



Dear Assignment / News / Business Section Editor

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

(HONG KONG, 8 September 2010) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants reprimanded Yuen Wai Kin, Tony (membership number F01157) on 6 August 2010, and ordered him to pay to the Institute a penalty of HK\$100,000 due to his failure or neglect to observe, maintain or otherwise apply professional standards issued by the Institute.

In addition, Yuen was ordered to pay the costs of the disciplinary proceedings totalling HK\$73,251.

Yuen was a partner of Yuen & Tam, a firm of certified public accountants (now de-registered) which acted as the auditor of Wing Yip Company Limited, a corporation licensed under the Securities and Futures Ordinance to carry on the business of securities trading in Hong Kong. Yuen was the partner in charge of the engagement.

In April 2006, the Securities and Futures Commission discovered that Wing Yip had misappropriated client assets for a number of years and falsified account statements to clients to conceal the misappropriation. Since the compliance report issued by Yuen & Tam on the corporation pursuant to the Securities and Futures (Accounts and Audit) Rules for the year ended 31 March 2006 did not mention any exception, the SFC referred the case to the Institute. The Institute decided to set up an Investigation Committee under the Professional Accountants Ordinance to investigate. Upon investigation and having considered the information available, the Investigation Committee lodged a complaint against Yuen under section 34(1) of the Professional Accountants Ordinance in respect of deficiencies in Yuen & Tam's compliance reporting on Wing Yip.

The Disciplinary Committee found, on Yuen's admission, that he failed or neglected to observe, maintain or otherwise apply Hong Kong Standard on Assurance Engagements 3000 "Assurance engagements other than audits or reviews of historical financial information."

Having taken into account the circumstances of the case, the Disciplinary Committee made the order as stated above against Yuen.

Under the Professional Accountants Ordinance, Yuen may give notice of an appeal to the Court of Appeal before 11 September 2010, i.e. within 30 days after he is served the order, if he is aggrieved by an order made under section 35(1) of the ordinance.

The order and 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 chair, 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 is 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 may include temporary or permanent removal from membership or cancellation of a practising certificate, a reprimand, a penalty of no more than \$500,000, and payment of costs and expenses of the proceedings.

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Note to editors

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 30,000 members and 14,000 registered students. Members of the Institute are entitled to the description *certified public accountant* and to the designation of *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 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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