press release dated [3 October 2011](#). Sadhwani is the "Mr X" as referred to in the press release.