

Enforcement Actions

25 June 1999

Cheerful Securities Inquiry Result

The Securities and Futures Commission (SFC) announced today the result of its inquiry into the operations of Cheerful Securities Limited (as it was formerly known) during 1998.

In March 1998 Cheerful Securities Limited was sold and became known as Celestial Securities Limited. The SFC's inquiry related to matters that occurred prior to the change of ownership. The inquiry also concerned the conduct of the then management with respect to the affairs of a related finance company, Cheerful Finance Company Limited.

Following the collapse of another unrelated securities firm in January 1998 a significant number of Cheerful Securities Limited's clients, who also maintained margin financing accounts at Cheerful Finance Company Limited, requested that their stock holdings with the finance company be transferred to Cheerful Securities Limited. The clients shares had been pledged to financial institutions by the finance company and because of cash flow problems at the finance company the requests were not processed. Notwithstanding this situation, Cheerful Securities Limited issued "securities deposit" receipts to clients acknowledging that their securities had been received and deposited into their accounts with Cheerful Securities Limited. It was only following a substantial cash injection into the finance company by the new shareholders that clients shares could be redeemed.

In respect of Cheerful Securities Limited, the SFC found that there were serious deficiencies in its internal control systems and procedures, resulting in numerous breaches of the SFC's Code of Conduct. The deficiencies were the result of senior management's failure to discharge its management responsibilities and to thereby ensure the integrity of Cheerful Securities Limited's day to day operations during the period from January to March 1998. The SFC found that Mr Chee Jing Yin (Mr Chee), the then Chairman of the Cheerful Group of companies and a director of Cheerful Securities Limited and Cheerful Finance Company Limited, was primarily responsible for the actions of these companies and the deficiencies identified. The SFC also found that Mr Lee Yiu Sun (Mr Lee) who held the title of managing director and who was registered as a dealing director of Cheerful Securities Limited, should have assumed responsibility for the day to day operations of the company, but had failed to properly carry out his responsibilities in this regard during the relevant period.

In view of these findings, the SFC has:

- reprimanded Mr Chee. Had Mr Chee been registered with the SFC a revocation would have been appropriate.
- reprimanded Mr Lee. In deciding upon this action the SFC took into account that Mr Lee was not a director of Cheerful Finance Company Limited, the lesser role he played in the events, is no longer an employee or officer of Cheerful Securities Limited and that he was closely involved in efforts to resolve the financial difficulties of Cheerful Securities Limited in early 1998.

As the deficiencies identified were associated with the previous controlling shareholders and management and as the new controlling shareholders and management have taken immediate and significant steps to remedy the situation, including the appointment of a leading firm of accountants to

thoroughly review their operations, the SFC believes that further action against the registered entities is not necessary.

An SFC spokesman said that the SFC will not tolerate senior management of a registered entity failing to discharge their management responsibilities thereby putting the integrity of their firms at risk.

Page last updated: 7 November 2001

時富證券查訊結果

1999年6月25日

證券及期貨事務監察委員會(證監會)今天公布就前稱 Cheerful Securities Limited 的時富證券有限公司在 1998 年的運作進行查訊的結果。

在 1998 年 3 月，時富證券有限公司易手並改名為 Celestial Securities Limited (中文名稱仍為時富證券有限公司)。證監會的查訊涉及時富證券有限公司的擁有權易手之前的事宜。此外，有關查訊亦涉及當時該公司管理層參與其相關的時富財務有限公司的運作的事宜。

1998 年 1 月，在另一家沒有關連的證券公司倒閉之後，大批同時在時富財務有限公司開立戶口的時富證券有限公司的客戶，要求將他們存放於該財務公司的股票轉移到時富證券有限公司。由於該財務公司將客戶的股票抵押給若干金融機構，再加上該財務公司出現流動資金不足的情況，客戶的要求並未獲得處理。雖然這樣，時富證券有限公司仍發出“股票存倉”收據給客戶，確認收到有關客戶的股票及該等股票已存放於他們在該公司開立的戶口。其後，只在新股東向財務公司大量注資後，客戶的證券方可贖回。

證監會發現時富證券有限公司的內部監控系統及程序存在嚴重不足之處，因而導致多次出現違反《證券及期貨事務監察委員會註冊人操守準則》的規定的情況。有關缺失是由於其高級管理層疏於履行管理責任，因而未能確保時富證券有限公司在 1998 年 1 月至 3 月期間的日常運作妥善進行。證監會發現時富集團當時的主席兼時富證券有限公司及時富財務有限公司的董事朱正賢(朱氏)須就該等公司的行為及有關缺失負責。證監會亦認為李耀新(李氏)身為董事總經理兼註冊為時富證券有限公司的交易董事，須就該公司的日常運作負責。然而，在有關期間，李氏卻未能有效地履行其職責。

基於上述發現，證監會決定：

- 譴責朱氏。如果朱氏為註冊人，則撤銷其註冊實為恰當的做法。
- 譴責李氏。證監會在決定採取有關行動時已考慮李氏並非時富財務有限公司的董事，在上述事件中扮演的角色亦較為次要，與此同時，李氏已非時富證券有限公司僱員，以及在 1998 年初，李氏曾積極參與解決時富證券有限公司的財政問題。

上述被識別出的缺失涉及該公司先前的控權股東及管理層，而新的控權股東及管理層已立即採取顯著的措施以糾正有關情況，包括委託一家具規模的會計師事務所全面檢討該公司的運作。因此，證監會認為沒有必要向有關註冊機構採取進一步行動。

證監會的發言人表示，證監會絕不會允許註冊機構的高級管理層疏於履行其管理責任，因而危害公司的妥善運作。

最後更新日期：2012年8月1日