

Reckless talk that could get you jailed

Teo Xuanwei

[xuanwei@mediacorp.com.sg](mailto:xuanwei@mediacorp.com.sg)

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Stock-market punters be warned: Making false and irresponsible comments about the financial market can get you jailed.

Against the backdrop of a volatile stock market sensitive to rumours and careless speculation, Singapore's Court of Appeal yesterday sent out this strong warning as a former stock trader was jailed for six months for spreading rumours about a listed company on an online forum.

In his written judgment, Justice V K Rajah said Able Wang Ziyi, 42, had "gone beyond mere recklessness" by posting on Shareinvestor.com, a subscription-based financial portal, that listed company Datacraft Asia Limited had been raided by the Commercial Affairs Department in 2004.

Wang "must have known" that the information was "false and misleading", the judge added. On the same day Wang posted the false allegations, Datacraft's share price dropped US\$0.10 at closing.

Describing the stability of the financial market as a "delicately-balanced spinning gyroscope", the judge said all market players must ensure the information they disclose is adequate and accurate.

False online postings must be "strictly sanctioned", Justice Rajah said, because such information is today readily accessible by lay investors and the potential harm can be "enormous and devastating".

Under the Securities and Futures Act, Wang could have been fined up to \$250,000, jailed up to seven years, or both.

While the ruling is expected to send shockwaves through the investment community online, financial services professionals say it is a timely warning to those with a cavalier attitude when it comes to disseminating unreliable information en masse through the Internet.

Said Securities Investors Association (Singapore) president and chief executive David Gerald: "This case sends a strong signal to those who thrive on giving misleading information online that they should not engage in activities which may be detrimental to investors and the market."

Banker Phua Her Tien, 26, who has been dabbling in stocks and shares for more than five years, said: "People will now think twice before they share any information, even if they don't have ill intentions."

A wide range of online portals offering investment tips are available online.

The ones that are taken seriously are based on paid membership. At

Shareinvestor.com, users can choose from four levels of membership: \$5 monthly allows access to the stock forum while \$38 monthly gives access to a plethora of features, including basic company data and streaming stock prices. And it is a popular site: More than 200 postings were made between 4pm and 10.30pm yesterday.

Some investors turn to more casual free sources. Popular portal hardwarezone.com.sg, for example, has a forum for users to exchange views on financial issues.

Independent trader Choo Beng Chong, 26, said he never knew "innocuous, personal opinions made online can land [one] in hot soup".

Such postings are usually taken as part and parcel of online forums because anyone can access them, he explained.

But how seriously is online chatter taken in the first place?

Mr Phua said most investors he knows visit investment forums to pick up general investment advice. Very few would act on comments without some proof.

Still, Justice Rajah pointed out that even "sceptical investors" might be compelled "to cut their losses and sell their shares when market panic drove share prices down". Hence, the need to hold responsible those who make false claims, especially given the regulatory shift to an investor-beware regime, in which punters must make their own judgements.

"Consequently, the focus of regulation must shift to protecting the free and fair transmission of information in the market," he said.

**Regardless of the type of online forum, lawyer Vijai Parwani, from law firm Parwani and Company, said, people should not assume they can say anything in the cyber world without assuming responsibility just because they hide behind pseudonyms.**

**"One should independently verify the source of the information and not post something that may be hearsay many times over," he said. In order not to fall afoul of the law, the lawyer added, the simple rule is: "If you can't confirm it, don't post it."**

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