

Press Release

28 May 2024

AFRC suspends Lam Kin Choi for 2 years and fines him HK\$300,000 for flagrant disregard of two statutory requirements in relation to inspections of two practice units

The Accounting and Financial Reporting Council (**AFRC**) has imposed sanctions on Mr Lam Kin Choi (F05649) (**Lam**) for his flagrant disregard of two statutory requirements to produce information and documents for the AFRC's inspection of his two practice units. Lam's non-cooperative behaviour precludes the AFRC from inspecting the two practice units, and therefore undermines its regulatory functions of monitoring and upholding audit quality.

On 10 March 2023, the AFRC's Inspection Department issued two statutory requirements (**Requirements**) for the provision of information and documents (**Required Documents**) of Lam's two practice units (VenturePro CPA Limited (**VenturePro**)¹ and William Lam & Co. (**WLC**)²) by 31 March 2023.³ The Required Documents were necessary for the Inspection Department to conduct an inspection on the two practice units, in order to ascertain whether they had remediated the serious deficiencies as identified by the HKICPA during its practice review in July 2022.

Notwithstanding the fact that the Required Documents should have been in existence prior to the issuance of the Requirements and therefore readily available, Lam did not provide any Required Documents to the AFRC by the deadline of 31 March 2023.

During the period from 3 to 17 April 2023, the Inspection Department followed up with Lam by way of both telephone calls and email. However, Lam simply claimed that he was busy and therefore could not provide any Required Documents. On 24 April 2023, the Inspection Department issued final warning letters to VenturePro and WLC (both for Lam's attention) requesting the Required Documents by the extended deadline of 2 May 2023 (one month after the original deadline). Despite such final warnings and the additional time granted, Lam still did not cooperate and provide any of the Required Documents.

¹ VenturePro was registered with the AFRC as a corporate practice with registration number S0773. The AFRC has revoked VenturePro's registration as a corporate practice with effect from 31 July 2023 upon application by VenturePro.

² WLC is a firm with registration number 2558.

³ The Required Documents include (i) Quality Control Manuals; (ii) Anti-Money Laundering Procedures Manuals; (iii) internal review or monitoring reports; (iv) external inspection reports issued by regulators other than the AFRC and Hong Kong Institute of Certified Public Accountants (**HKICPA**); (v) organisation charts or reporting and responsibility lines; and (vi) client lists of VenturePro and WLC.

The AFRC expects full cooperation from its regulatees when a statutory requirement is issued for inspection purposes. The following (non-exhaustive) excuses will generally not constitute reasonable excuses for failing to comply with such a requirement: (i) a busy schedule; (ii) the period of time lapsed since last inspection; and (iii) subcontracting of audit work to another certified public accountant.

Lam's complete failures to comply with the Requirements despite repeated reminders and further extension of deadline demonstrate his attitude of non-compliance and non-cooperation, and his disregard of the AFRC's functions and powers under the Accounting and Financial Reporting Council Ordinance (Cap. 588) (**AFRCO**). As of the date of this Press Release, Lam has not provided the Required Documents to the AFRC. Such failures to cooperate are a very serious matter, as they prevented the AFRC from exercising its regulatory function of inspecting Lam's practice units, thereby hampering its ability to monitor and uphold audit quality.

To reflect the seriousness of Lam's two counts of misconduct, the AFRC imposed the following sanctions against Lam: (i) public reprimand; (ii) pecuniary penalty of HK\$300,000; ⁴ (iii) suspension of his HKICPA registration for two years; (iv) cancellation of his practising certificate; (v) two-year non-issuance of practising certificate order; and (vi) order for investigation costs and expenses of HK\$50,214.

Ms Hester Leung, Head of Discipline, said, "Despite our powers under the law, the AFRC was unable to carry out any follow-up inspection as a result of the regulatee's persistent delay and refusal in providing the required information and documents. Had the regulatee fully complied with such requirements, an inspection could have been conducted smoothly and efficiently, and disciplinary consequences could have been avoided. The accounting profession is reminded to adopt an attitude of compliance and cooperation in order to facilitate the AFRC's discharge of its regulatory duties to uphold audit quality, protect the public interest, and to promote public trust towards the quality of the accounting profession under the independent regulatory regime."

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

End

⁴ Under section 37CA(2)(b) of the AFRCO, the maximum pecuniary penalty for one count of CPA misconduct is HK\$500,000.

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 spearheads and leads the accounting profession to constantly raise the level of quality of professional accountants, and thus protects the public interest.

For more information about the statutory functions of the AFRC, please visit www.afrc.org.hk.

About the Discipline Department

The Discipline Department takes appropriate and timely disciplinary action by imposing commensurate sanctions for the purposes of deterrence, investor protection, maintaining market confidence in the quality of financial reporting and audits, and upholding the standards of conduct among regulatees.