



CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017

TO: Louis Sapi, CPA, CA

AND TO: The Discipline Committee of CPA Ontario

The Professional Conduct Committee of CPA Ontario hereby makes the following allegations of professional misconduct against Louis Sapi, CPA, CA, a member of CPA Ontario:

1. THAT the said Louis Sapi, in or about the period of October 8, 2015, to April 20, 2017, failed to conduct himself in a manner which maintained the good reputation of the profession and served the public interest, contrary to Rule 201.1 of the CPA Ontario Rules of Professional Conduct (Rules) and the CPA Ontario Code of Professional Conduct (Code) in that, while engaged to provide accounting services to SSM, he compromised the independence of his firm's initial audits of the financial statements of SSM for each of the years ended December 31, 2014 and 2015 and a subsequent audit of the restatement of the financial statements for the year ended December 31, 2015, by failing to disclose his financial interest in SSM.
2. THAT the said Louis Sapi, in or about the period of October 8, 2015 to April 20, 2017, while the relationship partner for and part of the team engaged to provide assurance services to SSM, failed to disclose any activity, interest or relationship which, in respect of the engagement, would be seen by a reasonable observer to impair his or his firm's independence, contrary to Rule 204.4 of the Rules and the Code, in that during the period that his firm issued unqualified audit opinions on the financial statements of SSM for the years ended December 31, 2014 and 2015, and a subsequent restatement of the financial statements for the year ended December 31, 2015, he held a financial interest in SSM.
3. THAT the said Louis Sapi, in or about the period October 15, 2015 to June 2, 2021 while the relationship partner for and part of the team engaged to provide assurance services to SSM, made or associated himself with reports, statements or representations which he knew or should have known were false or misleading, contrary to Rule 205 of the Code, in that:
 - a. He completed his firm's independence disclosure document, dated October 15, 2015, representing that he did not "hold a financial or ownership interest in an



assurance client or a related entity where I am a member of the engagement team”, when he held a \$100,000 interest in SSM; and

- b. He represented to CPA Ontario investigators that his investment in SSM was only made after his firm’s resignation as auditors and was limited to \$50,000, when in fact he had invested approximately \$200,000, between August 12, 2015 and February 1, 2016, during the audit engagement period.
4. THAT the said Louis Sapi, in or about the period October 8, 2015 to April 20, 2017, while his firm was engaged to perform the audit of the financial statements of SSM, for the years ended December 31, 2014 and 2015, and a subsequent restatement of the financial statements for the year ended December 31, 2015 , he accepted commission or referral fees from SSM, contrary to Rule 216 of the Rules and the Code.
5. THAT the said Louis Sapi, in or about the period of October 8, 2015 to April 20, 2017, failed to ensure that a non-member, associated in his public accounting practice, abided by CPA Ontario’s Rules and Code, contrary to Rule 406 of the Rules and the Code, in that, while engaged to perform the audit of the financial statements of SSM for the years ended December 31, 2014 and 2015 and a subsequent restatement of the financial statements for the year ended December 31, 2015, Sapi was aware of and permitted SV, a non-member, to solicit investors for SSM in consideration for referral fee payments.

Dated at Toronto, Ontario this 21 day of October 2021.

A handwritten signature in black ink that reads "Ken McKay".

K. A. McKay, CPA, CA, DEPUTY CHAIR
PROFESSIONAL CONDUCT COMMITTEE