



Dear Assignment / News / Business Section Editor

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

(HONG KONG, 9 December 2011) — A Disciplinary Committee of the Hong Kong Institute of Certified Public Accountants ordered on 1 December 2011 that the name of Lo Kwai Man (membership number A14262) be permanently removed from the register of certified public accountants with effect from 16 January 2012 and ordered him to pay to the Institute a penalty of HK\$50,000, after finding Lo guilty of dishonourable conduct.

In addition, Lo was ordered to pay the costs of the disciplinary proceedings totalling HK\$93,581.

Lo was the financial controller of a company previously listed in the Stock Exchange of Hong Kong. In that position, Lo acquiesced to and participated in a conspiracy with the company's senior management to falsify business documents in relation to the preparation of the company's financial statements for the year ended 31 December 2002. Lo later acted as a prosecution witness under immunity during the trial of the chairman and an executive director of the company in 2004 on charges of conspiring to use falsified business documents. Those two individuals were eventually convicted and sentenced to imprisonment.

In 2003, the Institute decided to set up an Investigation Committee under the Professional Accountants Ordinance to investigate the involvement of certified public accountants involved in the auditing and preparation of the financial statements of the company, in light of information about the irregularities surfacing in public at the time. Upon investigation and having considered the information available, the Investigation Committee lodged a complaint against Lo in May 2011 under section 34(1) of the Professional Accountants Ordinance in respect of his involvement in the falsification of documents. A Disciplinary Committee was constituted in July 2011.

The Disciplinary Committee found, on evidence submitted and Lo's admission, that Lo was guilty of dishonourable conduct. Having taken into account the circumstances of the case, the Disciplinary Committee made the order as stated above against Lo under section 35(1) of the Professional Accountants Ordinance.

Under the Professional Accountants Ordinance, if Lo 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.

The order and findings of the Disciplinary Committee are available at the Institute's website under the "Compliance" section at [www.hkicpa.org.hk](http://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.

- End -

## **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 nearly 33,000 members and 16,000 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.

### **Hong Kong Institute of CPAs' contact information:**

Stella To  
Deputy Director, Communications  
Phone: 2287 7209  
Mobile: 9027 7323  
Email: [stella@hkipa.org.hk](mailto:stella@hkipa.org.hk)