

**CODEBANK LTD:
RICHARDS BUTLER ASKED TO COUGH UP**

Publicly listed [Codebank Ltd](#) (Code: 8162, The Growth Enterprise Market [The GEM] of The Stock Exchange of Hongkong Ltd) has taken on the solicitors' firm of Richards Butler and a number of its most-senior partners in what appears to be a stand-up fight – to the financial end.

Richards Butler is one of the premier firms of its ilk, operating in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), and, as such, one may expect there to be quite a battle to be raged over the next year or so.

Codebank has sued, in addition to the firm of Richards Butler, the following partners of the firm:

Christopher Guy Howse	David Michael Norman
Christopher James Williams	Alexander David Morrison
Graham Paul Winter	Andrew Kenneth Brown
Delpha Ho	Denise Jong
Michael Ross David Pepper	Nanette Fung Ling Kwong
Asha Rani Sharma	

According to the Statement of Claim, attached to the HKSAR, High Court Writ, Number 1425, on January 5, 2001, Codebank and Richards Butler *'entered into an agreement in writing whereby the Defendant was retained as the company lawyer for the listing of the Plaintiff (Codebank) ("Listing") in the Growth Enterprises Market of the Stock Exchange of Hong Kong Limited ("the Stock Exchange") for a professional fees of HK\$1,250,000.00 exclusive of disbursements and out of pocket expenses ("the Retainer")'. A sum of HK\$200,000.00 was paid to the Defendant by the Plaintiff upon confirmation of the Retainer and further professional fees were paid to the Plaintiff thereafter.'* (Paragraph 2 of the Statement of Claim)

Paragraph 3 of the Statement of Claim spells out some of the purported duties of Richards Butler *'that the Defendant shall act for the Plaintiff as Hong Kong solicitors for the listing process'* which, the Statement of Claim alleges, meant vetting legal documentation and advising thereon, as well as *'commenting on the listing prospectus and related documentation and advising in relation to underwriting documentation ...'*

Paragraph 4 of the Statement of Claim alleges that:

- a. Richards Butler *'shall exercise skill care and diligence and show competence in conducting affairs whilst so acting on the Plaintiff's behalf';*
- b. Richards Butler *'shall ensure the Plaintiff, its directors, officers and employees to comply with the listing rules, the relevant laws and regulations for listing';* and,
- c. Richards Butler *'shall provide professional service and/or professional advice to the Plaintiff in relation to the Listing, underwriting of shares, placement of shares and arrangement of receipt of placing proceeds ...'.*

Then, at Paragraph 6:

'Negligently and/or in breach of duty, the Defendant failed to exercise due care in handling/conducting the listing process, further and in the alternative, the Defendant has committed a breach of the express terms and implied terms of the Retainer as follow :-

- a) Without proper verification, the Defendant procured the Plaintiff's directors to execute certain documents, including Form E – Declaration of Compliance in escrow, for the presentation to the Stock Exchange of Hong Kong Limited in order to fulfill the requirements of Listing when the defendant knew or ought to have known that at the time when Form E was signed by the Plaintiff's directors, the Plaintiff had not yet complied with the listing requirements in all respect, in particular, not having received all money due to the Plaintiff in respect of the issue/offer of its shares (Such money due to the Plaintiff is hereinafter referred to as "the Placing Proceeds");*
- b) The Defendant thereafter failed to verify the truthfulness of the listing documents including the Form E before submitting the listing documents on behalf of the Plaintiff to the Stock Exchange in particular the receipt of Placing Proceeds and failed to advise the Plaintiff the consequences thereto;*
- c) The Defendant failed to review the underwriting agreements including any supplemental agreement thereto and the whole underwriting arrangement to ensure that the Plaintiff shall receive all the Placing Proceeds before listing; and*
- d) In general, the Defendant failed to provide proper professional service and advice to the plaintiff in respect of the underwriting of shares, placement of shares and the arrangement of receipt of placing proceeds and failed to conduct due diligence and proper verification on listing documents, including verification of the receipt of the placing proceeds from the placee(s) arising from the placement of shares of the Plaintiff.'*

Codebank went ... [CLICK TO ORDER FULL ARTICLE](#)

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