

## Press Release

5 March 2026

### **AFRC takes first ever disciplinary actions against multiple practice units for non-compliance with anti-money laundering requirements and imposes fines totalling HK\$290,000**

The Accounting and Financial Reporting Council (**AFRC**) has, in three separate cases, sanctioned the following audit firms and practitioners for failing to comply with the Guidelines on Anti-Money Laundering and Counter-Terrorist Financing for Professional Accountants (**AML Guidelines**), which form part of the Code of Ethics for Professional Accountants (**COE**):

- (i) Prism Hong Kong Limited<sup>1</sup> (**Prism**);
- (ii) Mr Wong Ka Chun<sup>2</sup> (**Wong**); and
- (iii) Danny Ho & Company<sup>3</sup> (**DH&C**) and Mr Ho Oi Suen, Danny<sup>4</sup> (**Ho**).

The AFRC has issued a public reprimand to each of Prism, Wong, DH&C and Ho and imposed pecuniary penalties of HK\$150,000 for Prism, HK\$70,000 for Wong, and HK\$70,000 for DH&C and Ho.

These cases arose from compliance monitoring inspections carried out by the AFRC between 2023 and 2025 in connection with compliance with the AML Guidelines.

#### *Disciplinary decision in relation to Prism*

During the 2023 inspection of Prism, a Public Interest Entity (**PIE**) auditor, the AFRC identified multiple breaches of the AML Guidelines by the firm in the course of taking up various new engagements for carrying out certain specified services. In particular, Prism:

- did not perform mandatory risk assessments of a client to determine whether certain individuals pose a higher risk of money laundering / terrorist financing;
- failed to verify a person's authority to act on behalf of a client before engagement acceptance; and
- did not conduct the required name checks of client entities against the United Nations Security Council's Sanctions List (**Sanctions List**).

<sup>1</sup> Corporate practice and PIE auditor registration number: M0607. During the relevant period, Prism was registered under its former name, Prism Hong Kong and Shanghai Limited.

<sup>2</sup> Hong Kong Institute of Certified Public Accountants (**HKICPA**) membership number: A36301.

<sup>3</sup> CPA firm registration number: 1303.

<sup>4</sup> HKICPA membership number: F01227.

These failures revealed weakness in Prism's understanding and implementation of the AML Guidelines despite having relevant control systems in place, and constituted CPA misconduct under the Accounting and Financial Reporting Council Ordinance (Cap. 588) (**AFRCO**). In deciding the appropriate disciplinary sanctions, the AFRC has considered all relevant circumstances, including the nature and extent of non-compliance, the fact that Prism is a PIE auditor, the relatively limited frequency, duration and impact of the misconduct. The AFRC has also taken into account the prompt remedial actions undertaken by Prism including engaging an external reviewer to conduct an AML compliance review. As Prism admitted to its wrongdoing, cooperated with the AFRC, and accepted the disciplinary action in full, the AFRC has exercised its discretion to reduce the pecuniary penalty.

*Disciplinary decisions in relation to Wong, DH&C and Ho*

The AFRC's inspection of two other small firms, Wong and DH&C,<sup>5</sup> in 2025 revealed serious deficiencies of a similar nature. In particular, both practice units:

- lacked even foundational policies, procedures and controls necessary for compliance with the AML Guidelines;
- failed to properly perform customer due diligence on clients; and
- failed to properly conduct name checks of client entities against the Sanctions List.

These failures demonstrated a total lack of awareness and understanding of the AML Guidelines by the sole practitioners concerned. These deficiencies represented systemic failures at the firm level, and amounted not only to breaches of the AML Guidelines but also violations of the fundamental principle of professional competence and due care under the COE by the practitioners concerned, and constituted CPA misconduct under the AFRCO.

In deciding the appropriate disciplinary sanctions, the AFRC has considered all relevant circumstances, including the nature and extent of the non-compliance, as well as the frequency, duration and impact of the misconduct, and having regard to the fact that Wong and DH&C operated as sole practitioners with a significantly smaller scale of operations as compared to that of PIE auditors. The AFRC also took into account the regulatees' cooperative stance and full admission of misconduct in reducing their pecuniary penalties.

Ms Hester Leung, Head of Discipline, stated, "These cases reflect gaps in AML compliance awareness within the accounting profession. The AFRC expects practitioners to take AML obligations seriously and to establish and implement effective AML control

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<sup>5</sup> Wong practised under his own name, while Ho operated a CPA firm under the name of DH&C as a sole practitioner.

systems. If the situation persists, the AFRC will escalate the level of sanctions to send a clear and deterrent message to the profession that such failures are not acceptable.”

Ms Janey Lai, Chief Executive Officer of the AFRC, remarked, “Strict adherence and compliance with the AML Guidelines by practitioners is paramount in safeguarding the integrity of Hong Kong’s financial system. The AFRC remains committed to raising the level of AML compliance by strengthening its regulatory oversight through ongoing inspections and effective enforcement actions.”

For details of the decision regarding Prism, please refer to the [Statement of Disciplinary Action](#).

For details of the decision regarding Wong, please refer to the [Statement of Disciplinary Action](#).

For details of the decisions regarding DH&C and Ho, please refer to the [Statement of Disciplinary Action](#).

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## About the Accounting and Financial Reporting Council

The Accounting and Financial Reporting Council (**AFRC**) is an independent body established under the Accounting and Financial Reporting Council Ordinance. As an independent regulator, the AFRC leads the accounting profession by upholding professional standards, safeguarding the public interest, and promoting the profession's healthy development.

For more information about the statutory functions of the AFRC, please visit [www.afrc.org.hk](http://www.afrc.org.hk).

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