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# Ex CAD head given suspended sentence

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By Li Likui  
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The former director-general of the Civil Aviation Department (CAD), Albert Lam Kwong-yu, was found guilty of insider trading on Monday and handed a five-month sentence suspended for two years and a HK\$50,000 fine.

Eastern Magistrates' Court was told that Lam had bought 4,000 shares of Hong Kong Aircraft Engineering Company Limited (HAECO), a major provider of aircraft maintenance service in Hong Kong in June 2010, while he was a non-executive director of the company. Lam was reported to have earned HK\$80,000 from the stock trades.

Deputy Magistrate John Glass rejected Lam's argument that he was affected by alcohol when he made the transaction.

Glass said that to buy shares using a computer was not a process that could easily be done in a state of inebriation. The judge added there was no way for Lam to buy shares through a computer when he had to type in codes and personal accounts, if he was truly affected by alcohol.

Glass said he found Lam's explanation difficult to believe when Lam explained he had no knowledge that the conduct was wrong and thus didn't report it to the executive board that night after he made the deal.

Lam, 68, joined the CAD in 1962 and was appointed as director-general in 1998. He retired in 2004 with a monthly salary of HK\$160,000. After learning of Swire Group's plan to acquire HAECO, Lam purchased the HAECO shares within 40 minutes of learning of the acquisition. Lam was found to have failed to report his conduct at a shareholder meeting on the day following the purchase. The court heard, on the day after, Lam reported his behavior to the chief executive officer of the company. He, later, turned himself in to the Securities and Futures Commission to answer for the wrongdoing.

In handing down the sentence, Judge Glass adopted a starting point of six-month's jail and reduced it to five months because Lam donated the profit made through the share transactions to charity.

Glass said the commutation was given, because the money involved was not a large amount, and had limited influence on public interest. Though, what Lam did had tarnished the image of Hong Kong as a financial center, it had also imperiled his own reputation, added Glass. Glass said he also gave credit to Lam's more than 40 years service in the CAD, during which he showed a passion for charity, when considering penalty.

[stushadow@chinadailyhk.com](mailto:stushadow@chinadailyhk.com)

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