



Dear Assignment / News / Business Section Editor

Hong Kong Institute of CPAs takes disciplinary action Against a certified public accountant

(HONG KONG, 30 May 2012) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered on 26 April 2012 that the name of Young Chi Shan, Michael, (membership number A18502) be removed from the register of certified public accountants for a period of five years with effect from 14 June 2012.

In addition, Young was ordered to pay a penalty of HK\$100,000 and HK\$30,000 towards the costs of the disciplinary proceedings.

Between 2003 and 2007, Young assisted the Independent Commission Against Corruption in a criminal case and acted as the main witness who gave evidence under immunity for the prosecution at trial.

Young joined a company as the financial controller at the time when it was preparing for a listing application with the Hong Kong stock exchange. He was the central liaison between the company and its auditors. According to the evidence available, he participated in a conspiracy to falsify the company's accounting records and in a scheme to deceive the auditors.

Relevant criminal proceedings were concluded in 2010. Various individuals, including some members of the company's management, were found guilty of conspiring with others including Young to defraud the stock exchange, shareholders and other parties by falsifying financial records and documents to inflate the turnover and profit figures shown in the company's listing prospectus and published financial statements after the company's listing; to apply for letters of credit when there were no underlying commercial transactions in order to defraud banks to pay under the letters of credit; and to help the company's founder steal from its bank accounts.

After considering the information available, an Investigation Committee of the Institute lodged a complaint against Young under section 34(1) of the Professional Accountants Ordinance saying that he had committed dishonourable conduct. A Disciplinary Committee was constituted in May 2011.

The Disciplinary Committee found, on evidence submitted and Young's admission, that the complaint against him was proven. Having taken into account the circumstances of the case, the Disciplinary Committee made the order against Young under section 35(1) of the Professional Accountants Ordinance.

Under the ordinance, if Young is aggrieved by the order, he may give notice of an appeal to the Court of Appeal within 30 days after he is served the order.

Findings of the Disciplinary Committee are available at the Institute's website under the "Compliance" section at www.hkicpa.org.hk.

Disciplinary proceedings of the Institute are conducted in accordance with Part V of the Professional Accountants Ordinance by a five-member Disciplinary Committee. The majority (three members) of each committee, including the chairman, are non-accountants chosen from a panel appointed by the chief executive of the HKSAR, and the other two members are CPAs.

Disciplinary hearings are held in public unless the Disciplinary Committee directs otherwise in the interests of justice. A hearing schedule is available at the Institute's website. A CPA who feels aggrieved by an order made by a Disciplinary Committee may appeal to the Court of Appeal, which may confirm, vary or reverse the order.

The Disciplinary Committees have the power to sanction members, member practices and registered students. Sanctions include temporary or permanent removal from membership or cancellation of a practising certificate, a reprimand, a penalty of up to \$500,000, and payment of costs and expenses of the proceedings.

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About the Hong Kong Institute of CPAs

The Hong Kong Institute of CPAs is the only body authorized by law to register and grant practising certificates to certified public accountants in Hong Kong. The Institute has more than 33,000 members and 16,000 registered students. Members of the Institute are entitled to the description *certified public accountant* and to the designation *CPA*.

The Hong Kong Institute of CPAs evolved from the Hong Kong Society of Accountants, which was established on 1 January 1973.

The Institute operates under the Professional Accountants Ordinance and works in the public interest. The Institute has wide-ranging responsibilities, including assuring the quality of entry into the profession through its postgraduate CPA qualification programme and promulgating financial reporting, auditing and ethical standards in Hong Kong. The Institute has responsibility for regulating and promoting efficient accounting practices in Hong Kong to safeguard its leadership as an international financial centre.

The Hong Kong Institute of CPAs is a member of The Global Accounting Alliance - an alliance of the world's leading professional accountancy bodies, which was formed in 2005. The GAA promotes quality services, collaborates on important international issues and works with national regulators, governments and stakeholders.

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