

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

DISCIPLINE COMMITTEE

IN THE MATTER OF: Allegations against **Ismail Ebrahim, CPA, CA**, a member of the Chartered Professional Accountants of Ontario, under **Rules 201.1, 205 and 206.1** of the CPA Ontario Code of Professional Conduct

BETWEEN:

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

-and-

Ismail Ebrahim

APPEARANCES:

For the Professional Conduct Committee: Paul Farley, Counsel

For Mr. Ebrahim: Self-represented

Heard: June 6, 2022

Decision and Order effective: June 6, 2022

Release of written reasons: June 14, 2022

REASONS FOR THE DECISION AND ORDER MADE JUNE 6, 2022

I. OVERVIEW

- [1] The Allegations against Ismail Ebrahim (“Ebrahim”) are three-fold. First, it is alleged and agreed that Ebrahim failed to maintain the good reputation of the profession because, having provided an undertaking to the Professional Conduct Committee (“PCC”) to not accept or perform assurance engagements (in order to obtain amendments to the terms of a Settlement Agreement) he accepted and performed the engagement to audit the financial statements of “XYZ” Health Team. Second, it is alleged and agreed that Ebrahim falsely confirmed to Practice Inspection that his practice had no audit or review engagements during the very period he was engaged to audit, and did audit, the financial statements of “XYZ”

Health Team. Third, having accepted the engagement to audit the financial statements of “XYZ” Health Team, in spite of his undertaking to do no assurance work, Ebrahim failed to perform his professional services in accordance with generally accepted standards of practice of the profession.

II. PRELIMINARY ISSUES

- [2] There were no preliminary issues.

III. THE COMPLAINT AND THE ALLEGATIONS

- [3] The formal Allegations of the PCC against Ebrahim appear in Schedule A to these Reasons. The parties proceeded by way of Agreed Statement of Fact dated May 16, 2022 (“ASF”). Rule 19.04 of the CPA Ontario Rules of Practice and Procedure (“the Rules”) allows this Panel to rely on the ASF without any further proof of the facts alleged therein, and we have done so. The parties also submitted a joint tabbed document brief on consent. We find the documents therein to be relevant, reliable, and admissible under Rules 19.01 and 19.12 of the Rules. All document numbers in these Reasons are references to the document numbers in that brief. The ASF is Exhibit “1”, the Document Brief in support of the ASF is Exhibit “2”. The Standards Brief to the ASF is Exhibit “3”. The PCC’s Costs Outline is Exhibit “4”.

(a) The First Allegation

- [4] The first Allegation is that Ebrahim, having provided a signed undertaking to the PCC not to accept or perform any assurance engagements, accepted the engagement to audit the financial statements of “XYZ” Health team and issued an auditor's report contrary to Rule 201.1 of the CPA Ontario Code of Professional Conduct (“the Code”).
- [5] On April 19, 2021, the CPA Ontario’s Director, Practice Inspection received an e-mail providing financial statements for an audit engagement that appears to have been performed by the firm of Arthur Gelgoot & Associate, Chartered Accountant, dated June 10, 2020. Based on the information available in the CPA Ontario membership database, it appeared that Ebrahim was the only licensed accountant at that firm at that time. As a result, the CPA Ontario’s Director, Practice Inspection referred the matter to CPA Ontario’s Director of Standards Enforcement (Doc 1). The facts, as agreed, are as follows.
- [6] On November 30, 2011, Ebrahim entered into a Settlement Agreement with the PCC (Doc 2) with respect to allegations that he had failed to perform his

professional service in accordance with generally accepted standards of practice of the profession with respect to one audit and three review engagements. The Settlement Agreement, which was accepted by the Discipline Committee on January 19, 2012, contained terms of settlement which included a fine, the taking of professional development courses, a requirement to enter into a supervision agreement, a re-investigation of Ebrahim's practice by the PCC after 18 months, and publicity.

- [7] On April 17, 2012, Ebrahim signed an undertaking that he “...*will not accept or perform any assurance engagements in the future.*” (Doc 3)
- [8] On October 26, 2017, Ebrahim signed an affidavit attesting that he had complied with his undertaking given on April 17, 2012, and that he maintained his Public Accounting Licence (“PAL”) solely for advertising and marketing purposes (Doc 5). He swore that he did not intend to renew his licence. Notwithstanding his stated intention, Ebrahim applied to renew his PAL on September 23, 2020 (Doc 7). His PAL was discontinued at his request on June 16, 2021. (Doc 8)
- [9] On October 26, 2017, the PCC wrote to the Discipline Committee and asked the Discipline Committee to amend the Settlement Agreement that had previously been signed by Ebrahim so that paragraphs 59 (b), (c), and (d) would be of no force and effect. This request was based on the undertaking and the affidavit provided by Ebrahim. (Doc 4, p. 24)
- [10] The Settlement Agreement paragraph 59 (b) required professional development. Paragraph 59 (c) required Ebrahim to enter into a supervision agreement and paragraph 59 (d) required a reinvestigation of Ebrahim's practice after 18 months (Doc 2, p. 19). If Ebrahim was not performing assurance work these provisions of the Settlement Agreement would not be necessary to ensure the protection of the public.
- [11] On November 16, 2017, the Discipline Committee accepted Ebrahim's undertaking not to accept or perform assurance engagements, and based on that undertaking, ordered that the provisions of 59 (b), (c) and (d) of the Settlement Agreement were “... *no longer in force.*” (Doc 6)
- [12] Notwithstanding the undertaking given by Ebrahim, and the accommodations by the PCC and the Discipline Committee with respect to amending the Settlement Agreement, Ebrahim breached his undertaking and accepted the engagement to audit the financial statements of “XYZ” Health Team for the year ended March 31, 2020. The engagement letter is dated June 11, 2020. (Doc 18)
- [13] Ebrahim further breached his undertaking by carrying out the audit and signing and issuing an auditor's report dated June 10, 2020, attached to the financial statements of “XYZ” Health Team for the year ended March 31, 2020. (Doc 17)

- [14] Ebrahim agrees that in breaching his undertaking not to accept or perform assurance engagements, which undertaking was relied upon by the PCC and the Discipline Committee in changing the terms of the Settlement Agreement he had signed, he failed to maintain the good reputation of the profession and its ability to serve the public interest, contrary to Rule 201.1 of the Code.

(b) The Second Allegation

- [15] The second Allegation is that Ebrahim signed or associated himself with a letter, report, statement, or representation which he knew or should have known was false or misleading. The representation at issue is contained in the Planning Questionnaires he provided to CPA Ontario Practice Inspection confirming that his practice includes no audit or review engagements. This was false, as his practice included the audit of the financial statements of “XYZ” Health Team for the year ended March 31, 2020.
- [16] The particulars of this Allegation were brought to the attention of the PCC by way of the same memo from the Director of Practice Inspection dated April 20, 2021, referenced above, where he noted (Doc 1, pp. 2-3):
- A. On September 9, 2020, Mr. Ebrahim completed the Practice Profile Questionnaire (PPQ) as part of the Annual Practitioner Due submission, declaring that the practice included only "*100+ compilation engagements*". The PPQ includes a declaration from the member that the information provided is accurate and complete.
 - B. On March 5, 2021, Mr. Ebrahim, as the Practice Inspection Contact for the firm Arthur Gelgoot & Associate, Chartered Accountant, declared that the practice includes only compilation engagements and provided a client listing on that basis. The Planning Questionnaire submission also includes a declaration from the member that the information provided is accurate and complete.
 - C. On April 19, 2021, the Director of Practice Inspection received an e-mail providing financial statements for an audit engagement that appears to have been performed by the firm of Arthur Gelgoot & Associate, Chartered Accountant, dated June 10, 2020. Based on the information available in the CPA Ontario membership database, it appears that Mr. Ebrahim is the only licensed accountant at the firm.
- [17] Prior to the Director of Practice Inspection writing to the PCC, Ebrahim was selected for practice inspection. He was provided with a Practice Inspection Guide for Exemption and Type of Practice (Doc 9) and a Practice Profile Questionnaire Walkthrough Guide (Doc 10). The Walkthrough Guide makes clear that the

information requested on the PPQ refers to the “...12-month period ending July 1 of this year”. (Doc 10, p. 39)

- [18] It is agreed that the period covered, with respect to Ebrahim's filings with Practice Inspection described below, is July 1, 2019, through July 1, 2020.
- [19] On September 9, 2020, Ebrahim completed and filed with Practice Inspection the Practice Profile Questionnaire for Annual Practitioner where he confirmed he had "0 audit - ASPE", "0 Audit Engagements - Reporting Issuers", "0 Audit Engagements - not for profit". (Doc 11)
- [20] This statement by Ebrahim that he had done no audits is untrue. Ebrahim had accepted and performed the audit of “XYZ” Health Team during the period July 1, 2019, through July 1, 2020.
- [21] The PPQ has been cross-referenced to the Walkthrough Guide to assist the Discipline Committee. (Doc 12)
- [22] Also in September 2020, Ebrahim completed and filed with Practice Inspection a Planning Questionnaire where he confirmed that he had no audit or review partners, one NTR partner and no audit or review clients and no chargeable audit hours (Doc 13). He listed ten compilation engagements. This statement is also untrue as Ebrahim had accepted and performed the audit of “XYZ” Health Team during this period of time.
- [23] On March 5, 2021, Ebrahim falsely certified that his practice includes only compilation engagements when he retained as a client “XYZ” Health Team as an audit client. He provided a client listing on that basis. (Doc 14, p. 51)
- [24] On July 5, 2021, and July 26, 2021, Ebrahim wrote to Standards Enforcement and acknowledged that he had “...contravened the undertaking dated April 17, 2012...” (Doc 15, p. 53) and that he had “...performed audit procedures prior to the issue of the report...”. (Doc 16, p. 55)
- [25] Ebrahim and the PCC agree that the CPA Ontario Practice Inspection forms and questionnaires that he submitted confirming that his practice includes no audit or review engagements were false since his practice, during the relevant period of time, included the audit of the financial statements of "XYZ" Health Team for the year ended March 31, 2020.
- [26] Ebrahim and the PCC agree that, in or about the period September 1, 2020, through March 31, 2021, he signed or associated himself with a letter, report, statement or representation to Practice Inspection which he knew was false, contrary to Rule 205 of the Code.

(c) The Third Allegation

- [27] The third Allegation is that for the month of June, 2020, more or less, while engaged to perform the audit of the financial statements for "XYZ" Health Team for the year ended March 31, 2020, Ebrahim failed to perform his professional services in accordance with generally accepted standards of practice of the profession. The following facts appear in the ASF.
- [28] On or about June 1, 2020, a senior member of the Board of Directors of "XYZ" Health Team, who was a compilation client of Ebrahim, approached Ebrahim and asked him to audit the financial statements of "XYZ" Health Team, in order to continue funding from the Ministry of Health and Long-Term Care. "XYZ" Health Team is a not-for-profit organization that is funded by the Ontario Ministry of Health and Long-Term Care.
- [29] Notwithstanding his undertaking given to the PCC not to accept any assurance engagement, Ebrahim accepted the audit engagement, carried out the audit, signed the audit report and, on June 10, 2020, released the financial statements. (Doc 17)
- [30] In accepting the audit engagement and carrying out this audit it is agreed that Ebrahim failed to comply with generally accepted standards of practice as outlined in the particulars to Allegation 3. The relevant working papers provided by Ebrahim are found at (Docs 18-40) in the Document Brief.
- [31] There is no need to go through the ASF chapter and verse with respect to the particulars of this Allegation, as admitted by Ebrahim. There is a litany of egregious failures to follow standard audit procedures from start to finish. The facts to support Ebrahim's admission "*...while engaged to perform the audit of the financial statements for "XYZ" Health team for the year ended March 31, 2020, Ebrahim failed to perform his professional services in accordance with generally accepted standards of practice of the profession, contrary to Rule 206.1 of the CPA Ontario Code of Professional Conduct*" are overwhelming.

IV. ISSUES

- [32] The Panel identified the following issues arising from the Allegations:
- A. Did the evidence establish, on a balance of probabilities, the facts on which the Allegations by the PCC were based?
 - B. If the facts alleged by the PCC were established on the evidence on a balance of probabilities, did the Allegations constitute professional misconduct?

V. DECISION

- [33] The PCC has established the facts as alleged, and those facts constitute professional misconduct for each of the three Allegations.

VI. REASONS FOR THE DECISION ON MISCONDUCT

Findings Regarding the Conduct of Mr. Ebrahim

- [34] Ebrahim represented to his regulator that he would not perform any more assurance engagements. He then decided because of the need of a particular client, “XYZ” Health Team, that its need for a “*clean*” audit opinion outweighed the need of the public funding authority to a properly performed audit and an audit opinion in accordance with CPA Ontario standards, and the need of the profession to maintain its reputation for competency, objectivity and independence. Ebrahim improperly provided his client with a “*clean*” opinion based on woefully inadequate evidence. Ebrahim then misrepresented the facts to his regulator when he filed his Practice Profile and Planning Questionnaire’s with the Practice Inspection department.

Finding of Professional Misconduct

- [35] Ebrahim was in no position to give anyone an audit assurance, and yet he did so in breach of his undertaking. When he did so, the audit evidence was woefully inadequate even though Ebrahim knew a public authority was advancing money to his client on the strength of his assurance. Then he lied about it to his governing body. This is professional misconduct of the most egregious kind.

VII. DECISION AS TO SANCTION

- [36] After considering the submissions of the PCC and of Ebrahim, the Panel accepted the submissions of the PCC and concluded that the appropriate sanction was a written reprimand from the Chair, a fine of \$15,000 payable by July 6, 2023, the revocation of membership, a notice of the revocation to all members, other provincial accounting bodies, and the public, the latter to be published in *The Globe and Mail* at Ebrahim’s expense, and Ebrahim to pay partial indemnity costs of the amount of \$24,588 payable by the end of this year. We did not order a surrender of Ebrahim’s certificate of membership for the reasons set forth below.

VIII. REASONS FOR THE DECISION ON SANCTION

- [37] Ebrahim obtained his CA in South Africa and became a member of ICAO (the predecessor of the CPA Ontario) in 1992.
- [38] From 1988 to 2006 he was an employee for various public accounting firms. In 2006, Ebrahim joined Arthur Gelgoot & Associates as a partner. Upon the dissolution of the partnership, on February 1, 2010, Ebrahim commenced his sole practitioner practice under the name of Arthur Gelgoot & Associate, Toronto.
- [39] Ebrahim originally came to the attention of the PCC as a referral from the Practice Inspection Committee following an initial inspection and a re-inspection, leading to the Settlement Agreement of November 30, 2011. That Agreement contains several allegations of malpractice in relation to the audit or review of financial statements of three companies for the 2008 and 2009 period. (Doc 2)
- [40] Ebrahim employs two associates who are CPAs as well as technicians and bookkeeping staff who are not members.
- [41] Ebrahim's practice generally consists of compilation engagements and personal income tax work. His professional fee revenue for the year ended September 30, 2021, was approximately \$500,000. Fees are equally split between compilation engagements and personal income tax engagements. He has not met the CPA Ontario continuing education requirements since 2019.
- [42] Ebrahim is in the process of selling his practice and retiring.
- [43] Significantly, Ebrahim gave both an undertaking not to perform assurance services on April 17, 2012 (Doc 3), and swore an affidavit on October 26, 2017, confirming that his public license was only for marketing purposes, and would not be renewed as he would no longer be performing assurance engagements (Doc 5, para. 6). An undertaking is commonly defined as a legally binding promise given by one party to a court, tribunal or another person that carries with it serious consequences if breached. Undertakings are often given as a substitute for a court order. An affidavit is a solemn sworn or affirmed statement of fact. Ebrahim's responses to practice questionnaires from CPA Ontario consistently represented that he did not provide assurance engagements, and it was only through a third-party providing CPA Ontario with his audit report of the "XYZ" Health team that his audit activities came to light.
- [44] When challenged, Ebrahim states on July 5, 2021 that "*he felt that no false information was given to the Director*" and that although he admitted he breached his undertaking of April 17, 2012 he intended to "*alleviate*" this requirement (Doc 15). On July 26, 2021, Ebrahim goes on to say that the client needed audited financial statements to continue public funding, and so he proceeded to issue an

audited financial statement. Given the exigencies of the situation, and given the “catastrophic” consequences that would ensue, Ebrahim refused to withdraw his “clean” audit opinion. (Doc 16)

- [45] We identify five factors relevant to determination of the appropriate penalty, namely public protection, maintaining the reputation and integrity of the profession and public confidence in CPA Ontario's ability to regulate the profession in the public interest, specific deterrence of the member, general deterrence of the profession and opportunity for rehabilitation of the member. Section 5 of the Chartered Professional Accountants of Ontario Act, 2017,¹ reminds us that as a self-regulating profession, this Panel has its principal duty to govern the profession in the public interest. Protection of the public and protection of the **reputation** of the **profession** are paramount considerations in determining the appropriateness of penalty in all disciplinary matters.
- [46] We want to remind Ebrahim and other members of our profession that the maintenance of public confidence in the integrity and reputation of the CPA Ontario, and in its capacity for effective **self-governance** is a paramount consideration in this case. In *Adams v. Law Society of Alberta*, the Alberta Court of Appeal highlights the fact that “...with the monopolistic right of self-regulation, the College bears an extraordinary responsibility. The government and the public properly expect that the College will fulfill its role in self-regulation including having due regard for the public confidence in how it goes about doing so”.² The sanction must “adequately address the issues of maintenance of public confidence in the integrity and reputation of the accounting profession, and in effective **self-governance** in the public interest”.³
- [47] In *Re Bronstein*,⁴ the complaint was that the member breached an undertaking to the Law Society by failing to release custody and control of client files, failing to cooperate with the staff Trustee in winding up her practice, and practiced law after a specific date set out in the undertaking. The disciplinary panel found that “*Deliberate breaches of an undertaking to the Law Society, involving a lack of cooperation with the professional governing body and the unauthorized practice of law, cannot be tolerated if the Law Society is to regulate its members in the public interest.*” In that case, the member was disbarred. Ebrahim agreed to his membership being revoked, and we agree.

- [48] Performing an assurance engagement requires a PAL. During this process, an

¹ S.O. 2017, c. 8, Sched. 3

² (2000), 11 W.W.R. 280, at page 3

³ *Minnes (Re)*, 2015 ONCPSD 3

⁴ *Bronstein (Re)*, 1994 CanLII 326 (ON LST) followed, *Law Society of Alberta v Broda*, 2010 ABLS 36 (CanLII)

auditor assesses a client's financial statements against suitable criteria against sufficient and appropriate audit evidence, and provides an independent, unbiased opinion about the truthfulness and fairness of the financial statements, including whether the financial statements are free from any material misstatements. That opinion is relied upon by third parties in dealing with the audit client. By avoiding the requirements of the Settlement Agreement by repeatedly misleading CPA Ontario, and surreptitiously providing an audit assurance in the circumstances of this case, Ebrahim has proven himself perfidious and ungovernable.

- [49] Ebrahim flagrantly disregarded the standards of the profession, and his deceitful interaction with CPA Ontario go well beyond the threshold of behavior that mandates the revocation of membership. As we noted in *Re Sweeney*⁵, we cannot continue to embrace as one of our own someone who is so disrespectful regarding professional standards that serve to protect the public and the public interest. Ebrahim engaged in a pattern of conduct which showed a wanton disregard for the standards of his profession, the rules of conduct and his obligations to his regulator. His failure to withdraw his “*clean*” audit opinion in the face of his own admission that the audit work conducted was woefully inadequate to support that opinion proves that Ebrahim is unworthy of his membership in CPA Ontario.
- [50] Regulation 6-2, paragraph 48 provides that Notice of the revocation of membership of a Member [...] including the name of the subject of the restriction, suspension, or revocation shall be given in a newspaper distributed in the geographic area where the subject practised, if applicable, and in any other area ordered by the Panel, and, unless otherwise ordered by the Panel, the subject shall pay CPA Ontario the cost of the publication. We so order.
- [51] Ebrahim's failure to follow professional standards leading to the Settlement Agreement, his finessing of the requirement that he take additional training, obtain supervision, and undergo further inspections, all suggest that the fine asked for in this case was modest in the circumstances. Ebrahim sensibly took no issue with the fact that a fine was warranted, and the amount of the fine proposed. We so order.
- [52] Upon admission as a member of CPA Ontario, Ebrahim was entitled to receive one (1) certificate certifying that membership. That membership certificate is the property of CPA Ontario, and shall be immediately destroyed or returned to the Registrar on revocation, upon request of the Registrar.⁶ For that reason we did not order the surrender of Ebrahim's membership certificate.

⁵ [*Sweeney \(Re\)*, 2019 LNICAO 10](#)

⁶ CPA Ontario Regulation 7-1, s. 37, 38

IX. COSTS

- [53] Ebrahim's only issue was with the amount of costs awarded. Costs are awarded at the discretion of the Discipline Committee. Pursuant to paragraph 40 of Regulation 6-2, this Panel may require Ebrahim to pay all or part of the costs of the investigation and the hearing.
- [54] It has become customary for the PCC to file a Costs Outline in the same form as used in civil proceedings, and to seek 2/3 of the costs incurred in the investigation and prosecution of the matter.
- [55] The PCC Costs Outline is found at Exhibit "4". Ebrahim gave us no reason to stray from the 2/3 award of partial indemnity costs.

Dated this 14th day of June, 2022

A handwritten signature in black ink that reads "David Debenham". The signature is written in a cursive, flowing style.

David Debenham, FCPA, FCMA, LLB
Discipline Committee – Deputy Chair

Members of the Panel

Mark Feldstein, CPA, CA, LPA
Gary Katz, FCPA, FCA
Marianne Park, Public Representative

Independent Legal Counsel

Lisa Freeman, Barrister & Solicitor