

IN THE MATTER OF

A complaint made under section 34(1)(a)(vi) of the Professional Accountants Ordinance (Cap.50)

BETWEEN

REGISTRAR OF THE HONG Complainant
KONG INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

AND

Respondent

Before a Disciplinary Committee of the Hong Kong Institute of Certified Public Accounts ("the Institute") constituted under section 33(3) of the Professional Accountants Ordinance Cap. 50.

ORDER

UPON reading the complaint made by the Complainant against the Respondent dated 23 January 2008

UPON reading the formal admission in writing made by the Respondent in his letter dated 18 July 2008 to the Disciplinary Committee

UPON reading the written submission of the Complainant dated 1 April 2009, the revised Statement of Costs of the Complainant dated 21 April 2009 and the written submission of the Respondent dated 1 April 2009

IT IS ORDERED that:-

1. The Respondent be reprimanded under section 35(1)(b) of the Professional Accountants Ordinance;
2. The Respondent be fined a sum of HK\$100,000 under section 35(1)(c) of the Professional Accountants Ordinance; and
3. The Respondent do pay the costs and expenses of and incidental to the proceedings of the Hong Kong Institute of Certified Public Accountants (including the costs and expenses of the Disciplinary Committee) in the sum of HK\$5,000.

Dated the 11th day of November 2009.

IN THE MATTER OF a complaint made under Section 34(1)(a) of the
PROFESSIONAL ACCOUNTANTS ORDINANCE

BETWEEN

REGISTRAR OF THE HONG KONG INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

Complainant

and

Respondent

DECISION OF DISCIPLINARY PANEL

1. INTRODUCTION

By a Memorandum dated 24th January 2008 the Hong Kong Institute of Certified Public Accountant ("the Institute") referred to the Disciplinary Panel a complaint against [the Respondent] as set out in a Report attached to that Memorandum.

2. REASONS

The complaints against the Respondent in this matter relate to S.34(1)(a)(vi) of the Professional Accountants Ordinance. The Respondent accepts that his firm made an error in providing an unqualified audit report in respect of its client's company [A Limited] in that [A Limited] had failed to maintain client's accounts in accordance with the minimum requirements specified under S.70 of the Insurance companies Ordinance ("ICO").

3. Upon investigation by the office of the Insurance Commissioner it was discovered that [A Limited]'s clients' monies had been intermixed with those of its own in one bank account in breach of S.71 of the ICO.
4. This was a serious oversight and resulted in [A Limited] breaching S.70 of the ICO, in so far as minimum capital requirements and minimum net assets were concerned.
5. This error could have had serious implications for [A Limited]'s creditors and policy holders.
6. However, we bear in mind that the error has been openly admitted and has been corrected without; so far as we are aware, any loss having been suffered.

7. PENALTY AND COSTS

The Respondent has moreover not been subject to any other recent disciplinary proceedings and the Respondent has admitted the complaints made against him. The Disciplinary Panel has therefore in all the circumstances decided to issue a reprimand against the Respondent together with a penalty of HK\$100,000. We award costs in the sum of HK\$5,000 to the Institute.

Dated 17th September 2009

