

**CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO**  
**ADMISSION AND REGISTRATION COMMITTEE**

**IN THE MATTER OF AN APPLICATION  
FOR MEMBERSHIP BY:**

**X.L., Applicant**

**NOTICE OF REFERRAL FOR A HEARING:**

Pursuant to sections 14 and 15 of Regulation 7-1, adopted by Council under the *Chartered Professional Accountants of Ontario Act, 2017*, and the By-law governing Chartered Professional Accountants of Ontario (CPA Ontario), I hereby request the Admission and Registration Committee to convene an oral hearing in respect of this application.

**THE GROUNDS FOR THE REQUEST ARE:**

1. The Applicant is a legacy CGA student who applied for membership with CPA Ontario on January 13, 2019. A complaint had been made against the Applicant on January 16, 2018 with respect to the truthfulness of the Professional Experience Required for Certification (“PERC”) application [REDACTED] submitted to CPA Ontario. The Professional Conduct Committee (“PCC”) considered the matter in September 2018 and referred it to the Vice President Student Services for consideration regarding the Applicant’s good character.
2. As Registrar, now having responsibility for such matters and having considered the results of the review conducted by PCC, the application for membership, and the information provided by the complainant, I am not satisfied that the Applicant has provided evidence of good character as required in s. 3.4 of Regulation 7.1. Further, as this is a circumstance where evaluation of the application for membership requires assessment of the Applicant’s credibility, I am referring the Applicant for such an assessment by the ARC in accordance with s. 15 of Regulation 7-1.
3. The particulars are as follows:
  - a. The Applicant was the subject of a Standards Enforcement complaint brought by [REDACTED] former supervisor, whereby it was alleged that the PERC application submitted by the Applicant, at the time [REDACTED] was a student, contained false information.

- b. The submission of PERC is a requirement for legacy CGA students to be admitted to membership.
  - c. The PCC noted that the Applicant admitted there was false information on a draft PERC application submitted by email to [REDACTED] supervisor for review, but stated that the PERC application submitted to CPA Ontario only contained true information. However, the PCC was of the view that the Applicant's communications indicated that if [REDACTED] supervisor had signed the draft PERC application (that did not contain truthful information), the Applicant would have submitted it to CPA Ontario. The PCC was of the view that this could be a question of good character and that possibly the submitted PERC application may have contained false information.
  - d. When inquiring into the information submitted to CPA Ontario in the PERC application by the Applicant, CPA Ontario received information from the Applicant's former supervisor indicating that in many respects, the contents of the PERC application the Applicant actually submitted to CPA Ontario contained false and/or misleading information.
  - e. The contents of the submitted PERC application were not ultimately included in fulfilling the student's practical experience requirements and as such were not reviewed by the Employer Relations staff. The Applicant's practical experience requirement was subsequently satisfied on the basis of [REDACTED] other work experience.
4. I have determined that the Applicant otherwise meets all the criteria for admission to membership.

July 9, 2020  
Date

  
Heidi Franken, Registrar (Signature)

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

**ADMISSION AND REGISTRATION COMMITTEE**

**IN THE MATTER OF:** A good character hearing into X [REDACTED] L [REDACTED], an applicant for admission to membership with the Chartered Professional Accountants of Ontario pursuant to Regulation 7-1: Admission to Membership, Obligations and Standing, Section 14: Good Character on Registration and Section 15: Credibility on Admission, as amended.

**TO:** X [REDACTED] L [REDACTED]

**AND TO:** Registrar, CPA Ontario

**DECISION AND ORDER MADE DECEMBER 16, 2020**

**DECISION**

Having heard and seen the evidence and submissions of the parties, the Tribunal finds the Applicant submitted false and/or misleading information to CPA Ontario contrary to Regulation 7-1: Admission to Membership, Obligations and Standing, Sections 6 and 15, and therefore made no finding under Section 14: Good Character on Registration.

**ORDER**

1. The application of X [REDACTED] L [REDACTED] to be admitted as a member of CPA Ontario is denied.

**DATED** at Toronto this 16th day of December 2020.



Bernard Schwartz, FCPA, FCA  
Admission and Registration Committee

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

**ADMISSION AND REGISTRATION COMMITTEE**

**IN THE MATTER OF:** A good character and credibility hearing into X [REDACTED] L [REDACTED], an applicant for membership in the Chartered Professional Accountants of Ontario pursuant to Regulation 7-1: Admission to Membership, Obligations and Standing, as amended.

**BETWEEN:**

X [REDACTED] L [REDACTED]

-and-

**REGISTRAR, CHARTERED PROFESSIONAL  
ACCOUNTANTS OF ONTARIO**

**APPEARANCES:**

For the Registrar:

Lara Kinkartz

For Ms. L [REDACTED]:

Michael Burokas

Heard:

October 5, 7, 15, and 21, 2020

Written decision and reasons:

December 16, 2020

**DECISION AND REASONS**

**I. OVERVIEW**

[1] This hearing was held to determine whether the Applicant, X [REDACTED] L [REDACTED] (the "Applicant") should be admitted to membership with the Chartered Professional Accountants of Ontario ("CPA Ontario"). The matter was referred to the Admission and Registration Committee (the "ARC") by the Registrar under Sections 14 and 15 of Regulation 7-1.

- [2] The Applicant is a legacy CGA student who applied for membership with CPA Ontario on January 13, 2019. One of the admission requirements for legacy CGA students is the submission of a form referred to as a Professional Experience Required for Certification (“PERC”). A separate PERC is required for each employer where an applicant has had relevant professional accounting experience. The PERC requires the applicant to outline their practical experience at the employer and consists of a series of categories of experience; the applicant is not required to complete every category, however where they have received applicable accounting experience, they are asked to describe what they did for the particular employer and how it fulfils the required experience. The applicant’s supervisor must review the PERC and sign off on the descriptions and explanations provided by the applicant.
- [3] The Applicant submitted ■■■ PERC (the “Submitted PERC”) to CPA Ontario in December 2017. The Submitted PERC related to the work performed by the Applicant at a law firm, and the Applicant’s supervisor at the law firm was the Controller, Ms. Ida Lee CPA, CMA.
- [4] Upon reviewing the Submitted PERC, Ms. Lee expressed the view to CPA Ontario that it was not an accurate description of the professional work performed by the Applicant. Ms. Lee subsequently filed a complaint with CPA Ontario alleging that the Submitted PERC contained false information (the “Lee Complaint”). The Applicant responded to the Lee Complaint and stated that the Submitted PERC was accurate.
- [5] CPA Ontario ultimately determined that the Applicant met the practical experience requirements based on PERCs from employers other than the law firm. The Professional Conduct Committee reviewed the Lee Complaint and referred the matter to the Vice President Student Services to consider whether the Applicant met the good character requirements to membership. The matter was subsequently given to the Registrar and, after reviewing the matter, the Registrar was not satisfied that the Applicant had provided evidence of good character as required by the Regulations. As the matter required an assessment of the Applicant’s credibility, the Registrar issued a Notice of Referral for a Hearing to the ARC for consideration of two issues: did the Applicant submit “false or misleading” information to CPA Ontario; and, if not, had the Applicant satisfied the “good character” requirement.

- [6] The parties agreed that if the Panel found that the Applicant submitted false and/or misleading information to CPA Ontario, [REDACTED] was not entitled to be admitted to membership at present pursuant to Section 6.2 of Regulation 7-1, which contains mandatory language prohibiting the admission of an applicant who has provided false or misleading information to CPA Ontario.
- [7] As discussed below, the Panel concluded that the Submitted PERC contained misleading information and therefore the Applicant cannot be admitted to membership in CPA Ontario. The Panel did not make any determination about the Applicant's good character.

## II. FACTS

### ***Applicant's Background***

- [8] The Applicant graduated with a college degree from China in 2003 and worked as an assistant Controller for construction projects for the government from 2003 until 2005.
- [9] The Applicant moved to Canada in 2005 but returned to China in 2007. [REDACTED] returned to Canada in 2009 and attended Concordia University in Montreal from 2009 to 2013, where [REDACTED] obtained a Bachelor's Degree in Accounting.
- [10] The Applicant then moved to Toronto and took courses at Seneca College. By September 2015, the Applicant had passed all of [REDACTED] CGA courses. The only thing remaining for [REDACTED] to obtain [REDACTED] CGA designation was the practical experience requirement.
- [11] The Applicant was required to submit [REDACTED] PERC to CPA Ontario before June 2018 if [REDACTED] wanted to rely upon 24 months of practical experience. After June 2018, the requirement of practical experience was increased to 30 months.

### ***Applicant's Interview at the Law Firm – November 2015***

- [12] In or about November 2015, in response to an online advertisement for a bookkeeper position, the Applicant submitted [REDACTED] resume to a law firm known as Real Estate Lawyers LLP or Parnes Rothman LLP (the "Law Firm"). The Law Firm was located in Vaughan, Ontario and was founded by Mr. Shayle Rothman and Mr. Eric Rabkin. Mr. Rothman testified that over 90% of the Law Firm's work was related to real estate transactions and

the Law Firm was one of the largest real estate firms in Ontario. The Law Firm also provided legal services to clients for corporate and commercial law and wills and estates.

[13] The Applicant was interviewed at the Law Firm by Ms. Lee. Ms. Lee was a CPA, CMA and had been working at the Law Firm since August or September 2015.

[14] The job description for the position for which the Applicant was hired was as follows:

- Prepare cheques, wires and EFTs
- Prepare mortgage and other payouts
- Input data into QuickBooks, involving checking the source of data
- Communicate with law clerks to close real estate deals
- Other administrative tasks as needed

[15] During the interview, the Applicant told Ms. Lee that ■■■ had completed all of ■■■ CGA requirements other than ■■■ practical experience requirement. The Applicant started work at the Law Firm in November of 2015 and remained there until ■■■ left in December 2017.

### ***The Law Firm Accounting Department***

[16] As the Controller of the Law Firm, Ms. Lee reported directly to Mr. Rothman and Mr. Rabkin. She managed the staff in the Accounting Department and was responsible for hiring and firing decisions. Ms. Lee oversaw the financial aspects of the Law Firm, and prepared various reports for the partners, including the preparation of monthly financial statements. Ms. Lee did not prepare the annual financial statements for the Law Firm; that was outsourced to BDO. Ms. Lee described her role as the “middle person” between the Accounting Department and the rest of the Law Firm, particularly the founding partners.

[17] The Law Firm office was set up so that Ms. Lee sat in an office separate from the area where the staff of the Accounting Department worked.

[18] When the Applicant joined the Law Firm, the Accounting Department consisted of Ms. Lee and two other employees, one of whom who left shortly after the Applicant arrived. The Department expanded over the next two years, and by December 2017, there were three junior bookkeepers, two senior bookkeepers (one of whom was the Applicant) and a “bank runner”. The staff in the Accounting Department were originally referred to as

bookkeepers, however at some point their job titles were changed to “accounts payable specialists”, which according to Ms. Lee was a more accurate description of the work they did. The Applicant and another employee were promoted to the positions of Senior Bookkeepers in or about February 2017 and they were given raises to reflect their seniority.

- [19] The basic work performed by the bookkeepers in the Accounting Department, including the Senior Bookkeepers, involved making payments to complete real estate transactions in accordance with information that was inputted by Law Clerks into a software program called “Conveyancer”. Among their other duties, the bookkeepers would record each payment in another software program called “QuickBooks.”
- [20] At the beginning of the day, Ms. Lee would assign purchase or sales transactions to each staff member. Junior staff were generally assigned the purchase transactions, which were more straightforward, and senior staff, like the Applicant, were assigned sales transactions, which were generally more complex, but they could also work on purchase transactions.
- [21] Each bookkeeper was also assigned one of five trust bank accounts. Once all of the daily real estate transactions were closed, the bookkeeper was required to check the bank statements for their assigned trust account to ensure that there was no money left in the account (“zero balance”). If there were funds remaining in the trust account (referred to as “unverified funds”), the bookkeeper would try to resolve that issue and if they were unable to do so, they would report the problem to the Controller. The Applicant was assigned the CIBC trust account.
- [22] At the end of the day, Ms. Lee would review the QuickBooks entries to ensure that all of the transactions were made and correctly recorded. If there were unverified funds in any of the accounts, it was her responsibility to reconcile the numbers each day and report any issues to the lawyers.
- [23] The Law Firm had a policy of cross-training and Ms. Lee would regularly assign staff to train other staff. When two of the junior bookkeepers, F.S and C.F., joined the Law Firm in the summer of 2017, the Applicant trained them in their first couple of weeks. The uncontested evidence was that the junior bookkeepers would regularly go to the Applicant

for advice. If the Applicant could not resolve the matter, she would take the issue to Ms. Lee.

[24] The Applicant, F.S and C.F. testified that the Applicant “spot-checked” their work. Ms. Lee testified that she was not aware of this, but she could not refute the statements other than to say that it was not part of the Applicant’s job description. The Panel accepted that the Applicant was a “go-to” person for the new and junior bookkeepers and that [REDACTED] trained them and spot-checked their work.

[25] When Ms. Lee was away from the office for short periods, she assigned the Applicant to take over her daily responsibilities, including communicating any problems to the founding partners. When Ms. Lee was away for longer periods of time, such as vacations, she would assign her daily responsibilities to different staff members, including the Applicant.

#### ***Relationship between the Applicant and Ms. Lee***

[26] Although the Applicant testified that [REDACTED] did not consider [REDACTED] to be friends with Ms. Lee, all of the other witnesses testified that they believed that up until mid-November 2017, the Applicant and Ms. Lee would go to lunch together every day and often get together before or after work. They were regularly overheard talking about personal and family matters and the Registrar produced several text exchanges between the Applicant and Ms. Lee that confirmed that their relationship continued outside of work.

[27] Regardless of how the relationship between the Applicant and Ms. Lee can be characterized, it ended abruptly in the Fall of 2017, around the time that the Applicant submitted a PERC to Ms. Lee on November 6, 2017 (the “November PERC”) for her review.

#### ***Events of Fall 2017***

[28] In the Fall of 2017, the Applicant prepared a version of the PERC that [REDACTED] later admitted contained “bullshit.” The Applicant told the Panel that sometime in September or October 2017, Ms. Lee advised [REDACTED] to “bullshit” on the PERC. In her direct examination, the Applicant was asked when Ms. Lee told [REDACTED] to “bullshit” on the PERC, and [REDACTED] could not remember. [REDACTED] thought it might have been “before lunchtime.” Ms. Lee testified that she told the Applicant that she was a designated person to sign the PERC but denied saying that she would sign anything presented to her regardless of the truth or advising the

Applicant to fabricate [REDACTED] PERC. (For reasons set out below, the Panel did not consider the contents of the November PERC in its deliberations.)

[29] In any event, on November 6, 2017, the Applicant emailed the November PERC containing incorrect information to Ms. Lee, stating:

*“Hi Ida, Please review my PERC. If you are Ok with the contents, I will submit it. Thank you very much.”*

[30] During [REDACTED] evidence, the Applicant explained that [REDACTED] never intended to file the November PERC with CPA Ontario. [REDACTED] testified that that [REDACTED] only wanted to get Ms. Lee’s attention and help in filling out the PERC.

[31] Ms. Lee refused to approve the November PERC as it did not represent the work performed by the Applicant.

[32] After the November PERC was sent to Ms. Lee by email, the Applicant and Ms. Lee spoke and Ms. Lee told the Applicant that she would not approve the November PERC because it contained lies. The evidence of Ms. Lee and the Applicant was different about what happened in the next few weeks (Ms. Lee alleged that the Applicant and [REDACTED] husband harassed her and put pressure on her to approve the November PERC and the Applicant denied this but said that [REDACTED] wanted to sit down with Ms. Lee to correct the PERC). It was clear that both [REDACTED] were upset during this period and their relationship deteriorated.

[33] The Applicant resigned from the Law Firm on or about December 4, 2017.

#### ***Applicant’s Submission of PERC to CPA Ontario and Lee Complaint***

[34] The Applicant submitted a different version of the PERC to CPA Ontario on December 11, 2017 (the “Submitted PERC”). [REDACTED] testified that [REDACTED] went to friends to help [REDACTED] with the drafting of the Submitted PERC. The Submitted PERC consisted of approximately 27 pages of dense description. The Applicant filled out information for 69 of the 109 sub-categories in the document.

[35] The Applicant testified that she understood that CPA Ontario would send the Submitted PERC to Ms. Lee and then [REDACTED] believed that they would “go back and forth”. [REDACTED] said that

it was ■ understanding that CPA Ontario would tell ■ what was outstanding in the Submitted PERC.

- [36] On December 12, 2017, Ms. Lee received notification from CPA Ontario respecting the Submitted PERC. Upon reviewing the Submitted PERC, Ms. Lee expressed the view that it was inaccurate and commented “disagree” throughout the Submitted PERC in the space provided for supervisor comments.
- [37] Ms. Lee and the Applicant exchanged correspondence in December 2017 and January 2018 where Ms. Lee indicated that she did not agree with the contents of the Submitted PERC and the Applicant expressed ■ concerns about what ■ believed to be Ms. Lee’s betrayal of her promise to approve ■ PERC: “You told me that you will sign everything I wrote and you told me we are on the same boat.”
- [38] On or about January 16, 2018, Ms. Lee filed a complaint with CPA Ontario, alleging that the Submitted PERC contained false information (the “Lee Complaint”).
- [39] The Applicant received a copy of the Lee Complaint. Both the Applicant and Ms. Lee wrote a series of letters to CPA Ontario from January 31, 2018 through to May 4, 2018, where they engaged in personal attacks of each other. The Applicant complained that when ■ joined the Law Firm, Ms. Lee promised that she would approve ■ PERC. ■ stated that when ■ realized that the work experience ■ was getting at the Law Firm would not qualify for the practical experience requirements of CPA Ontario, ■ raised this with Ms. Lee. The Applicant wrote that Ms. Lee assured ■ that “you can just write, and I will sign everything for you” and that Ms. Lee instructed ■ to put “bullshit” in ■ PERC. In particular, the Applicant wrote that ■ asked Ms. Lee if ■ could work on the Law Firm’s financial statements but that Ms. Lee refused because they contained sensitive information of the Law Firm. Ms. Lee denied this.
- [40] On or about June 19, 2020, in response to a request from CPA Ontario, Ms. Lee reviewed the Submitted PERC and provided explanations where she believed that the information provided by the Applicant was false. Mr. Rothman was similarly asked to review the Submitted PERC and provided his comments, which also challenged several of the Applicant’s representations about the work that ■ did at the Law Firm.

[41] The Registrar reviewed the Applicant's file and concluded that [REDACTED] met all of the criteria for admission into membership other than the requirement of submitting evidence of good character as required by Subsection 3.4 of Regulation 7-1. The Registrar concluded that an assessment of the Applicant's credibility was necessary to determine whether the Submitted PERC was accurate and whether the good character requirement was satisfied. The matter was referred to the ARC.

### ***Disputed Aspects of the Applicant's Submitted PERC***

[42] The PERC consists of a chart where the applicant is asked to provide examples of their work experience for a particular employer relating to Leadership, Professionalism, and Professional Knowledge. Under each heading, there are several subcategories; for example, under Leadership, an applicant is asked about strategic and organizational leadership, organizational effectiveness and individual/team leadership and development. Each of these subcategories gives the applicant examples of the types of experience that might qualify, asks them if they have related work experience (yes or no) and then asks for a description of their personal experience in that field and the frequency with which they performed that activity ("frequently", "regularly" or "occasionally"). Applicants are not required to complete all of the subcategories, only those where they had actual experience.

[43] The Panel heard the evidence of two former junior bookkeepers, C.F. and F.S, the Applicant, Ms. Lee and Mr. Rothman about whether the Applicant's description of [REDACTED] work at the Law Firm was accurately reflected in the Submitted PERC, reviewing numerous paragraphs.

[44] The following are examples of comments that the Applicant made in the Submitted PERC that were disputed by Ms. Lee and/or Mr. Rothman, as well as brief summaries of the evidence heard by the Panel.

### **Business Plan and Annual Budget of the Law Firm**

[45] In the Submitted PERC, the Applicant stated that [REDACTED] was involved in the financial planning for the Law Firm. For example, [REDACTED] stated:

- - *"I communicate with Controller to learn our firm's future plan and annual budget..."*(Individual/Team Leadership and Development - 03)

- *"I analyze business transactions...I analyze the monthly trust account reconciliations, figure out the variance with the GL and make adjustments to make sure the reconciliation report ties to the GL."* (Financial Accounting and Reporting - 01)
- *"I ensure that the company is complying with legal regulations. I follow LSUC requirements all the time to maintain trust account funds and make sure the trust accounts are "ready to audit" at the time."* (Business Environment - 04)
- *"I also analyze corporate department financial situation, review the AR report, compare the trust account funds, in order to analyze the reason why corporate department income is lower than forecast such as the invoice didn't apply and the funds are sitting in the trust account."* (Integrative Approach - 01)
- *"I identify economic issues and their potential business impacts... After analyzing the market and reporting to Controller about our department workload, I provide recommendation on hiring requirements, such as the account staff needs to have Accounts Payable background."* (Business Environment - 02)

[46] In the Submitted PERC, the Applicant stated that [REDACTED] frequently analyzed the economic issues for the Law Firm such as the market and the legal environment, and that [REDACTED] assessed how that information impacted on the Law Firm's business. [REDACTED] also referred to assisting the Controller with the Law Firm's business plan. For example:

- *"I compile relevant general economic data and assist Controller to update the business plan....I analyze the business peak season and prepare hiring plan such as training schedule."* (Business Environment - 01)

[47] Ms. Lee testified that she was not aware of any business plan for the firm, although she assumed that the partners had a plan "in their heads". Mr. Rothman testified that there was in fact a business plan for the Law Firm, but it was only known to himself and his other partner. He confirmed that Ms. Lee was not told anything about the Law Firm's business plan.

[48] Mr. Rothman also testified that although the staff in the Accounting Department would be aware of the volume of work, they had no access to the Law Firm's business information such as profits and losses. He testified that he never discussed the Law Firm's business plans with the Applicant or any of the Accounting Department Staff.

[49] In several sections of the Submitted PERC, the Applicant referred to compliance with Law Society guidelines. For example, [REDACTED] stated

- *"I identify critical factors in the industry at current situation....I assist Controller to set up policies and procedures for non-real estate departments and make sure the department is running properly and follow the law society Upper Canada requirement and accounting policy."* (Business Environment - 03)

[50] Mr. Rothman testified that he was responsible for running the business of the Law Firm in compliance with the Law Society guidelines, not the bookkeepers.

[51] The Submitted PERC also stated as follows:

- *"I analyze the firm's financial situation cash management, trust accounts reconciliation, and closing file, then report to the Controller. I also communicate with Controller about real estate market, government policies, the firm's reputation and team member's strengths and weaknesses to support Controller to do SWOT analysis."* (Strategic and Organizational Leadership - 02)

[52] In ■■■ direct testimony, the Applicant was asked about this SWOT analysis and responded that ■■■ thought that the Controller used SWOT, but ■■■ was not certain. Ms. Lee testified that although ■■■ would conduct a cash management analysis, the Law Firm never actually performed a SWOT analysis.

### **Annual Report and Annual Financial Statements**

[53] In the Submitted PERC, the Applicant wrote that ■■■ was involved in the preparation of the Law Firm's "annual report to shareholders". ■■■ stated:

- *"...I assist Controller to prepare annual report for shareholders to provide a full picture of the firm performance such as Summary of client liabilities, explanation for unclear deposits and cheques."* (Financial Accounting and Reporting - 05)

[54] On cross-examination, the Applicant admitted that ■■■ was not sure if there was an annual report for shareholders of the Law Firm.

[55] Ms. Lee testified that ■■■ did not prepare an annual report for the Law Firm and the Law Firm's outside accountants, BDO, were responsible for the preparation of the annual financial statements. Mr. Rothman testified that the Law Firm did not produce an annual report, but annual financial statements were prepared by BDO. He said that he never shared the annual financial statements with Ms. Lee. Mr. Rothman added that the Law Firm is a partnership and therefore does not have any shareholders.

## Monthly Financial Statements

[56] The Applicant wrote throughout the Submitted PERC that ■■■ assisted Ms. Lee in preparing the monthly financial statements for the Law Firm. Ms. Lee testified that she alone was responsible for the monthly financial statements and the Applicant never assisted her with their preparation. For example, the Applicant stated that:

- *“I assist Controller to prepare financial reports to partners on monthly basis such as trust accounts reconciliation, in order to ensure the partners understand the firm’s financial position.”* (Integrative Approach - 02)
- *“I follow ASPE requirements to prepare financial statement schedules such as bank cost, current client liabilities.”* (Financial Accounting and Reporting - 08)
- *“In order to achieve their expectations, I set up daily working schedules for our department....I review other accounting staff’s work in order to assist Controller to prepare monthly financial statement and report to senior partners before certain time every month. I assist Controller to prepare month end job duties and explain them to other accounting staff.”* (Strategic and Organizational Leadership - 07)

[57] In an email to CPA Ontario dated January 31, 2018 the Applicant complained that Ms. Lee refused to give ■■■ an opportunity to work on the monthly financial statements because there were “secrets” in those documents. On cross-examination, the Applicant testified that because ■■■ conducted daily reconciliations of the CIBC trust bank account and produced some of the underlying financial information for the monthly financial report ■■■ maintained that ■■■ “assisted” in the preparation of the monthly financial statements.

[58] In the Submitted PERC, the Applicant mentioned some specific aspects of the financial statements that ■■■ discussed with Ms. Lee, for example ■■■ stated as follows:

- *“I discuss with team members on certain topics before decision making. Topics like whether the company’s car should be capitalized or expenses, whether the trust accounts should be cleared, how to book difference bank errors, etc. After the discussion, I report to Controller about our conclusion.”* (Individual/Team Leadership and Development - 04)

[59] Ms. Lee could not recall this discussion. On cross-examination, the Applicant indicated that ■■■ discussed this issue with Ms. Lee, perhaps over lunch, and agreed that it was merely an academic discussion.

## Information Technology (IT)

[60] The Applicant made several representations in the Submitted PERC about [REDACTED] involvement with the introduction of customized software into the Law Firm. With respect to the need for new software, the Applicant took credit for conducting an analysis of the accounting software issues and the recommendation of new software. For example, [REDACTED] wrote:

- *“I review the department plan and ensure it matches current situation...I list current accounting software issues, elaborate the threats to firm’s business such as speed, accuracy and bugs, and recommend Controller to install new custom software.”* (Business Environment - 09)
- *“I report to Controller and IT consultant to evaluate accounting software issues, such as speed, accuracy and flexibility, list all the accounting software problems that accounting department is facing.... I advise Controller to search new accounting software, list the software requirements. (Financial Accounting and Reporting - 12)*
- *“I analyze the implication if the firm will apply a course of action...Since the business has been booming, the current accounting software can’t support our department requirements, and then I recommend installing the new custom software. I address the current software issues and evaluate the benefits of the new custom software.”* (Integrative Approach - 03)
- *“I assist Controller to set up accounting department policies and procedures, such as guideline of fraud protection.... Since current software can’t keep up with the firm’s business increase, I assist Controller and IT consultant to search new software ....”(Strategic and Organizational Leadership - 06)*

[61] The uncontested evidence was that Mr. Rothman was responsible for decisions related to the Law Firm’s software and that he was the person who wanted to test a software program called EasyFund. He asked the entire Accounting Department to test EasyFund on three real estate files. He and Ms. Lee testified that the testing took place over a day or two, and Ms. Lee added that it was “not a big project”.

[62] The Applicant wrote the following about [REDACTED] involvement with EasyFund after it was tested:

- *“After EasyFund manger introduce the new software to the firm, I test the new software and report to Controller the pros and cons, evaluate the efficiency and accuracy, and estimate each transaction costs and compare the current systems.”* (Information Technology - 03)

- [63] In fact, the evidence of all of the witnesses, including the Applicant, was that Mr. Rothman invited the entire Accounting Department for feedback on their experiences with EasyFund. The Applicant testified that [REDACTED] may have been the first person to provide feedback. Although he could not recall [REDACTED] feedback, Mr. Rothman agreed that the Applicant may have given him feedback on EasyFund, but [REDACTED] only role was as one of the testers.
- [64] The Applicant also wrote in the Submitted PERC that [REDACTED] *“estimated the cost of each service, compared it to the old technology and report to Controller.”* (Information Technology - 04)
- [65] Mr. Rothman testified that no one in the Accounting Department, including the Controller, was given information about the cost of any accounting software the Law Firm tested or used.
- [66] In the Submitted PERC, the Applicant also stated that [REDACTED] evaluated the software and worked with the IT consultant on a regular basis; [REDACTED] stated that they developed training programs for the Accounting Department together. [REDACTED] indicated that [REDACTED] *“consistently provide feedback to the IT consultant after he updates the system.”* (Information Technology – 03)
- [67] Ms. Lee testified that she was the “middle person” between the Accounting Department staff and other departments, and she was not aware of any such consultations between the IT department and the Applicant. Mr. Rothman testified that the Law Firm had an in-house IT department which reported directly to him. He did not believe that it was likely that the Applicant had much involvement with that person, as he would have been told about any problems or suggestions. He added that contrary to the Submitted PERC, the IT department did not do any training.

### **Hiring Decisions**

- [68] In the Submitted PERC, the Applicant stated several times that [REDACTED] was responsible for analyzing the need for additional staff and recommending hiring decisions in the Accounting Department. For example, [REDACTED] stated:

- *"I compile relevant general economic data and assist Controller to update the business plan....I analyze the business peak season and prepare hiring plan such as training schedule."* (Business Environment - 01)

- *"I identify economic issues and their potential business impacts... After analyzing the market and reporting to Controller about our department workload, I provide recommendation on hiring requirements, such as the account staff needs to have Accounts Payable background."* (Business Environment - 02)

[69] The Applicant acknowledged that this was not part of [REDACTED] job and that Ms. Lee and Mr. Rothman were responsible for hiring decisions. During [REDACTED] cross-examination, the Applicant explained that every morning [REDACTED] would be asked how many files were closed and [REDACTED] would "sometimes" tell Ms. Lee that they were really busy and they needed to hire more people.

[70] Mr. Rothman confirmed that bookkeepers would be aware of the volume of work but were unable to determine how many people would be needed or economics. He indicated that hiring decisions were made by himself in consultation with Ms. Lee.

#### **Non-Real Estate Department**

[71] In the Submitted PERC, the Applicant referred to the non-real estate department several times. For example, [REDACTED] stated:

- *"I communicate with the non real estate department clerk to ensure the accounts receivable ageing reports are satisfy their requirements, modified and updated the report if they need more information (such as file number, client name and amount)."* (Financial Accounting and Reporting - 11)

- *"I analyze and prepare AR report to non-real estate department to support them to collect payment from clients and evaluate the bad debt. I prepare the trust account reconciliation report and investigation of variance analysis details to clerks and lawyers, explain to them the amount of hold on behalf of clients, already disbursements, retainer fees hold in trust, and overpayment of client billed, and then lawyers and clerks can follow up with client."* (Integrative Approach – 02)

[72] When asked on cross-examination if the Office Manager, Paula Dow, was responsible for the Accounts Receivable of the Law Firm, the Applicant agreed and said that [REDACTED] (ie, the Applicant) printed the Accounts Receivable report from QuickBooks and would see what was outstanding. Ms. Lee testified that the Applicant prepared the Accounts Receivable report for Ms. Lee's monthly meetings with Mr. Rothman and Mr. Rabkin, but that meant that [REDACTED] "hit a button" in the Conveyancer program and printed a list.

## Development of Policies and Procedures

[73] After Ms. Lee and the Applicant joined the Law Firm, the Accounting Department expanded and there was a need for more formal policies and procedures. Mr. Rothman testified that he hired Ms. Lee because she had the skills to develop the department. As set out below, it appears that many of these policies were in place in the Fall of 2015, but they needed to be fine-tuned from time to time as this was a busy real estate practice and there were continuous changes.

[74] In the Submitted PERC, the Applicant stated that ■■■ was instrumental in the creation of a number of policies and procedures for the Accounting Department. For example, ■■■ wrote about multiple banking systems:

- *"In order to achieve our law firm mission such as simplify real estate transaction while delivering the highest personalized service at competitive rate, I assist Controller to set up accounting department policies and procedures to ensure that all funds are released on time and accurate. Such as establish multiple banking systems to avoid funding delay because interbank transfer is faster than different banks transfer."* (Strategic and Organizational Leadership - 01)

[75] The evidence of Ms. Lee was that the multiple banking system existed before the Applicant joined the Law Firm. Mr. Rothman testified that the multiple banking system was entirely his idea and it was set up in 2012, long before either Ms. Lee or the Applicant started work at the Law Firm.

[76] There was evidence that the Law Firm considered switching its general banking from CIBC to RBC. The Applicant claimed that ■■■ was the person who analyzed this problem and "department benchmarks." The Applicant testified that ■■■ talked to Ms. Lee about this and Ms. Lee passed ■■■ ideas along to Mr. Rothman. Mr. Rothman indicated that the decision was his, although it was possible that Ms. Lee and the Applicant had discussed this between themselves.

[77] The Applicant wrote that ■■■ had been responsible for certain fraud prevention policies and procedures, including a policy verifying funds:

- *"I explain the department internal control to the Controller. For example, in order to improve the fraud protection, I communicate with Controller to prepare the funds receiving guideline and set up new protocol to prevent fraud..."*(Organizational Effectiveness - 02)

- *"I monitor changes to relevant standards in the department. For example, since the business expands, I communicate with Controller to set up verify funds policies to prevent fraud, set up rules for each method of payments from mortgage company, the other side law forms or solicitors and clients, and report to Controller if the policies can be put in place."* (Stakeholder Focus - 02)

[78] The evidence of Ms. Lee was that the Law Firm had systems to determine "true money" and prevent fraud before she and the Applicant arrived. This was confirmed by Mr. Rothman

[79] Also, the Applicant indicated that [REDACTED] had come up with the idea that bank reconciliations could be done the day before the closing. [REDACTED] stated:

- *"I recommend Controller that accounting staff should do the bank reconciliation one day before the current day. This action will help the firm avoid the fraud and law suit."* (Financial Accounting and Reporting - 06)

[80] The Applicant testified that [REDACTED] gave feedback to Ms. Lee about these policies. Ms. Lee denied that this idea originated with the Applicant.

#### **Applicant's Interaction with Clients and Staff outside Accounting Department**

[81] The Submitted PERC indicated that the Applicant worked with clients and staff and lawyers outside the Accounting Department on a regular basis. For example, she stated:

- *"If clients complain our department service, I will figure out the problems first, find the best way to remedy the problem and email to client to apologize the mistake if we did and provide the solution to solve the problem. If law clerk lists our department issues, I will communicate with clerk to figure out their crisis, identify if our department can improve any procedures to solve their crisis."* (Communications - 05)

[82] Ms. Lee testified that she was the "middle person" and that most contact with other departments came through her office. She also stated that Accounting Department staff had no interaction with clients as clients dealt with the lawyers and law clerks and did not have the phone numbers for her staff. If there were complaints, Ms. Lee indicated that they would come to her as the manager of the Accounting Department. She added that her staff was very busy and they would not have had time to deal with clients.

[83] On cross-examination, the Applicant stated that normally the law clerks and lawyers dealt with clients, however "a few times" the clients would call Accounts Department staff. [REDACTED] explained that from time to time [REDACTED] would provide assistance with translation for clients who spoke Mandarin, and that they might contact her afterwards.

## Applicant's Role within the Accounting Department

[84] There was no dispute that the Applicant trained some of the new staff (although Ms. Lee and Mr. Rothman indicated that the culture of the Law Firm was that there should be cross-training conducted by everyone). The Applicant also testified that [REDACTED] spot-checked the work of the junior bookkeepers. Ms. Lee could not challenge the Applicant's assertion that [REDACTED] performed spot-checking, as [REDACTED] did not sit with the accounting staff and watch their work every day.

[85] Ms. Lee took issue with the Applicant's description of [REDACTED] in the Submitted PERC as a supervisor. The evidence was that Ms. Lee was responsible for hiring and firing decisions, and the review of the work of the Accounting Department. Although the Applicant stated in the Submitted PERC that she "*set up daily working schedules for our department*" (07), the junior bookkeepers and Ms. Lee testified that Ms. Lee assigned their work to them in the morning.

[86] The Submitted PERC suggested that the Applicant was involved in the management of the Accounting Department in other respects, such as setting department meetings:

*- "I assist Controller to initiate meetings with other accounting staff. In order to clarify the purpose of the meeting, I put notes for all topics need to cover. During the meeting, I take minutes such as the title of meeting, date, time, venue, people present, conflict of interest, actions related to previous meeting and keep minutes if the meeting for future reference."* (Communication - 06)

[87] On cross-examination, the Applicant explained that Ms. Lee would ask for [REDACTED] opinion about the best time for the meeting and she would sometimes let the other staff know about the meeting. Everyone took notes, however there were no formal minutes. Ms. Lee testified that she initiated the meetings, set the agenda, and ran the meetings

### III. ISSUES

[88] The issues in this application were as follows:

- a. Did the evidence establish that the Applicant submitted "false or misleading" documents and information to CPA Ontario, contrary to Section 6.2 of Regulation 7-

1?

b. If not, did the Applicant establish on a balance of probabilities that [REDACTED] was of good character at the time of the hearing as required by Subsection 3.4 of Regulation 7-1 and could be registered with CPA Ontario.

[89] If the Panel found that the Applicant breached Section 6.2 of Regulation 7-1, [REDACTED] could not be admitted to membership in CPA Ontario, and the Panel would not be required to make a determination of the good character of the Applicant.

#### **IV. DECISION**

[90] The Panel unanimously found that the Applicant submitted documents to CPA Ontario, namely the Submitted PERC, that were misleading and thus [REDACTED] application for membership in CPA Ontario was denied.

#### **V. REASONS FOR DECISION**

##### ***THE LAW***

##### ***Applicable CPA Ontario Regulations***

[91] Under Section 6.2 of Regulation 7-1, the Registrar shall not admit to membership in CPA Ontario any applicant who provides “information or a document that is false or misleading.”

[92] Under Subsection 3.4 of Regulation 7-1, the Registrar shall register as a Student with CPA Ontario any individual who provides evidence of good character satisfactory to the Registrar. The onus is on the Student applying to CPA Ontario to establish his or her good character on a balance of probabilities.

[93] For reasons set out below, the Panel found that the Applicant provided misleading information to CPA Ontario. The Panel did not consider the issue of the Applicant’s good character.

##### ***What Information was Included for Consideration under Section 6.2?***

[94] The central document for consideration under Section 6.2 of Regulation 7-1 was the Submitted PERC. The Registrar submitted that Section 6.2 also includes the communications sent to CPA Ontario respecting the Lee Complaint, which related to the

Submitted PERC. Counsel for the Applicant argued that the Panel should only consider the Submitted PERC.

- [95] The Panel found that the plain reading of Section 6.2 required the Panel to review all documentation submitted by the Applicant to the Registrar. That said, as the Panel found that the information in the Submitted PERC was misleading, it was not necessary for the Panel to consider whether the any other communications sent to CPA Ontario by the Applicant were “false or misleading.”

***What does “false or misleading” information mean in Section 6.2?***

- [96] A statement that is false is relatively easy to define: it refers to something that can be proven to be untrue. A misleading statement may not be entirely untrue; however, it is designed to leave the reader with an impression that is inaccurate. Black’s Law Dictionary defines a misleading statement as “delusive; calculated to be misunderstood.”
- [97] Counsel for the Registrar submitted that misleading information can be considered on a continuum, with flagrant or egregious statements being “across the line”, and minor or understandable misstatements falling short of being misleading. She suggested that a statement can be exaggerated without rising to the level of misleading. However, the more significant and extensive the embellishment, the more likely that they will bring the information into the realm of “misleading.” The Panel agreed.
- [98] The parties agreed that the Panel should only consider information “knowingly” provided to CPA Ontario by the Applicant. In other words, a typo or simple error where there was no intention to deceive or mislead would not prevent an applicant from successfully completing their PERC requirements. The Panel agreed.
- [99] In *Stewart v Law Society of Ontario*, 2012 ONLSAP 30, the Appeal Panel reviewed the finding of a Law Society Hearing Panel that Mr. Stewart, a former lawyer applying for a paralegal licence, was not of good character, in part because his application for a paralegal licence was found to contain mischaracterizations, contradictions, and omissions. Under Section 8(2) of By-Law 4, an applicant to the Law Society of Ontario is deemed not to have met the requirements for issuance of a licence if they have made any “false or misleading representations or declarations on or in connection with a

licence.” The Hearing Panel adopted a “due diligence” test that required the applicant to make reasonable efforts to disclose information that they knew would be of importance. The Appeal Panel rejected the “due diligence” test because it blurred the lines between sloppiness, negligence and incompetence (which are not generally considered to be character or ethical deficiencies) with good character. The Appeal Panel found that if the application contained inaccurate information, that did not mean that the licensing requirements had not been satisfied and the applicant automatically disqualified. They held that Section 8(2) was clearly not intended to capture inadvertent misstatements, which would be an absurd result. Rather, the Appeal Panel found that deliberate falsehoods or misrepresentations undeniably undermined an assertion of good character and should result in the denial of the application. The Appeal Panel added that a reckless or willfully blind representation in an application might also be considered to be made “knowingly” and stated:

*“... an applicant who is lying in the weeds and gambling that the Society will not find out is not merely a person who has failed to take reasonable steps, but a reckless or wilfully blind actor. Recklessness involves awareness of a risk of misstated facts and proceeding despite the risk. Wilful blindness involves suspicion that the facts are misstated and refraining from making appropriate inquiries for fear of confirming those suspicions.... Indeed, as expressed in Levenson, it is arguable that the reckless or wilfully blind applicant is no differently situated than the deliberate liar.” (para 35)*

### ***Findings of credibility***

[100] Counsel for the Applicant and the Registrar asked the Panel to make adverse findings of credibility about Ms. Lee and the Applicant respectively.

[101] In *R. v. C.(H.)*, 2009 ONCA 56 at para 41, the Court of Appeal for Ontario distinguished credibility and reliability, the former relating to a witness’s veracity and the latter reflecting the accuracy of the witness’s testimony, and stated that “[reliability] engages consideration of the witness’s ability to accurately (i) observe; (ii) recall; and (iii) recount events in issue.”

[102] In *Pitts v Director of Family Benefits of the Ministry of Community & Social Services*, 1985 CarswellOnt 1021, the Divisional Court stated as follows:

*“In weighing the testimony of witnesses you are not obliged to decide an issue simply in conformity with the majority of witnesses. You can. If you see fit, believe one witness against many. The test is not the relative number of witnesses, but in the relative force of their testimony. With respect to the testimony of any witness, you can believe all that that witness has said, part of it, or you may reject it entirely.... It is a fact that two persons witnessing an incident or transaction often will see or hear it differently. Discrepancies on trivial detail may be unimportant, but a falsehood is always serious” (emphasis added)*

[103] The Divisional Court went on to encourage the use of common sense and knowledge of human nature in the assessment of credibility, and recommended consideration of issues such as the appearance and demeanour of the witness, the extent of the witness’s opportunity to observe the matter about which they are testifying, any interest the witness has in the outcome of the hearing, partisanship, the probability or improbability of the witness’ story, contradictions in the evidence with the evidence of other witnesses, and inconsistency with documentary evidence.

#### **ANALYSIS OF THE EVIDENCE**

[104] Counsel for the Applicant and the Registrar portrayed this as a case of the Applicant’s credibility about the Submitted PERC versus the credibility of Ms. Lee’s complaints about the Submitted PERC. Counsel for the Applicant urged the Panel to prefer the evidence of the Applicant because the Submitted PERC was prepared shortly after ■ left the Law Firm whereas Ms. Lee’s detailed review of the Submitted PERC was made more recently. Also, he suggested that because the offices of Ms. Lee and Mr. Rothman were separate from where the Accounting Department worked, the Applicant and the junior bookkeepers would have a better understanding of the daily work that the Applicant performed. He criticized the evidence of Ms. Lee as being unreliable because she was not careful with her comments on the Submitted PERC and she acknowledged an error (where she underlined information in the November PERC as being incorrect but failed to underline the same information in the Submitted PERC). Finally, he suggested that Ms. Lee’s evidence was exaggerated and there was clearly an animus exhibited in her correspondence respecting the Lee Complaint. On the other hand, he urged the Panel to find that the Applicant was credible because, amongst other things, ■ admitted that the November PERC contained false information.

[105] Counsel for the Registrar argued that Ms. Lee was the Controller and was aware of the operations of the Accounting Department even if she was not physically located with the bookkeepers. She noted that Ms. Lee had consistently taken the position that the

November PERC and the Submitted PERC did not reflect the accounting experience of the Applicant at the Law Firm. She argued that the evidence of Mr. Rothman about the operations of the Accounting Department within the Law Firm was reliable as he had no interest in the outcome of this hearing. The Registrar pointed out that the Applicant was motivated to have CPA Ontario accept her practical experience as set out in the Submitted PERC because the length of time for practical experience was going to be extended in six months.

[106] For reasons set out below, the Panel found that the evidence of both the Applicant and Ms. Lee was often tainted by their animosity towards one another. While the evidence of the junior bookkeepers and Mr. Rothman was more neutral, they all had limitations in what information they could speak to. The Panel found the junior bookkeepers to be reliable about the day to day work done in the Accounting Department, however they were not aware of the scope of the work performed by Ms. Lee or the business side of the Law Firm. The Panel accepted the evidence of Mr. Rothman respecting the business side of the Law Firm and what happened in other departments such as IT, however he admittedly could contribute little to the work relationships within the Accounting Department.

[107] At the end of the day, when considering the evidence as a whole, the Panel found that the evidence of these witnesses was surprisingly consistent. The Applicant's explanations for [REDACTED] comments in the Submitted PERC during the hearing often did not conflict with the evidence of others. For example, [REDACTED] admitted that at times when [REDACTED] wrote in the Submitted PERC that [REDACTED] "assisted" the Controller, say with the development of policies and procedures, [REDACTED] was referring to academic discussions that took place when [REDACTED] had lunch with Ms. Lee. Ms. Lee did not dispute that [REDACTED] and the Applicant had many discussions about the Accounting Department. Also, the Applicant testified that when [REDACTED] said [REDACTED] "supervised" Accounting Department staff, [REDACTED] meant that [REDACTED] trained them and checked their work on a daily basis. The Panel accepts that these statements may not be "false", and thus a finding of credibility may not be required. However, the Panel must consider whether the statements were misleading in that they were intended to leave an inaccurate impression of the professional experience that the Applicant acquired while [REDACTED] worked at the Law Firm.

***Was the Submitted PERC "false or misleading"?***

- [108] The Panel accepted that an applicant's representations to CPA Ontario about their practical experience may contain some exaggeration and embellishment without rising to the level of being "false or misleading."
- [109] The Panel carefully reviewed the Submitted PERC and the oral evidence of the five witnesses who had worked together at the Law Firm while the Applicant was there. The Panel concluded that based upon all of the evidence before it, the Applicant intentionally provided CPA Ontario with a misleading impression of her level of responsibility and involvement in the Law Firm.
- [110] The Panel accepted the evidence of the Applicant that soon after [REDACTED] started work at the Law Firm, [REDACTED] realized that the work [REDACTED] was doing would not qualify for [REDACTED] practical experience as a CPA. In her initial emails to CPA Ontario in early 2018, the Applicant indicated that when [REDACTED] raised this with Ms. Lee, Ms. Lee advised her to "bullshit" in the PERC. The Applicant went on to say that when [REDACTED] asked for more relevant work, such as the preparation of financial statements, Ms. Lee refused on the basis that the Applicant could not be given access to confidential or "secret" information about the Law Firm. The Panel found that the Applicant's description of her predicament was accurate, and that unfortunately the work [REDACTED] did at the Law Firm never rose to the level of accounting work that [REDACTED] wrote about in the Submitted PERC.
- [111] The Applicant stated on numerous occasions throughout the Submitted PERC that [REDACTED] "assisted" the Controller with certain tasks. The Panel accepted the evidence of the Applicant that in many instances where [REDACTED] wrote about her assistance to Ms. Lee, [REDACTED] meant that [REDACTED] would chat about these issues over lunch with Ms. Lee and that the conversations were of an "academic" nature. The Applicant acknowledged that her "assistance" in these instances was not part of her job duties. The Panel found that while it may not have been completely false to state that the Applicant's conversations with Ms. Lee constituted "assistance", given the language that the Applicant used in the Submitted PERC to describe this work, it is clear that [REDACTED] intended to leave the reader with the impression that she was instrumental in these activities and decisions, and that they constituted part of her job responsibilities at the Law Firm when that was not the case.

[112] The Applicant also testified that her daily work, reconciling the CIBC trust bank account and checking to make sure all of the necessary payments in a real estate transaction were made and recorded, was a necessary component to the monthly and yearly financial statements of the Law Firm. Based on that logic, the Applicant justified the statements in the Submitted PERC that indicated that [REDACTED] was assisted in the preparation of these documents. The Panel found that the Submitted PERC was misleading in this regard. The Panel noted that at the time that [REDACTED] completed the Submitted PERC, the Applicant had completed studies in accounting in China and worked for four years as an accountant in China, [REDACTED] had attended Concordia University and Seneca College to study accounting, and [REDACTED] had passed [REDACTED] CGA Ontario examinations. [REDACTED] knew that the work that [REDACTED] did as a bookkeeper with respect to daily real estate transactions could not reasonably be considered as “assisting” with the preparation of a monthly or annual financial statement.

[113] As outlined below, the Submitted PERC indicated that the Applicant contributed to documents or policies that were prepared and created by either BDO or by Mr. Rothman or other partners at the Law Firm. While the Applicant may have made suggestions from time to time about policies and procedures, the language [REDACTED] used in the Submitted PERC was clearly written to create the impression that [REDACTED] responsibilities were far greater than they actually were. [REDACTED] suggested that the level of experience that [REDACTED] received at the Law Firm was at a more sophisticated and higher level than the work that [REDACTED] actually did while [REDACTED] was there.

[114] The following are examples of some of the information in the Submitted PERC that the Panel found to be misleading:

a. Firm’s Business Plan and Annual Budget: The Panel found that the Applicant did not have access to nor did [REDACTED] have any involvement with the Law Firm’s business plan or annual budget. The Panel accepted the evidence of Mr. Rothman that the business plan and annual budget was confidential and that not even Ms. Lee had knowledge of the business plan.

b. Annual Financial Report and Statements: The Panel accepted the evidence of Ms. Lee and Mr. Rothman that BDO prepared the annual financial statements, and that not even Ms. Lee had any involvement in this document other than providing the

- necessary working papers used by BDO. Furthermore, based upon the evidence at the hearing, the Applicant did not have access to the information necessary to prepare an annual financial statement, such as profits and losses. The Panel noted that on cross-examination, the Applicant acknowledged that [REDACTED] was not certain that there was an annual report for shareholders. The Panel found that there was no annual report prepared for the Law Firm and the Applicant's statements that [REDACTED] was involved in the preparation of such reports for shareholders were incorrect.
- c. Preparation of Monthly Financial Statements: The evidence was that this was the responsibility of Ms. Lee and this was confirmed by the Applicant. As stated above, the Panel found that the Applicant's evidence that what [REDACTED] meant was that [REDACTED] prepared the daily trust reconciliations that, together with much additional information, formed the foundation of the monthly financial information was not credible for a person with [REDACTED] educational and professional background in accounting.
- d. IT and Software (EasyFund): The Panel accepted the evidence of the junior bookkeepers, Ms. Lee and Mr. Rothman that the introduction of new software, EasyFund, originated with Mr. Rothman and that he asked all of the Accounting Department staff to test the software and provide him with feedback. The Panel accepted that this review of EasyFund was a relatively brief test of three real estate files and was not a time-consuming project. The Panel found that the Applicant's description of [REDACTED] role in this project was misleading, with the intention of demonstrating that [REDACTED] had a greater proficiency and involvement in the Law Firm's IT than [REDACTED] in fact had. The Panel was also concerned about the representation in the Submitted PERC that the Applicant had analyzed the costs of the software when this was clearly not information that anyone other than the partners were privy to.
- e. Consultation with IT Consultant: The Panel found while neither Mr. Rothman nor Ms. Lee could attest to what conversations the Applicant may have had with the IT consultant, there was no evidence that the Applicant had conducted the extensive reviews of these issues that [REDACTED] wrote about in the Submitted PERC.
- f. Hiring: The Panel accepted the evidence of all of the witnesses that the overall decision to expand the Accounting Department was made by Mr. Rothman, upon the

advice of Ms. Lee, and that Ms. Lee made the actual hiring decisions for the Accounting Department. There was no evidence that the Applicant conducted the studies and analysis that █████ referenced in the Submitted PERC. In fact, on cross-examination, █████ evidence was that █████ would notice how busy the Accounting Department was and make suggestions to Ms. Lee about hiring more people. █████ also told a friend from school about an opening at the Law Firm and the friend was hired. While this was no doubt helpful, it does not rise to the level of the descriptions provided in the Submitted PERC.

- g. Other Departments in the Law Firm: The Panel found that while the Applicant may have printed the Accounts Receivable Report from the Conveyancer program, the Applicant was not responsible for reviewing these Reports or communicating with other departments about the reports. The Panel found that the Submitted PERC grossly overstated the role the Applicant played with non-real estate department matters.
- h. Development of Policies and Procedures: The Panel accepted that after Ms. Lee and the Applicant joined the Law Firm, and the Accounting Department was expanded, there was a greater need for written policies and procedures. The Applicant no doubt provided Ms. Lee with valuable feedback about these policies and procedures. █████ may even have made the first suggestions about some of these policies. The Panel was concerned, however, about the representations on the Submitted PERC about policies that were in place before the Applicant joined the Law Firm. Furthermore, the Panel found that the Applicant was not responsible for ensuring compliance with Law Society requirements or developing the Firm's use of multiple banks, the document filing procedures or the policies to prevent fraud by verifying "true funds". The Panel accepted the evidence of Mr. Rothman that he was responsible for the overall management of the Law Firm and was the person who developed and implementation of these policies. Overall, the Panel found that the Applicant's description of █████ involvement in these policies and procedures crossed the line from exaggeration to misleading.

[115] In conclusion, read as a whole, the Panel found that found that the Submitted PERC contained a deliberately misleading account of the work experience that the Applicant acquired in █████ two years working at the Law Firm.

Conclusion

[116] The Panel concluded that the Applicant submitted misleading information to CPA Ontario when [REDACTED] filed the Submitted PERC, and therefore the Registrar shall not admit [REDACTED] to membership to CPA Ontario.

Dated at Toronto, Ontario this 16th day of December, 2020



Bernard S. Schwartz, FCPA, FCA  
Admission and Registration Committee – Panel Chair

Members of the Panel

Margot Howard, Public Representative  
Arthur Stern, FCPA, FCA

Independent Legal Counsel

Susan J. Heakes