



Press Update Session
Intervention into the Practice of Messrs. Wong, Fung & Co.
20 July 2021, 3:30 p.m.

I. Introduction

1. Good afternoon, thank you for joining the media briefing session today. I am Amirali Nasir, Vice-President of the Law Society of Hong Kong. Joining me today are the other two Vice-Presidents, Mr Brian Gilchrist and Mr CM Chan.
2. On 24 December 2020, the Law Society of Hong Kong intervened in the practice of Messrs. Wong Fung & Co. (“Wong Fung”) (“Intervention”) to protect the interests of the public and former clients of Wong Fung.
3. In this briefing session, we will first provide an update of the Intervention. If our media friends have any questions, please send them in by typing the questions through the QA function and we will try to respond after our general update if time allows.

II. Update of the intervention in the practice of Messrs. Wong, Fung & Co.

Q1. Can you give us a brief update on the intervention exercise?

Intervention work

- (a) The Law Society commenced actions to intervene in the practice of Wong Fung on 24 December 2020 to protect the interests of the public and Wong Fung’s former clients.
- (b) The Law Society has been trying its best to provide sufficient resources and manpower to the Intervention Agent to assist them to handle the Intervention work as expeditiously as possible. So far, a total of 9 law firms (including the Intervention Agent) have been involved in assisting the Intervention work.
- (c) As acknowledged in the court judgment dated 7 July 2021, “the process on this Intervention was daunting because of the sheer volume of transactions in process by the Firm, exacerbated by the fact that the Firm did not have a systematic method for

keeping files and documents. Significant progress has been made by the Intervention Agent and its assisting solicitors in the past six months or so...”.

- (d) Up to 15 July 2021, 5,959 files have been returned to the former clients of Wong Fung and 635 claims have been verified.
- (e) The Law Society has kept the public informed of the progress of the Intervention through regular updates on its website. We have also issued 3 public statements and conducted 4 press briefings.

Court proceedings

- (f) Attempts were made to challenge the Intervention, but they were all unsuccessful.
- (g) On 27 January 2021, the court refused an application by Mr Ng Wing Hung (“Mr Ng”), a former partner of Wong Fung to restrain the Law Society from proceeding with the Intervention.
- (h) On 19 February 2021, the court refused the application by Mr Ng for leave to apply for judicial review to challenge the Intervention decision.

Claim status

- (i) Claimants for monies held in Wong Fung’s bank accounts were invited to register their claims on 1 February 2021. The period was open until 31 May 2021.
- (j) On 18 June 2021, the Intervention Agent submitted a court application for approval to distribute money to those claimants whose claims had been verified.
- (k) On 7 July 2021, the court heard and approved the application. Taking into account the preparatory work to implement the court order including drawing a large number of cheques and contacting claimants or their legal representatives to make appointments for cheque collection, it is expected that the cheques will be made available to claimants whose claims had been verified within two weeks from the date of the court order and in any event by 4 August 2021 as ordered by the court.
- (l) The Intervention Agent and assisting law firms will issue letters by post and / or by e-mail to notify claimants or their legal representatives about the status of their claims and the arrangements for cheque collection. Generally speaking, the order of cheque distribution will follow the order of appointments made by the claimants.

Q2. What will happen to further claims coming in after the court judgment dated 7 July 2021?

- (a) The Intervention Agent will arrange for a notice to be published on newspapers to invite any further claimants to register their claims within 12 months from the date of the court order.
- (b) As noted in the judgment dated 7 July 2021, deducting from the amount of claims accepted, partially accepted, or still in the process of verification and the amounts relating to overlapping or competing claims, there is currently a surplus of funds. However, from the experience in other intervention cases, claimants sometimes lodge their claims at a very late stage, even one or two years after the date of intervention.
- (c) The court has decided that the possibility of catering to late claims should not in any way hold up or delay payment to clients of claims already made and verified.
- (d) Hence, the claims that were already made and verified are ordered to be paid in full now and a period of 12 months be allowed for submission of further claims. Subject to the court's direction in due course, those late claims that have been verified will be settled fully or partially out of the balance of clients' money (depending on whether there is sufficient money in the balance to cover the amounts claimed).

Q3. It is noted that with reference to the surplus, some queries have been raised as to whether the Intervention was justified. What is the Law Society's response to those queries?

- (a) The background leading to the Intervention decision was set out in the court judgment dated 19 February 2021.
- (b) The judgment noted that the Law Society's investigation into the accounts and affairs of Wong Fung was triggered by a series of anonymous complaints about a cover up by Wong Fung's partners of
 - (i) an alleged theft of client's money committed by a former clerk of Wong Fung surnamed Wong in a conveyancing transaction;
 - (ii) other alleged fraudulent activities,
 - (iii) alleged sharing of profits between Wong Fung and the clerks; and
 - (iv) the disarray of Wong Fung's books and accounts, leading to shortfall and misuse of client's monies.
- (c) As noted in the judgment, through an inspection of Wong Fung's books, numerous suspicious transactions and substantial shortfalls of clients' money were identified.

- (d) In addition, it was further noted in the judgment that with respect to the alleged theft of client's money in a conveyancing transaction by the former clerk Wong, the partner of Wong Fung chose not to report to the police, notwithstanding that it was a criminal offence involving dishonesty. Instead, the partner of Wong Fung took out a personal civil action to sue against Wong. The court commented that both the failure to report the matter and the way of litigation appeared to be designed to avoid attracting investigations into the operation of Wong Fung, such as might lead to uncovering other matters.
- (e) Consequently, the Law Society reported the matter to the police. Further, taking into account the seriousness of the situation and all the relevant circumstances, the Law Society decided to take urgent action to intervene in order to protect and preserve clients' money in Wong Fung.
- (f) The Law Society was of the firm view that the Intervention decision was rightly made for the protection of the interests of Wong Fung's clients and the public.
- (g) Had no action been taken in a timely manner, there might not have been funds left for full settlement of any claims.

Q4. Where do we go from here?

- (a) As noted in the court judgment dated 7 July 2021, the intervention into the practice of Wong Fung is the largest intervention ever conducted in Hong Kong, which required an unprecedented commitment of time, resources and costs.
- (b) The Law Society has used its best endeavours to channel resources to complete the Intervention as expeditiously as possible.
- (c) Without the dedicated assistance of the Intervention Agent, the assisting firms and everyone else involved in the exercise, we would not have been able to accomplish the work within this time frame.
- (d) Going forward, the Law Society has set up a working party to review the process of intervention. The work of intervention and its impact extend to work of different sectors and meetings are being arranged with all stakeholders to collate views on how the process can be improved.
- (e) One of the sectors that the Law Society has been working closely with is the banking sector on the payment method for conveyancing transactions.

- (f) An important duty of lawyers is to protect the legal interests of their clients. The current procedures adopted in a conveyancing transaction are to protect the rights of the parties to the transaction. Every step in the procedure has a legal basis and is interlinked with one another. The impact of any change made to any part of the procedure on the overall transaction must be thoroughly considered to ascertain if other corresponding changes have to be made and to ensure that the protection afforded to any party's rights in the transaction will not be adversely affected. The Property Committee of the Law Society is working with the Hong Kong Monetary Authority and the Hong Kong Association of Banks to facilitate improvements to the current procedures in conveyancing transactions. The Law Society will continue doing its best for the benefit of the profession and the public.