

CSRC confirms Wang arrest for stock fraud

The China Securities Regulatory Commission (CSRC) has confirmed that Wang Jianzhong, legal representative, Beijing Shoufang Investment Consulting, has been detained for suspected stock manipulation.

"The CSRC began to investigate the case in May 2008 and arrested Wang Jianzhong in late November. The CSRC has already frozen his accounts and the locked up money is estimated at over 100 million yuan," a CSRC official told China Daily Thursday.

Wang is the first person arrested for this kind of crime in the country. "The case was handed over to the police and it is still under investigation. The relevant investigation reports and the bill of indictment hasn't been finalized yet," Caijing magazine reported Thursday, citing unnamed sources.

On Dec 15, Wang was fined 125 million yuan by the CSRC, the same amount he was supposed to have earned through his alleged price-rigging activities between January 2007 and May 2008. The 125 million he made has also been confiscated. In effect, Wang has been fined a total of 250 million yuan, the largest fine levied by the CSRC against an individual. The company has subsequently closed down its operations.

Beijing Shoufang Investment Consulting was founded in 2001 and Wang Jianzhong was the company's chairman, executive director and the largest shareholder. From Jan 1, 2007 to May 29, 2008, the company released a set of advisory reports on some influential websites, with suggestions to buy 38 selected stocks and warrants.

According to the CSRC, Wang made use of nine identity cards to open 10 bank accounts and 17 capital accounts. As the actual controller of the accounts, Wang sold the suggested stocks after the advisory reports were released. In this way, Wang conducted 55 such transactions and netted an amount of 125 million yuan.

"Wang's deeds clearly indicate manipulation of stocks. According to the law, he can be sentenced to a fixed-term imprisonment below five years and his companies can be fined at the same time," said Ma Guangyuan, a securities market lawyer.

According to the CSRC, in 2008, more than 70 cases were disposed of and punishments handed out.