

IN THE MATTER OF
**CHARTERED PROFESSIONAL ACCOUNTANTS
OF BRITISH COLUMBIA**

("CPABC")

AND
A COMPLAINT AGAINST

KENNETH H.L, LEUNG, CPA, aka HO LONG KENNETH LEUNG

("Member")

DECISION

1. The Member received his CPA designation in 2018. The Statement of Complaint alleges multiple violations by the Member of the *CPABC Code of Professional Conduct*, including the misappropriation of money from his employer, which the CPABC contends warrant cancellation of his membership. The Member did not attend the hearing and did not contest the allegations.

Background

2. In 2015, the Member was hired by Platinum Professional Claims Services Ltd. as an Accounts Payable Coordinator. In 2017, he was promoted to Accounting Manager, and was given broad responsibility for Platinum's accounting department and finances, reporting to Platinum's owners.
3. For various accounting purposes including the production of cheques, Platinum used a specialized accounting software that recorded the identity of users as well the IP addresses of computers used for accounting functions.
4. In November 2020, the then Accounts Payable Coordinator ("AP Coordinator") noticed a cheque had been made out to Tan May Lim, who was not an authorized payee in Platinum's accounting system. When she brought it to the Member's attention, he told her he would investigate it.
5. Later in November, and again in January 2021, the AP Coordinator followed up with the Member. On both occasions he told her he was still investigating.

6. In February 2021, the AP Coordinator noticed another cheque payable to Tan May Lim. When she asked the Member about it, he said he had opened a case with Platinum's bank, Scotiabank, to investigate the cheques and that he would get the money back "because it was a mistake". The Member then revoked the AP Coordinator's authorization to view cheques at Scotiabank.
7. When the AP Coordinator later asked the Member why a case had not been opened at Scotiabank, the Member said he contacted RBC instead with regard to discrepancies with the cheques. The AP Coordinator doubted the Member's explanation because Platinum had not done business with RBC since January of 2020.
8. By March 2021, other cheques issued to Tan May Lim at different addresses had been discovered. When the Member was asked about them at a dinner with the AP Coordinator and the Accounting Administrator, he told them that there was "an arrangement between the senior management of Platinum and Lim".
9. When the AP Coordinator raised the cheques with Platinum's General Manager, he initiated an internal audit of the accounting system and software. He subsequently determined that the Member, using his unique authorized user account, had made various changes to the accounting system to conceal cheques that he had either written to Lim or arranged to be written to Lim, including changing the reconciliation of Platinum's bank account and the way in which the cheques were written.
10. When the General manager spoke to the Member about his findings, the Member disputed them, asserting that he was not responsible and that it could have been done by anyone on the accounting team as they each had access to each other's computers.
11. Platinum then discovered that Tan May Lim, also known as Tammy Tan May Lim, and Tammy Lin, was the Member's spouse.
12. The Member had concealed his fraudulent activities in various ways. For example:
 - (a) He would prepare false cheque requisitions by either forging the signature of an authorized Platinum signatory or by having an authorized signatory sign cheques payable to Lim in the ordinary process of issuing cheques;
 - (b) Using the laptop computer Platinum issued to him and his unique user account, or by accessing the AP Coordinator's computer and her login credentials when she was away, the Member would log into the accounting system after hours and on

weekends to alter the contents of the system. For example, he would enter data for a cheque run and the accounts to which the cheques to Lim would be debited and alter the name and address of the payee;

(c) He would code the cheques to payout accounts that typically had random amounts and payees, and would charge different expense accounts if the cheques to Lim were a duplication of a legitimate payment for the purchase of goods or services;

(d) He would arrange for the cheques to Lim to either not have a street address or to have various street addresses many of which did not actually exist, and he would then keep the cheques issued to Lim in his possession for weeks or months before they were cashed.

13. In the result, over the course of four years the Member issued or caused to be issued 174 cheques to Lim in the total amount of \$362,601.73. All of the cheques were deposited to the same bank account in which Leung and Lim had a legal or beneficial interest. When the Member was told by Platinum he was being dismissed for cause in relation to his theft of funds, he did not deny the assertion, and after he was dismissed no further cheques to Lim were issued.

14. In the course of the CPABC's investigation of the conduct of the Member, he failed throughout to cooperate with the CPABC. Neither he nor his lawyer responded to the numerous inquiries contained in the multiple attempts of the Case Manager and the Director of Professional Conduct to correspond with him, nor to the Draft Investigation Report issued by the Investigation Committee.

15. In August 2021, the Director of Professional Conduct wrote to the Member's lawyer asking that he request the Member to update his address and other information which, under the CPABC's Bylaws, members are required to keep current in CPABC's membership database. The Member responded in September 2021 by changing his residential address to an address in Richmond. In January 2022, when the Director of Professional Conduct attempted to deliver the Draft Investigation Report to that address, the person who answered the door refused to accept delivery and said the Member does not reside there anymore. The Member has not updated his address.

16. After his dismissal by Platinum, the Member changed the name of his employer in CPABC's membership database to "Helmet & Company Salon, Inc", at the same address where his spouse works as a hair stylist. There is no known corporation with that name.

Considerations

17. In these circumstances, CPABC contends that the Member's conduct contravened the *Chartered Professional Accountants Act* as well as other conduct requirements of the *CPABC Code of Professional Conduct*, with the contraventions constituting professional misconduct under sections 51(6) and 53(2)(c) and (e) of the *Act*.

18. Sections 51(6) and 53(2) of the *Act* provide:

51(6) A person who receives a [reviewer or investigator] request ... must comply with the request.

53(2) ... a panel of the disciplinary committee ... may decide whether the respondent
(c) has committed professional misconduct ...

(e) has contravened this Act or the bylaws.

And the mainly relevant provisions of the *Code of Professional Conduct* provide:

101.1(a) All registrants ... shall comply with the *CPABC Code of Professional Conduct* ...

101.1(b) All registrants ... shall comply with the *Chartered Professional Accountants Act* of British Columbia, bylaws and regulations of CPABC ...

104.1 A registrant shall comply with the regulatory processes of CPABC ...

104.2 A registrant shall:

(a) promptly reply in writing to any communication from CPABC in which a written reply is specifically required ...

105.1 A registrant shall not , directly or indirectly hinder any regulatory process of CPABC ...

201.1 A registrant shall act at all times ... in a manner which will maintain the good reputation of the profession and serve the public interest ...

202.1 A registrant shall perform professional services with integrity and due care ...

205 A registrant shall not:

- (a) Sign or associate with any letter, report, statement, representation, or financial statement which the registrant knows, or should know, is false or misleading, whether or not the signing or association is subject to a disclaimer of responsibility, nor
- (b) Make or associate with any oral report, statement or representation which the registrant knows, or should know, is false or misleading ...

207 A registrant shall not, without consent, in connection with any transaction, involving a client or an employer, hold, receive, bargain for, become entitled to or acquire, directly or indirectly, any fee, remuneration or benefit for the registrant's personal advantage or for the advantage of a third party without the consent of the client or employer ...

213 A registrant shall not associate with any activity that the registrant knows, or should know, to be unlawful.

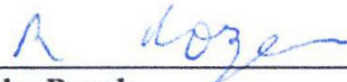
19. The allegations against the Member in the Statement of Complaint are uncontroverted, and were completely proved to the full satisfaction of the Panel by the testimony and documents adduced in evidence at the hearing.
20. Through his knowledge of accounting and the weaknesses of his employer's operations, the Member took advantages of those weaknesses to significantly defraud his employer. As a Chartered Professional Accountant, his duty was to report the weaknesses in the accounting system to his employer, not to exploit them for personal financial gain. Honesty is the hallmark of the profession. The Member was intentionally dishonest and endeavored to deliberately cover up his dishonesty. He thereby breached his fundamental professional duty and demonstrated he is not fit to be a member of the profession.
21. In the circumstances, the Member's conduct contravened Section 51(6) of the *Chartered Professional Accountants Act*, as well as Rules 101.1(a) and (b), 104.1, 104.2, 105.1, 201.1, 202.1, 205, 207, and 213 of the *CPABC Code of Professional Conduct*, and the contraventions constitute professional misconduct under sections 53(2)(c) and (e) of the *Act*.

Conclusion

22 Accordingly, the Panel hereby orders that:

- a. the membership in CPABC of Kenneth H.L. Leung, also known as Ho Long Kenneth Leung, is hereby cancelled;
- b. Kenneth H.L. Leung pay to CPABC, pursuant to section 53(40(f) of the *Chartered Professional Accountants Act*, a fine in the amount of \$25,000; and
- c. Kenneth H.L. Leung pay to CPABC, in accordance with the *Tariff of Costs* in Bylaw Regulation 1208/1, its costs relating to conduct of the hearing and the investigation resulting in the hearing immediately upon being presented with its Statement of Costs, with regard to which the Panel reserves the jurisdiction to determine the amount of the costs in the event of a disagreement between Mr. Leung and CPABC.

October 27, 2022



For the Panel:

Ron Rozen, CPA, CA, Chair

Bernard Magnan, CMC, FCPA, FCMA

Jeff Corbett, PEng, FEC