



Hong Kong Institute of Certified Public Accountants takes disciplinary action against a certified public accountant

(HONG KONG, 5 March 2019) A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered on 15 November 2018 that the name of Deborah Annells, a certified public accountant (F01799), be removed permanently from the register of CPAs. In addition, the Committee ordered her to pay partial costs of the disciplinary proceedings. The Committee will determine the amount of costs to be paid by Annells after considering the parties' submissions on that issue.

Although Annells did not lodge any appeal within the requisite time period after the handing down of the Disciplinary Committee's order, Annells subsequently indicated that she wished to apply for leave to appeal out of time, and as a result the press release regarding the order was put on hold. As of today, no such application has been lodged with the Court of Appeal.

Annells controlled a group of companies in Hong Kong which provided trust and tax advisory services. Between December 2011 and March 2014, the Institute enquired into various complaints lodged by Annells' clients and a former employee. The subject matter of the complaints included the use of trust monies dishonestly and for unauthorised purposes, failing to separate client funds from funds of the practices, the use of forged documents or making misleading statements to clients regarding the integrity or application of their funds, and the theft of client funds. Annells was also alleged to have made disparaging remarks about the services of another CPA who was her former employee.

After considering the information available, the Institute lodged a complaint under section 34(1)(a)(vi), (viii) and (x) of the Professional Accountants Ordinance (Cap 50) in April 2014.

During the course of the disciplinary process, Annells was prosecuted in both the District and High Courts for a number of offences including perverting the course of justice, theft, fraud and possessing a false document. She was convicted of 45 offences of theft, one offence of possession of a false instrument, and one offence of fraud, and was sentenced to nine years' imprisonment in July 2016. Due to Annells' incarceration, the Committee directed that the matter be decided on the papers and no oral hearing be held. Notwithstanding her conviction Annells denied a majority of the disciplinary charges brought against her.

The Committee found that for her acts relating to trust monies and client funds, Annells was in breach of the fundamental principles of Integrity, Professional Competence and Due Care and Professional Behaviour in sections 100, 110, 130 and 150 of the Code of Ethics for Professional Accountants, as well as section 270 Custody of Client Assets and section 460 Clients' Monies of the Code. The Committee further found that Annells was

guilty of professional misconduct and dishonourable conduct. For the disparaging remarks on another CPA's services, the Committee found Annells was in breach of section 450 Practice Promotion of the Code.

The Committee noted the breaches concerning trust monies and client funds in this case are at the most serious end of the potential range of misconduct by a CPA. While noting that Annells is serving a prison sentence as punishment, the Committee considered that the interests of the public require protection against her unscrupulous conduct once she is free to work again. The Committee further noted a number of aggravating factors: Annells' lack of remorse and financial benefit from the breaches, the absence of restitution to the clients, and the number of clients affected.

The Committee was therefore of the view that Annells' actions warranted permanent removal of her name from the register of CPAs.

About HKICPA Disciplinary Process

The Hong Kong Institute of Certified Public Accounts (HKICPA) enforces the highest professional and ethical standards in the accounting profession. Governed by the Professional Accountants Ordinance (Cap. 50) and the Disciplinary Committee Proceedings Rules, an independent Disciplinary Committee is convened to deal with a complaint referred by Council. If the charges against a member, member practice or registered student are proven, the Committee will make disciplinary orders setting out the sanctions it considers appropriate. Subject to any appeal by the respondent, the order and findings of the Disciplinary Committee will be published.

For more information, please see:

<http://www.hkicpa.org.hk/en/standards-and-regulations/compliance/disciplinary/>

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About HKICPA

The Hong Kong Institute of Certified Public Accountants (HKICPA) is the statutory body established by the Professional Accountants Ordinance responsible for the professional training, development and regulation of certified public accountants in Hong Kong. The Institute has more than 43,000 members and 19,000 registered students.

Our qualification programme assures the quality of entry into the profession, and we promulgate financial reporting, auditing and ethical standards that safeguard Hong Kong's leadership as an international financial centre.

The CPA designation is a top qualification recognised globally. The Institute is a member of and actively contributes to the work of the Global Accounting Alliance and International Federation of Accountants.

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