

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

*CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017*

**TO:** Mr. Sanjiv K. Gupta, CPA, CGA

**AND TO:** The Discipline Committee of CPA Ontario

The Professional Conduct Committee of CPA Ontario hereby makes the following Allegations of professional misconduct against Sanjiv K. Gupta, CPA, CGA, a member of CPA Ontario:

1. THAT the said Sanjiv K. Gupta, in or about the period of March 1, 2019 to November 30, 2019, issued a review engagement report for the financial statements of 241 Inc. for the year ended March 31, 2019 without a valid Public Accounting Licence, contrary to ss. 2(1)1 and 3 of the *Public Accounting Act, 2004* S.O. 2004, c.8. and Rule 101.1 (b) of the CPA Ontario Code of Professional Conduct (Code).
2. THAT the said Sanjiv K. Gupta, in or about the period of August 2019 through February 2020, while engaged to provide professional services to KZ and 241 Inc., he failed to act with courtesy, respect and in a manner which will maintain the good reputation of the profession and serve the public interest, contrary to Rule 201.1 of the Code, in that:
  - a) He chose to represent the interests of both KZ and 241 Inc., as seller, and a purchaser in a business sale;
  - b) He misled KZ regarding the identity of the purchaser/s in a business sale;
  - c) He prepared, or caused to be prepared, false or misleading transaction documents and financial statements to obtain over \$1,000,000 in financing for his direct benefit;
  - d) He induced KZ to back date transaction documents;
  - e) He induced KZ to accept false contractual terms that obscured the value of a business trade; and
  - f) He induced KZ to approve misstated financial statements of 241 Inc.
3. THAT the said Sanjiv K. Gupta, in or about the period of August 2019 through February 2020, while engaged to provide provided professional services to KZ and 241 Inc. failed to perform those services with integrity and due care and allowed his professional judgment to be compromised by bias, conflict of interest or the undue influence of others contrary to

Rule 202 of the Code, in that he repeatedly prepared or caused to be prepared error filled transaction documents relied on by KZ, 241 Inc. and related third parties while concealing his personal interest in the transaction.

4. THAT the said Sanjiv K. Gupta, in or about the period of March 31, 2018 to December 31, 2023, while engaged to provide professional services to KZ and 241 Inc. in preparing a review of the financial statements of 241 Inc. for the year ended March 31, 2019, signed or associated himself with statements and representations that he knew or should have known were false or misleading contrary to Rule 205 of the Code, in that:
  - a) He altered the account balances of 241 Inc's March 31, 2019, financial statements, including the 2018 comparative balances thereby:
    - i. Overstating 2018 revenue, cost of sales, expenses and amounts due to shareholders;
    - ii. Understating 2018 net Income and retained earnings;
    - iii. Overstating 2019 revenue, cost of sales, expenses, capital assets, due to shareholder and net income; and
    - iv. Understating 2019 retained earnings.
  - b) He misrepresented capital asset additions on the March 31, 2021, and March 31, 2022, tax returns for 241 Inc. in excess of \$ 350,000. and
  - c) He provided 241 Inc.'s lender and business appraiser with inflated projected financial information for the years ended March 31, 2021, 2022 and 2023.
5. THAT the said Sanjiv K. Gupta, in or about the period of August 2019 through February 2020 while engaged to provide professional services to KZ and 241 Inc., failed to determine, in relation to a business sale, prior to continuing to provide professional services whether a conflict of interest existed contrary to Rule 210 of the Code, in that:
  - a) He continued to provide professional services to RZ and 241 Inc. where there was a conflict of interest between him and two or more clients;
  - b) He failed to appropriately assess and document whether a conflict of interest existed;
  - c) He failed to appropriately explain a potential conflict of interest or any possible mitigation strategy to two or more clients; and
  - d) He failed to obtain KZ and 241 Inc's consent to continue his representation despite a conflict of interest.

6. THAT the said Sanjiv K. Gupta, in or about the period August 8, 2023, to December 31, 2023, failed to co-operate with the regulatory processes of CPA Ontario, contrary to Rule 104 the Code, in that:
- a) He attempted to mislead the PCC's investigators regarding the issuance of a review engagement report of the financial statements of 241 Inc. for the year ended March 31, 2019; and
  - b) He failed to provide or attempted to alter documents requested by the PCC's investigators.

Dated at Toronto, Ontario this 19<sup>th</sup> day of February 2024.



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Sean G. Westerhof CPA, CA – VICE CHAIR  
PROFESSIONAL CONDUCT COMMITTEE