

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO  
*CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017*

**APPEAL COMMITTEE**

**IN THE MATTER OF:** An Appeal by **RAMMINDER SINGH BAWEJA** of the Decision and Order of the Discipline Committee under **Rule 24** of the Rules of Practice and Procedure.

**TO:** Mr. Ramminder Singh Baweja

**AND TO:** The Professional Conduct Committee

**DECISION MADE NOVEMBER 14, 2018**

**DECISION**

The Tribunal, having heard and considered the submissions of the parties, dismisses the appeal and upholds the sanctions as Ordered by the Discipline Committee on October 13, 2017.

There will be no costs of the appeal.

**DATED** at Toronto this 14<sup>th</sup> day of November, 2018



Darroch Robertson, FCPA, FCA  
Appeal Committee – Deputy Chair

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO  
*CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017 (the "Act")*

**APPEAL COMMITTEE**

**IN THE MATTER OF:** An appeal by **RAMMINDER S. BAWEJA, CPA, CA** of the Decision and Order of the Discipline Committee made October 13, 2017, under section 37 of the *Act* and Rule 24 of the Rules of Practice and Procedure.

**BETWEEN:**

**Mr. Ramminder Singh Baweja**

(Appellant)

**-and-**

**Chartered Professional Accountants of Ontario  
Professional Conduct Committee**

(Respondent)

**APPEARANCES:**

**For Mr. Baweja:** Present and Self-represented

**For the Professional Conduct Committee:** Paul Farley, Counsel

Heard: November 14, 2018

Decision effective: November 14, 2018

Release of written reasons: March 18, 2019

**REASONS FOR THE DECISION MADE NOVEMBER 14, 2018**

[1] Ramminder S. Baweja appeals a Decision of the Discipline Committee of the Chartered Professional Accountants of Ontario ("CPA Ontario"), dated October 13, 2017. The appeal was heard on November 14, 2018, by this Panel, and was dismissed with reasons to follow.

**I. OVERVIEW**

[2] The Discipline Committee convened to hear three allegations of professional misconduct against Mr. Baweja arising from his alleged failure to perform his professional services to the generally accepted standards of the profession, contrary to Rule 206.1 of the Rules of Professional Conduct. At the outset of the hearing, the Professional Conduct Committee ("PCC") withdrew four particulars of the Allegations. The remaining

allegations related to the presentation and disclosure of financial statements prepared by Mr. Baweja for one client over two financial years, and another client over one financial year.

- [3] Mr. Baweja did not deny the factual accuracy of the remaining particulars, but denied that either individually, or in combination, such acts or omissions amounted to misconduct under Rule 206.1.
- [4] The Discipline Committee found against Mr. Baweja on all three allegations, with the exception of one particular, and made sanction and cost orders against him including a \$5,000 fine, practice restriction to non-assurance engagements, and \$18,000 in costs.
- [5] Mr. Baweja appealed the Decision and Order of the Discipline Committee and in particular, the finding of misconduct.

## II. FACTS

### *Facts Found by the Discipline Committee Regarding the Allegations*

- [6] Mr. Baweja obtained his membership with CPA Ontario's predecessor, the Institute of Chartered Accountants of Ontario, in 1989. Mr. Baweja practised in a partnership with Manjit Lotay ("Mr. Lotay"), under the name of Lotay and Baweja. At the relevant times, Mr. Baweja maintained a small private accounting practice. At the time of the discipline hearing, Mr. Baweja did not hold a public accounting licence, and he no longer maintained an accounting practice. He was primarily involved in another business, PF Ltd., in conjunction with Mr. Lotay.
- [7] Members engaged in the practice of public accounting must be reviewed by practice inspectors appointed by CPA Ontario at least every three years to ensure that members are maintaining professional standards (Regulation 10-1, s.5). Practice inspectors examined Mr. Baweja's practice in February 2013, re-inspected it in November 2013, and again in February 2015. The Director of Practice Inspection wrote to Mr. Baweja indicating that the Practice Inspection Committee ("PIC") found that he had taken little, if any, corrective action to address the concerns of the practice inspectors. Given the ongoing nature of the deficiencies, the PIC referred the matter to the PCC.
- [8] The PCC laid three allegations against Mr. Baweja arising from the matters referred by the PIC. It was alleged that Mr. Baweja failed to perform his professional services to the generally accepted standards of the profession, contrary to Rule 206.1 of the Rules of Professional Conduct. The allegations related to the presentation and disclosure of financial statements prepared by Mr. Baweja for one client over two financial years, and for another client over one financial year.
- [9] The financial statements at issue in Allegation 1 suggested that there was lack of disclosure of a secondary revenue source, liabilities that included mortgages and other loans payable, and "Prepaid expenses and sundry assets", each of which exceeded materiality as determined by Mr. Baweja. The Handbook requires disclosure to meet the generally accepted standards of the profession. Mr. Baweja did not appear to meet these standards.

- [10] The financial statements at issue in Allegation 2 incorrectly stated amounts of “Cash and Term Deposits – beginning of year” as exceeding the amount of “Cash and Term Deposits– end of previous year” in the Statement of Cash Flows. Additionally, aggregates of Cash and Term deposits and the item Cash provided by Operating activities as disclosed on the Statement of Cash Flows were misstated by material amounts.
- [11] Mr. Baweja failed to ensure correct disclosure of significant accounting policies and the disclosure for goodwill contained in the financial statements at issue in Allegation 3 did not meet the standards as required.

#### *Discipline Committee Decision*

- [12] The Discipline Committee found against Mr. Baweja. The findings on the Allegations were that Mr. Baweja failed to ensure adequate disclosures in financial statements with which he was associated.
- [13] The Discipline Committee concluded that the conduct established misconduct and a breach of the Rules of Professional Conduct as the repetitive nature of the deficiencies indicated that Mr. Baweja lacked the “willingness to effect change in his method of practice and broaden his knowledge in order to achieve required disclosure standards.” The Discipline Committee ordered that Mr. Baweja be reprimanded in writing by the Chair of the tribunal, that his practice be restricted to non-assurance engagements, that he was to be restricted from performing audit or review engagements, and that its order and reasons be available to the public. The Discipline Committee also ordered that Mr. Baweja be fined \$5,000, that he pay the costs of the discipline investigation and hearing in the amount of \$18,000, and if he did not comply with any term of the Order, that he be suspended for 30 days and ultimately revoked from membership if he still did not comply with the order.

### **III. SUBMISSIONS ON APPEAL**

- [14] Mr. Baweja asked the appeal committee to set aside the decision of the Discipline Committee and reverse the order of costs. In his Factum he set out three grounds of appeal.
- [15] Mr. Baweja asserted that the Discipline Committee erred in finding that particular (c) of Allegation No. 1, and particular (d) of Allegation No. 2 had been established.
- [16] He asserted that the errors in finding by the Discipline Committee, errors in the practice inspection program, errors in the investigation by the PCC, and the fact that four of the particulars originally made in support of the three allegations were withdrawn, prejudiced him and denied him natural justice.
- [17] Mr. Baweja also submitted that the failures to adhere to the required standards of the profession were not significant enough to constitute professional misconduct.
- [18] Counsel for the PCC submitted that the findings made, namely that Mr. Baweja had failed to adhere to the required standards of the profession and the conclusion that such

failures constituted professional misconduct, were appropriate given the evidence, and that the decision of the Discipline Committee was reasonable. The PCC submitted that Mr. Baweja had not been prejudiced or denied nature justice and asked that the appeal be dismissed with costs.

#### **IV. STANDARD OF REVIEW**

- [19] Appeals are subject to a standard of review. Appeal Tribunals, as a general rule, are not to re-try the cases before them. An appeal tribunal is to assess the decision under appeal by either a correctness standard, or a more deferential standard of reasonableness. In the case of CPA Ontario appeals, the *Act* directs the Appeal Committee to employ the deferential reasonableness standard (s. 37(5) of the *Act*).
- [20] When employing a reasonableness standard, an Appeal Committee looks to see if the Discipline Committee's decision was a reasonable one, even if it is not the decision the Appeal Committee would have arrived at if it was re-trying the case (CPA Ontario Regulation 7-3, s.16).

#### **V. ISSUES ON APPEAL**

- [21] Recognizing these standards, the issues for the Panel were:
- A. Did the Discipline Committee err in finding of facts against Mr. Baweja?
  - B. Was Mr. Baweja prejudiced and denied natural justice as a result of the withdrawal of four particulars from the allegations?
  - C. Was the professional misconduct finding of the Discipline Committee unreasonable?

#### **VI. REASONS FOR DECISION**

##### *The Finding of Fact by the Discipline Committee*

- [22] The Appeal Committee finds that the conclusions of the Discipline Committee as presented in the written reasons released May 4, 2018 ("DC Reasons") are clear and comprehensible. The Appeal Committee finds that the allegations were proven, and that Mr. Baweja's failure to adhere to the required standards constituted professional misconduct.
- [23] On the submissions heard and evidence reviewed by the Appeal Committee, there is no basis on which to suggest error in the Discipline Committee's findings of fact. The Appeal Committee agrees with the explicit and clear findings and reasons for the findings as set out in paragraphs 19 to 29 of the DC Reasons. Mr. Baweja did not adhere to the required standards of the profession.
- [24] Mr. Baweja acknowledged that the facts asserted in particulars (a) of Allegation No. 1; particulars (a) and (b) of Allegation No. 2; and particular (d) of Allegation No. 3 were correct.
- [25] The Appeal Committee was not presented with evidence to contradict the expert testimony accepted by the Discipline Committee regarding particular (c) of Allegation

No.1, and particular (d) of Allegation No.2. As such, this Panel does not agree with Mr. Baweja that these particulars had not been established.

- [26] The Appeal Committee finds that the Discipline Committee did not make a factual error or misunderstand the standards of the profession.

*Was there Prejudice or a denial of Natural Justice?*

- [27] The Appeal Committee recognizes that four of the 11 particulars set out in the three allegations were withdrawn, and that particular (a) of Allegation No. 3 was found not established. However, the Panel does not conclude this amounts to prejudice or a denial of natural justice. Mr. Baweja knew, or should have known, that the issue which concerned his governing body, the Practice Inspection Committee ("PIC"), and the PCC, was an apparent failure on his part to keep current with the disclosure requirements of the profession (DC Reasons, paragraphs 30 to 33). He knew the case that had to be met, and he was given the opportunity to do so.

*The Finding of Professional Misconduct*

- [28] Mr. Baweja and the PCC both acknowledge that failure to adhere to the required standards of the profession does not constitute professional misconduct unless the departure from the required standard is significant.
- [29] The PCC acknowledged both on the appeal, and at the hearing of the Discipline Committee, that this is not a case where any one of the allegations, in and of itself, constituted professional misconduct.
- [30] Mr. Baweja submitted to the Appeal Committee, as he did to the Discipline Committee, that the allegations in this case could not be considered more inadequate than the typical departures from the required standards in many practice inspections, particularly with respect to disclosure. Mr. Baweja argued that the errors were minor and related only to items included in the notes to the financial statements.
- [31] The PIC did not refer Mr. Baweja's practice to the PCC after a single inspection but ordered a re-inspection. When the re-inspection found similar problems, another re-inspection was ordered. This supports Mr. Baweja's assertion that his deficiencies were not much different than other deficiencies found on practice inspections. However, the problem with this submission is that after the second re-inspection his practice was referred by the PIC to the PCC. It was the continued failure to adhere to the required standards that prompted the referral. Mr. Baweja had opportunities to learn and demonstrate that he could meet the standard required, but he did not do so. No evidence was provided that Mr. Baweja was making serious efforts to keep his accounting and assurance knowledge sufficiently up to date in terms of professional practice knowledge.
- [32] It is clear in the DC Reasons that it was the pattern, the repetitive nature of the deficiencies, and his unwillingness to effect the required changes and deepen his knowledge, that troubled the Panel. Further, the Discipline Committee found Mr. Baweja's assertion that, in his view, users would not be misled, demonstrated that he

missed the “salient point” that he had to meet the standards (paragraphs 30 to 33).

[33] The Appeal Committee concluded that the Discipline Committee's decision was not unreasonable. Accordingly, the appeal is dismissed.

[34] The relief Mr. Baweja sought on the appeal included a reversal of the costs ordered by the Discipline Committee. The appeal was dismissed, and the Panel did not think there was any basis for interfering with the costs awarded by the Discipline Committee.

## **VII. COSTS ON APPEAL**

[35] The Panel considered whether costs of the appeal should be ordered and, if so, in what amount.

[36] Section 38(2) of the *Act* provides the Appeal Committee with the authority to award costs of the appeal against an unsuccessful member or firm. The Appeal Committee concluded that do so would not be appropriate in this case.

[37] The Panel concluded that the level of professional misconduct was at the lower end of professional misconduct and that bringing the issue to the Appeal Committee was far from frivolous. Mr. Baweja was candid and acknowledged he had failed in some instances to make proper disclosure.

[38] The Panel could not conclude that the decision of the Discipline Committee was unreasonable and therefore the appeal failed. However, the Panel concluded that bringing the appeal was not unreasonable. Accordingly, the Panel did not order the Appellant to pay costs.

**Dated** at Toronto this 18<sup>th</sup> day of March, 2019



Darroch Robertson, FCPA, FCA  
Appeal Committee – Deputy Chair

### Members of the Panel

Stewart Hardacre, CPA, CMA  
Peter McBurney (Public Representative)  
Stephen Meek, FCPA, FCA  
William Schmidt, CPA, CA  
Michael Stebila, CPA, CA

### Independent Legal Counsel

Robert Peck, Barrister & Solicitor