

Former trader gets jail for posting false info online

By **LEE U-WEN**

A FORMER stock trader was sentenced to six months in jail yesterday for posting false information online about a locally listed IT firm, Datacraft Asia, in 2004.

In his judgment on Able Wang Ziyi, Justice VK Rajah said that the punishment is a necessary “deterrent sentence”, taking into account the “strong public interest militating against mischief in the market through the mass media such as the Internet”.

It has been a roller-coaster ride of sorts for Wang, 42, who was first charged in 2006 with spreading a rumour on a popular stockmarket investor forum that the Commercial Affairs Department (CAD) – the police white-collar crime unit – had raided the offices of Datacraft Asia.

The father of two – who now runs a furniture business in Shanghai – was then acquitted in November 2006 after the prosecution failed to prove that he did not care that the information posted was true or false.

The acquittal made the news then for being the first of its kind made under Section 199 of the Securities and Futures Act.

In November 2007, following an appeal by the prosecution, the judge overturned the acquittal, ruling that stock traders should be responsible for what they post online because they risked being prosecuted if the rumour was proven to be false or unsubstantiated.

On Feb 16, 2004 – the day Wang first posted the rumour on *shareinvestor.com* – he short-sold 111,000 Datacraft shares, meaning that he sold

shares he did not actually own. Minutes after this, he posted on the forum: “Heard CAD raided Datacraft office last Friday again.” He then bought back 61,000 shares to cover his short position, without waiting long enough to see the effect of his rumour, if any, on the market.

Wang had written his post based on an SMS he received earlier from a Samuel Wong, an OCBC Bank institutional dealer.

“Ultimately, while Wang’s precise motive may remain troublingly dubious, the fact remains that he has been convicted only of making the postings recklessly and not in full knowledge that they were false,” said Justice Rajah in his judgment. “That said, the strong public interest militating against mischief in the market through mass media such as the Internet dictates a custodial sentence.

“While one might theoretically expect sensible investors to be circumspect about information gleaned from a public forum, a market reaction is practically inevitable, and the maker of the false statement must be held responsible for his actions and statements.”

There was no need for a fine in this particular case, said the judge, as Wang did not profit from his actions.

“Nevertheless, I cannot dismiss or ignore the fact that the Internet provides a medium for instantaneous and anonymous mass dissemination,” said Justice Rajah, who took into account the fact that those who commit offences online could escape detection or be hard to identify.

The maximum penalty Wang could have received was seven years’ jail and/or a \$250,000 fine.