

Insurance agents convicted of selling investment fund without licences

17 Aug 2012

The Eastern Magistrates Court has convicted two insurance agents of Universal Insurance Consultants and Brokers Limited (UIC) for advising clients to invest in a fund through an asset management firm to which they were not accredited (Note 1).

Magistrate Mr David Dufton fined the defendants, Mr Lau Chun Yin and Mr Chau Chi Ho, \$10,000 each and ordered them to pay the Securities and Futures Commission's (SFC) investigation cost after they pleaded guilty yesterday.

The SFC also prosecuted UIC and its sole director Ms Au Mei Chun for aiding and abetting Lau and Chau in the commission of the offences. UIC and Au pleaded not guilty and the case was adjourned until 13 September 2012 for a pre-trial review.

The Court heard that in September 2005, Lau and Chau advised two clients to invest in a fixed income fund through Perfect Asset Management Limited (PAML) – a SFC licensed corporation that both Lau and Chau were not accredited to at the time (Note 2).

The SFC alleged that UIC and Au arranged for a licensed representative accredited to PAML, who had never met the two clients, to sign on the subscription documents purporting to be their investment representative. UIC then paid commissions to Lau and Chau for the deals.

Under section 114 of the Securities and Futures Ordinance (SFO), a licensed representative can only carry on a regulated activity for principal to which he is accredited.

End

Notes:

1. UIC is an insurance broker registered with the Professional Insurance Brokers Association and is authorized to sell insurance products. UIC has never been licensed with the Securities and Futures Commission.
2. At the material time, Lau and Chau were licensed to carry out Type 4 (advising of securities) regulated activities under the SFO. They were accredited to TG Holborn (HK) Limited, not PAML.

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