

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

DISCIPLINE COMMITTEE

IN THE MATTER OF: Allegations against **STEVE RAMCHARAN**, CPA, a suspended member of the Chartered Professional Accountants of Ontario, under **Rule 201.1** of the CPA Ontario Code of Professional Conduct.

BETWEEN:

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

-and-

Mr. Steve Ramcharan

APPEARANCES:

For the Professional Conduct Committee: Julia McNabb, Counsel

For Mr. Ramcharan: Not Present/Unrepresented

Heard: May 12, 2022

Decision and Order effective: May 12, 2022

Release of written reasons: June 1, 2022

REASONS FOR THE DECISION AND ORDER MADE MAY 12, 2022

I. OVERVIEW

- [1] This hearing was held to determine whether Steve Ramcharan failed to act in a manner which maintains the good reputation of the profession when he was convicted of the criminal offence of Fraud Over \$5,000. If so determined, this Panel would then consider whether the allegation amounts to professional misconduct.
- [2] Mr. Ramcharan became a CPA in 2014. In October 2017, Mr. Ramcharan was hired as the controller for Signode Packaging Group, a packaging company located in Markham, Ontario.
- [3] On September 15, 2020, Mr. Ramcharan was charged with Fraud Over \$5,000 and Criminal Breach of Trust, contrary to the *Criminal Code of Canada*. It was alleged that over the course of two years, Mr. Ramcharan had defrauded his employer of \$5.4 million.

- [4] On September 22, 2021, Mr. Ramcharan entered a plea of guilty to Fraud Over \$5,000. On October 8, 2021, Mr. Ramcharan was convicted and sentenced to serve a four year custodial sentence. The Court also ordered that Mr. Ramcharan pay restitution in the amount of \$5.3 million and be subjected to a s.380.2 Order for five years.
- [5] The onus was on the Professional Conduct Committee (PCC) to show on a balance of probabilities that Mr. Ramcharan's conviction for Fraud Over \$5,000 breached Rule 201.1 of CPA Ontario's *Code of Professional Conduct*, and that such conduct constituted professional misconduct.

II. PRELIMINARY ISSUES

- [6] Mr. Ramcharan did not attend the hearing, nor had he retained counsel to appear on his behalf. Between November 2021 and April 2022, Jay Naster, who had acted as counsel for Mr. Ramcharan in the criminal proceeding, communicated with the PCC and the Tribunal on behalf of Mr. Ramcharan who was in custody.
- [7] The PCC filed the Affidavit of Saloni Gulati, Professional Standards Coordinator in the Investigations and Prosecutions department of the Professional Standards division of CPA Ontario as Exhibit 1 to the hearing. In addition to providing information regarding interactions between the PCC and Mr. Naster, attached to Ms. Gulati's affidavit were correspondence as between the parties. The PCC also filed an email from the PCC to Mr. Naster providing him with a copy of the Notice of Allegation. This correspondence was filed as Exhibit 2 to the hearing. The PCC relied upon these materials to establish that Mr. Ramcharan was apprised of these proceedings.
- [8] In an email dated January 6, 2022, Mr. Naster advised the PCC that his client was incarcerated, and that Mr. Ramcharan would not be appearing before the Discipline Committee for Mr. Ramcharan's hearing. Given Mr. Ramcharan's absence at the hearing, the Panel had to be satisfied that he had received proper notice of the disciplinary hearing.
- [9] On December 7, 2021, Mr. Naster confirmed that he was prepared to accept service of the Notice of Allegations on behalf of his client. On December 23, 2021, Ms. McNabb served the Notice of Allegation on Mr. Naster, counsel for Mr. Ramcharan (Exhibit 2). The Notice of Allegation was filed with the Tribunal that same day.
- [10] On January 6, 2022, Mr. Naster wrote to Ms. McNabb confirming that his client was incarcerated in a federal penitentiary and would not be available to participate in the disciplinary proceeding. He also confirmed that he would not be appearing on behalf of Mr. Ramcharan before the Disciplinary Committee. On February 3, 2022, Mr. Naster wrote to the Tribunal advising that neither he, nor Mr. Ramcharan who was still incarcerated, would be participating in the disciplinary proceeding. On April 26, 2022, Ms. McNabb forwarded to Mr. Naster materials she intended to rely upon at Mr. Ramcharan's hearing set to proceed on May 12, 2022. Mr. Naster responded that same day, confirming receipt of the material and that he would not be attending the hearing set for May 12, 2022 on behalf of his client. At no time did Mr. Ramcharan request an adjournment of the hearing.
- [11] In reviewing the evidence presented by Counsel for the PCC, the Panel was satisfied that

Mr. Ramcharan had been properly served with the Notice of Allegation. Through his counsel, Mr. Ramcharan confirmed that he was incarcerated and would not be attending the disciplinary hearing. His counsel was aware of the hearing date and as recently as April 23, 2022, had confirmed that Mr. Ramcharan would not be attending the hearing set for May 12, 2022. Mr. Naster also confirmed that he did not have instructions from Mr. Ramcharan to attend the hearing on his behalf. The Panel is satisfied that Mr. Ramcharan was fully and properly apprised by his counsel of the allegation and the hearing date. As such, the Panel proceeded to consider the allegations.

III. ISSUES

[12] The Panel identified the following issues arising from the allegation:

- a) Did the evidence establish, on a balance of probabilities, the facts on which the particular alleged by the PCC was based?
- b) If the particular alleged by the PCC was established on the evidence presented on a balance of probabilities, did the particular constitute professional misconduct?

IV. DECISION

[13] The Panel found that the evidence established, on a balance of probabilities, the facts on which the allegation was based.

[14] The Panel was satisfied that the allegation constituted a breach of Rule 201.1 of CPA Ontario's *Code of Professional Conduct*, specifically that Mr. Ramcharan had failed to act in a manner which will maintain the good reputation of the profession and its ability to serve the public interest.

[15] The Panel went on to find that having breached this Rule, Ms. Ramcharan had committed professional misconduct.

V. REASONS FOR THE DECISION

Findings Regarding Conduct of Mr. Ramcharan

[16] The PCC filed the Affidavit of Viktoria Makarov, Coordinator in the Investigations and Prosecutions department of the Professional Standards division of CPA Ontario as Exhibit 3. Ms. Makarov provided information pertaining to the criminal proceedings, including a copy of the transcript of the Court proceedings, as well as correspondence from Mr. Naster to the PCC regarding his client's position in relation to this proceeding.

[17] On November 30, 2020, the media reported that on September 15, 2020, Mr. Ramcharan had been charged with Fraud Over \$5,000 and Criminal Breach of Trust. According to articles by CTV News and Newmarket Today, as well as a media release by York Regional Police, in August 2020 a forensic audit of a company within which Mr. Ramcharan was employed as a controller, revealed that millions of dollars had been paid to an unknown company. A subsequent police investigation alleged that through his role as controller, Mr. Ramcharan had paid \$5.4 million of the company's funds to his own personal company.

- [18] In a letter to CPA Ontario dated December 29, 2020, Mr. Ramcharan advised that he had recently been charged with fraud and breach of trust and that he would be appearing before the Court on January 8, 2021. He advised that pending the outcome of the criminal proceedings, he had ceased practice as a Chartered Professional Accountant and undertook not to perform any services as a Chartered Professional Accountant.
- [19] On September 22, 2021, Mr. Ramcharan appeared before Justice Sickinger in the Ontario Court of Justice, Newmarket where he entered a plea of guilty to having defrauded Signode Canada Packaging Group of money of a value exceeding \$5,000 contrary to s.380(1)(a) of the *Criminal Code of Canada*. He was represented by Mr. Naster. The matter was then adjourned for the presentation of the facts upon which the plea relied, conviction and sentencing.
- [20] On October 8, 2021, Mr. Ramcharan returned before the Court at which time the prosecution read into the record an Agreed Statement of Facts entered into by the parties. The facts admitted to by Mr. Ramcharan are as follows:

On August 10, 2020, York Regional Police responded to a call for a commercial break and enter at Signode Packaging Group, in Markham ("Signode"). Signode's server drives, various computers and monitors, as well as back up disks were stolen. All of Signode's data was stored on the servers, including accounting and banking information, client, vendor and employee information as well as video surveillance for the building. While the data was lost as a result of the break-in, Signode was able to restore data from back-ups located at a remote location and re-entry of transactions.

The last employee to leave the building before the break-in was Mr. Ramcharan who had failed to set the security alarm. As a result, Signode and York Regional Police conducted further investigation into Mr. Ramcharan.

Mr. Ramcharan was hired as Assistant Controller at Signode in October 2017. He was responsible for the company's financial reporting and until May 2020, he reported to the company's General Manager of Signode Canada. In May of 2020, following a reorganization, Mr. Ramcharan reported to Signode US. Signode US however did not have remote access to Signode Canada's business and accounting system and had to rely on Mr. Ramcharan's reporting.

Prior to the restructuring, Signode Canada's General Manager had concerns regarding Mr. Ramcharan's performance and in July 2020, he requested a vendor payment report. It was from that report that it was discovered that Signode had been making payments since August 2018 to an unknown vendor – a numbered company who had been set up as a vendor by Mr. Ramcharan on August 13, 2018 – a day before the first payment to the numbered company was made by Signode.

The numbered company was incorporated in August of 2011 by Mr. Ramcharan, who was the sole owner, officer, director and operator of the numbered company. The company operated under the name of Kalari Kickboxing and Martial Arts, for which Mr. Ramcharan is the Head Instructor. The numbered company's address was 6 Forest Laneway, Suite 1906, Toronto. Mr. Ramcharan was listed as a tenant of that address and was observed at the address.

However, when creating the vendor profile for the numbered company in Signode's system, Mr. Ramcharan used a different address than that under which his numbered company was listed.

Both the numbered company and Kalari Kickboxing are on the RBC account profile for the account in which the funds from Signode were paid. On the RBC bank documents, Mr. Ramcharan is listed as the President of the company and he is the only person with signing authority over the account.

Between August 14, 2018 and June 30, 2020, Signode made 47 payments totaling \$5,303,673.13 to the numbered company's bank account.

With the exception of the first two payments totaling \$14,000 which funds were used to pay for repairs performed at Signode's warehouse in August 2018 and March 2018, Signode did not receive any services from the numbered company and there was no reason for Signode to make payments to the numbered company.

In order to support the payments to the numbered company, Mr. Ramcharan created false invoices. With the exception of the first payment, Mr. Ramcharan initialed the false invoices for each payment – indicating his approval for the invoice's payment. He then instructed the accounts payable clerk to process and pay the invoices from the general ledger account. All payments were made by electronic fund transfer. In some instances, Mr. Ramcharan instructed the clerk to return the original invoices to him, rather than filing and scanning them for retention purposes. Only 18 hard copies of the invoices were located.

Mr. Ramcharan then recorded multiple inappropriate journal entries to reallocate amounts in the general ledger account to hide the loss associated to the payments to the numbered company. He retained records of the transactions on his laptop and in his OneDrive folder.

After uncovering Mr. Ramcharan's conduct, Signode commenced civil litigation against him. By the time of this court appearance, Signode had yet to recover any funds through the litigation. All remaining assets of Mr. Ramcharan are subject to a Mareva injunction and were in the process of being liquidated under Court supervision for the benefit of Signode.

- [21] Based on Mr. Ramcharan's plea and the facts to which he had admitted, the Court convicted Mr. Ramcharan of the offence of Fraud Over \$5,000.
- [22] The parties then addressed the Court on the issue of penalty. The parties jointly proposed a four year custodial sentence, a restitution order in the amount of \$5.3 million in favor of Signode and a s.380.2 Order which would prohibit Mr. Ramcharan from having control of the real property or valuable security of another in the context of employment or volunteering for five years. Mr. Ramcharan asked that the Court include an exception to the s.380.2 Order provided he discloses to a prospective employer the conviction and sentence.
- [23] After hearing the submissions of counsel, including that his conduct was a result of a gambling addiction, as well as Mr. Ramcharan's apology to the Court and to Signode for his conduct, the Court accepted the joint position on sentence. With respect to the s.380.2 Order, it granted the exception requested by Mr. Ramcharan.
- [24] In support of the sentence imposed, the Court noted that the amount of the fraud was

significant, and that it was clearly planned and sophisticated. The Court also noted that it was a breach of trust involving Mr. Ramcharan's employer and was carried out over a lengthy period of time. By way of mitigating factors, the Court noted that Mr. Ramcharan had entered a plea of guilty and had expressed remorse for his conduct. Based on the submissions of his counsel, the Court also concluded that the conduct appeared to be out of character and was the result of a gambling addiction.

- [25] In sentencing Mr. Ramcharan, the Court also noted that Mr. Ramcharan's conduct requires a significant amount of weight to be placed on the sentencing principles of deterrence and denunciation. The sentence was to act not only as a deterrent for Mr. Ramcharan, but for others as well who may consider committing such offences in the future.
- [26] The charge of Breach of Trust was withdrawn at the request of the Crown.
- [27] Through his counsel, Mr. Naster in an email dated January 6, 2022, Mr. Ramcharan acknowledged the alleged misconduct as set out in the Notice of Allegation. He also acknowledged, through his counsel, that his conviction of Fraud Over \$5,000 amounts to a breach of Rule 201.1 of the CPA *Ontario Code of Professional Conduct* (Exhibit 1, Exhibit C to the Affidavit of Saloni Gulati).

Finding of Professional Misconduct

- [28] The onus was on the PCC to show on a balance of probabilities that Mr. Ramcharan's conduct breached s.201.1 of CPA of Ontario's *Code of Professional Conduct*, and that such conduct constituted professional misconduct.
- [29] The evidence adduced by the PCC relating to Mr. Ramcharan's plea of guilty to the charge of Fraud Over \$5,000; his acknowledgment of the facts alleged against him in the criminal proceeding which the Court found supported his plea and a conviction, and his acknowledgment of the breach in these proceedings through his counsel amount to clear, cogent and compelling evidence proving on a balance of probabilities that Mr. Ramcharan had used his position as controller for Signode to defraud the company of \$5.3 million dollars over the course of almost 2 years.
- [30] Mr. Ramcharan himself, through his counsel, in both the criminal proceedings and through Mr. Naster's January 6, 2022 email, acknowledged the gravity of his misconduct.
- [31] Based on the evidence adduced in the criminal proceeding, this Panel concurs with the Court's findings that the fraud was clearly planned and sophisticated. Mr. Ramcharan's conduct took place over a lengthy period of time, involved numerous transactions, and resulted in a significant amount of loss.
- [32] As was noted by the Panel at paragraph 25 of the decision of *CPAO v. Seguin*, dated December 18, 2020: "Members of our profession depend on the good reputation of CPAs in general to allow them access to positions of trust. When one member breaches the trust bestowed upon them, all other members face a diminished level of trust, to the detriment of all."

[33] Mr. Ramcharan held a position of trust in Signode as a controller. He repeatedly abused that position in order to defraud his employer over the course of two years. He created and authorized false invoices and instructed an accounts payable clerk to process and pay the invoices from the general ledger that he would later manipulate to conceal the inappropriate payments. He also retrieved the original false invoices he created in order to avoid detection. There were 47 transactions that he orchestrated over 2 years creating a significant loss of \$5.3 million to his employer. His conduct is a clear and indisputable violation of Rule 201.1 of the CPA *Code of Professional Conduct* and amounts to professional misconduct.

VI. REASONS FOR SANCTIONS

[34] Counsel for the PCC sought the following as an appropriate sanction in this matter: a written reprimand by the Chair; a fine of \$75,000 with one year to pay; revocation of membership; full publicity disclosing Mr. Ramcharan's name to all members of CPA Ontario and all provincial bodies as well as the public; publication on the CPA Ontario website and in the *Globe and Mail* and *Newmarket Today*, costs of which are to be borne by Mr. Ramcharan.

[35] The principles of sentencing require this Panel to consider both aggravating and mitigating factors. By way of mitigating factors, prior to this incident, Mr. Ramcharan had neither a disciplinary history nor a criminal record. Mr. Ramcharan cooperated in both the criminal proceeding and in this matter in that he did not deny the allegations and admitted to professional misconduct. Such cooperation saves resources and time.

[36] Mr. Ramcharan's counsel also advised the Court that in the spring of 2019, Mr. Ramcharan began to incur significant gambling debts that he could not address through legitimate means. Mr. Ramcharan relied upon his gambling addiction as the cause for his misconduct. We note there was no medical evidence to confirm Mr. Ramcharan's gambling addiction, nor was there any evidence regarding steps he may have taken to address the addiction. This Panel does not find this to be a mitigating factor but rather a neutral point that simply provides context.

[37] While his counsel advised that Mr. Ramcharan has cooperated in the civil litigation process in order to liquidate his assets in an effort to provide some recompense to Signode, as of the date of the criminal proceedings, Signode still had received no compensation and counsel advised that after liquidation of assets, there will still be a significant balance of the restitution order owing.

[38] When considered against the aggravating factors in this matter, specifically the deliberate and repeated use of his role as a controller to repeatedly defraud his employer over the course of two years of \$5.3 million warrants the most serious of sanctions – the revocation of Mr. Ramcharan's membership in CPA Ontario. Such a sanction sends a clear message to Mr. Ramcharan, to members of this profession and to the public that the use of one's professional designation to perpetrate fraudulent activity will not be tolerated. This sanction is one Mr. Ramcharan himself acknowledged in the criminal proceedings and through his counsel is warranted.

[39] In addition to the revocation of Mr. Ramcharan's membership, the Panel also ordered that a

written reprimand by the Chair of the Panel be delivered highlighting the seriousness of his misconduct and serving as a specific deterrent to Mr. Ramcharan.

- [40] The PCC submitted that a fine in the amount of \$75,000 was appropriate. While a significant amount, it was consistent with fines imposed in other matters found in the precedents provided by the PCC. In his email of January 6, 2022, Mr. Ramcharan's counsel asked that no fine be imposed as the Court in the criminal proceedings had imposed a restitution order of \$5.3 million. Even after the liquidation of assets, Mr. Naster advised that Mr. Ramcharan would continue to owe Signode in excess of \$3 million. As properly pointed out by the PCC, a fine addresses a different purpose than restitution. It is a punitive measure. It is not intended to make the victim whole – as is the case of a restitution order. Rather it acts as further denunciation of the misconduct engaged in. The Panel considered the precedents provided by the PCC to support its position. This is a significant fine which reflects the seriousness of the misconduct and this profession's denunciation thereof. It sends a clear message to our members that such misconduct will be met with severe sanctions, and it provides assurance to the public in our ability to self regulate. The Panel has ordered that the fine be paid one year from the date of this Order.
- [41] Finally, the Panel ordered that publication disclosing Mr. Ramcharan's name is to be given to all members of CPA Ontario, to all provincial bodies and made available to the public. Notice of this Panel's Decision and Order, disclosing Mr. Ramcharan's name is to be published on the CPA Ontario website, in the Globe and Mail and in Newmarket Today. Mr. Ramcharan shall be given one year within which he is to pay all costs associated with the publication of the Decision and Order. Such publication of the findings of this Panel will inform the public of the manner in which our profession addresses such professional misconduct.

VII. COSTS

- [42] Costs are imposed as an indemnity, not as an additional fine. The PCC presented a Costs Outline (Exhibit 4), requesting an Order for costs in the amount of \$6,000. The total costs incurred in this matter were \$9,316. As was noted by Counsel for the PCC, while normally when there is a conviction in criminal court, the investigative costs are low. In this case however, an investigation was commenced prior to the resolution of the criminal matter.
- [43] The Panel ordered costs to be paid in the amount of \$6,210, to be paid within one year of the Panel's order.

DATED this 1st day of June, 2022



Fahad Meer, CPA, CA
Discipline Committee – Deputy Chair

Members of the Tribunal

Veronica Green-Dimitroff CMA, CPA, CFE, CAMS

Catherine Kenwell (Public Representative)

Marianne Park Ruffin (Public Representative)

Independent Legal Counsel

Nadia Liva, Barrister & Solicitor