

STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

1. The Securities and Futures Commission (**SFC**) has prohibited Mr Poon Chun Hing (**Poon**)¹ from re-entering the industry for life pursuant to section 194 of the Securities and Futures Ordinance (**SFO**).
2. The SFC's investigation found that, between May 2015 and September 2017, Poon had misappropriated an aggregate sum of HK\$160,000 (**Funds**) from two students (**Chan and Li**, together the **Investors**) who had attended financial planning or accounting courses in which Poon was the instructor. The Investors gave the Funds to Poon to invest in securities and futures on their behalf.

Summary of Facts

Misappropriation of the Investors' funds

3. In February and March 2019, the SFC received complaints from the Investors in which they alleged that Poon had misappropriated the Funds that they had given Poon to invest in securities and futures on their behalf.

Chan

4. Between May 2015 and May 2016, Poon entered into three agreements with Chan and her son (**First, Second and Third Agreement**, together the **Agreements**) whereby Chan agreed to deposit a total of HK\$130,000 (for herself and her son) into Poon's bank account and Poon agreed to invest in securities and futures for Chan and her son.
5. According to the Agreements:
 - (a) Chan and her son would deposit funds to Poon's bank account for investment purpose;
 - (b) the investments would include "*small Hang Seng Index futures, options and shares*";
 - (c) there would be a percentage targeted annual return of 200% (First Agreement) and 100% (Second and Third Agreements);
 - (d) Poon would receive a performance fee equivalent to 10% of the net gain amount on a monthly basis;
 - (e) the investment term would be "*at least three months and up to one year*" and could be extended upon mutual agreement; and
 - (f) Poon agreed to bear all investment losses (under the Second and Third Agreements).

¹ Poon was licensed under the SFO to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities and was accredited to various licensed corporations between 2005 and 2017. He is currently not licensed by the SFC upon his license being deemed to be revoked on 12 October 2017.

6. Contrary to the Agreements, Poon did not make any investments in securities or futures nor repay the original investment to Chan. Instead, the SFC's investigation found that Poon had misappropriated Chan's funds for his personal use, and transferred her funds to the bank accounts of various individuals, money lenders and/or withdrawn in cash.

Li

7. In September 2017, Poon entered into an agreement with Li (**Fourth Agreement**) whereby Li agreed to deposit HK\$30,000 to Poon's bank account for Poon to invest in securities and futures on her behalf. The terms of the Fourth Agreement are similar to those in the Agreements set out in paragraph 5 above (except that the targeted annual return was 60%).
8. Contrary to the Fourth Agreement, Poon neither made investments in securities or futures on Li's behalf nor repaid Li's original investment to her. The SFC's investigation found that, while Poon did transfer part of Li's funds (HK\$15,000) to his personal securities trading account at Prudential Index Trading Co. Ltd. (**Prudential Account**), Poon intermingled Li's funds with his own funds and used Li's funds as his own funds for his personal trading in the Prudential Account. Poon also misappropriated the remainder of Li's funds for his personal use, and transferred her funds to the bank accounts of money lenders and/or withdrawn them in cash.

Conclusion

9. Poon's dishonest misappropriation of the Funds casts serious doubt on his ability to carry on regulated activities honestly as well as his reputation, character and reliability, and the SFC is of the view that he is not fit and proper to be a regulated person.
10. The SFC has decided that a prohibition for life is appropriate and commensurate with the SFC's view on the gravity of Poon's conduct. In deciding the sanction, the SFC took into account all relevant circumstances, including:
 - (a) Poon's conduct was dishonest;
 - (b) honesty is fundamental to the fitness and properness of a regulated person and Poon's dishonest acts means that he has no place in the industry; and
 - (c) Poon's previous disciplinary action by the SFC².

² On 18 July 2018, the SFC banned Poon from re-entering the industry for 30 months from 18 July 2018 to 17 January 2021.