

STATEMENT OF DISCIPLINARY ACTION

A. The Disciplinary Action

1. Pursuant to sections 37CA and 37I(1A) of the Accounting and Financial Reporting Council Ordinance (Cap. 588) (**AFRCO**), the Accounting and Financial Reporting Council (**AFRC**) has imposed the following sanctions against Danny Ho & Company (**DH&C**) and Mr Ho Oi Suen, Danny (**Ho**):
 - 1.1. public reprimand for each of DH&C and Ho;
 - 1.2. pecuniary penalty of HK\$63,000 against DH&C; and
 - 1.3. pecuniary penalty of HK\$7,000 against Ho,(collectively, **Disciplinary Action**).
2. The Disciplinary Action was taken in relation to the professional irregularities committed by DH&C and Ho in breaching the Guidelines on Anti-Money Laundering and Counter-Terrorist Financing for Professional Accountants (**AML Guidelines**) issued by the Hong Kong Institute of Certified Public Accountants (**HKICPA**) in May 2023, which form part of the Code of Ethics for Professional Accountants (**COE**).
3. The AFRC found that DH&C had failed to comply with the AML Guidelines, which form part of the COE, and are therefore a PAO professional standard¹ under the AFRCO. DH&C's non-compliance constitutes professional irregularities under section 3B(1)(c) of the AFRCO as the firm had failed to observe, maintain or otherwise apply the following:
 - 3.1. Paragraph 610.1 of the AML Guidelines;
 - 3.2. Paragraph 620.9.1 of the AML Guidelines;
 - 3.3. Paragraph 620.5.1 of the AML Guidelines; and
 - 3.4. Paragraph 650.1.5 of the AML Guidelines.
4. As DH&C's acts amount to professional irregularities, DH&C has committed CPA misconduct under section 37AA(1)(a) of the AFRCO.
5. The AFRC also found that as the Managing Director of DH&C, Ho had failed to ensure that his firm complied with the AML Guidelines. As such, he had in turn failed to comply with paragraph R113.1 of the COE.

¹ As defined in section 2 of the AFRCO.

6. Ho's non-compliance with the COE constituted a professional irregularity under section 3B(1)(c) of the AFRCO as he has failed to observe, maintain or otherwise apply a PAO professional standard. Accordingly, he has committed CPA misconduct pursuant to section 37AA(1)(a) of the AFRCO.

B. Summary of Facts

7. DH&C has been registered as a CPA firm in Hong Kong since 18 February 1997² and Ho has held a practising certificate³ in Hong Kong since 1 January 1984. Ho has also been registered as a member of HKICPA since 9 March 1982.⁴ Ho is and was the Managing Director, Compliance Officer and Money Laundering Reporting Officer of DH&C.
8. The AFRC carried out an anti-money laundering and counter-terrorist financing compliance monitoring inspection for the period from 1 May 2024 to 30 April 2025 on DH&C pursuant to section 20ZZB of the AFRCO (**Inspection**). The Inspection covered the evaluation of DH&C's compliance with the AML Guidelines.
9. During the Inspection, the AFRC found that DH&C carried out ten services which fall in the categories specified in paragraphs 600.2.1 and 600.2.2 of the AML Guidelines (**Specified Services**). However, DH&C did not have any internal policies, procedures and other controls in respect of on Anti-Money Laundering and Counter-Terrorist Financing (**AML/CTF**), and it had also failed to properly take various steps mandated in the AML Guidelines when performing Specified Services.

C. Summary of Findings

C1. DH&C

C1.1. *AML policies, procedures and controls*

10. Paragraph 610.1 of the AML Guidelines requires DH&C to have internal policies, procedures and other controls in place to address money laundering and terrorist financing concerns, and comply with the legal requirements on AML/CTF, when it carried out Specified Services.
11. In the course of the Inspection, the AFRC found that DH&C had carried out ten such Specified Services falling within the scope of paragraphs 600.2.1 and 600.2.2 during the period from 1 May 2024 to 30 April 2025. However, DH&C did not establish or implement any such required policies, procedures and other controls when delivering the said Specified Services.

² CPA firm registration number: 1303

³ Practising certificate number: P01034.

⁴ Membership number: F01227.

12. On this basis, the AFRC found that DH&C had failed to comply with paragraph 610.1 of the AML Guidelines.

C1.2. *Customer due diligence*

13. Paragraph 620.9.1 of the AML Guidelines requires practices to obtain information from new clients to satisfy themselves as to the intended purpose and reason for establishing the client relationship, and document the said information. Further, paragraph 620.5.1 of the AML Guidelines requires practices to identify the customer and verify the client's identity by reference to documents, data or information provided by a reliable and independent source.

14. During the Inspection, the AFRC selected two samples of Specified Services provided by DH&C to its audit clients. One of the services provided by DH&C concerned a liquidation, while the other concerned sending a personal income tax return to the client's address in Thailand.

15. For both samples, DH&C was unable to provide records to demonstrate that it had obtained information as to the intended purpose and reason for establishing the client relationships (e.g., nature of the client's business and the type of Specified Services that were to be undertaken, etc.), contrary to the requirement in paragraph 620.9.1 of the AML Guidelines.

16. In one of the samples, DH&C also did not obtain the identity card and address proof from its client before establishing a business relationship with the client, contrary to paragraph 620.5.1 of the AML Guidelines.

C1.3. *Sanction screening*

17. Paragraph 650.1.5 of the AML Guidelines requires practices to conduct name checks of their clients and their beneficial owners against the latest lists of the designated individuals and entities subject to sanctions (designated by the United Nations Security Council).

18. The AFRC found that based on the samples inspected during the Inspection, DH&C was unable to provide documentation evidencing that the name checks of its clients and their beneficial owners were performed before the establishment of the client relationship. The AFRC therefore found that DH&C did not comply with paragraph 650.1.5 of the AML Guidelines.

C2. Ho Oi Suen, Danny

C2.1. *Non-compliance with principle of professional competence and due care*

19. Paragraph R113.1 of the COE requires a professional accountant to exercise professional competence and due care by acting diligently and in accordance with applicable technical and professional standards.

20. As the Managing Director of DH&C, Ho was obliged to adhere to the principle of professional competence and due care, which in the present case entails taking proper steps to ensure that his firm fully complies with the requirements in the AML Guidelines. This includes ensuring his firm (a) has policies, procedures and controls in place to identify and address money laundering and terrorist financing risks, (b) performs proper client due diligence as part of the onboarding procedure, and (c) conducts sanction screening against client names.
21. Based on the above, the AFRC found that Ho failed to act diligently in applying the AML Guidelines and therefore failed to exercise professional competence and due care.

D. Conclusion

22. Having considered all relevant circumstances, the AFRC is of the view that DH&C and Ho are guilty of CPA misconduct.
23. In determining the Disciplinary Action, the AFRC has had regard to its Sanctions Policy for Professional Persons, Guidelines for Exercising the Power to Impose a Pecuniary Penalty for Professional Persons and the Guidance Note on Cooperation with the AFRC, and has taken into account all relevant circumstances, including:
 - 23.1. the absence of policies, procedures and controls in relation to anti-money laundering and counter terrorist financing, and the failure to apply such measures in practice are, by nature, a serious matter;
 - 23.2. the AML Guidelines came into effect in 2018, therefore, DH&C has remained non-compliant with the requirements for a period of time;
 - 23.3. the lesser prospect of damage to the interest of the investing public since the relevant Specified Services involved private companies;
 - 23.4. DH&C has taken / is taking steps to remediate the identified deficiencies and breaches of the AML Guidelines in light of the AFRC's findings;
 - 23.5. DH&C and Ho's clean disciplinary record with the AFRC and the HKICPA; and
 - 23.6. DH&C and Ho admitted their liabilities in full and initiated resolution discussions with the AFRC. They further accepted the Disciplinary Action against them and entered into an agreement with the AFRC pursuant to section 371(1A) of the AFRCO before the issuance of a Notice of Proposed Disciplinary Action.