

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

DISCIPLINE COMMITTEE

IN THE MATTER OF: Allegations against **SYED A. A. SHAH, CPA, CGA**, under **Rules 101 and 208.3** of the CPA Code of Professional Conduct.

BETWEEN:

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

-and-

Syed A. A. Shah

APPEARANCES:

For the Professional Conduct Committee: Jonathan Smith, Counsel

For Syed A. A. Shah: Present
Ayoun Haroon, Counsel

Heard: October 24, 2024

Decision and Order effective: November 6, 2024

Release of written reasons: December 16, 2024

REASONS FOR THE DECISION AND ORDER MADE NOVEMBER 6, 2024

I. OVERVIEW

- [1] The Professional Conduct Committee (PCC) of the Chartered Professional Accountants of Ontario (CPA Ontario) made Allegations that Syed Shah (the Member) failed to protect the confidential information of his clients and former clients, and that he provided accounting services to the public through entities not registered with CPA Ontario.
- [2] The Member executed an Agreed Statement of Facts (ASF) in which he admitted the Allegations. The PCC and the Member made a joint submission on sanction and costs, which was accepted by the Panel.

II. BACKGROUND AND THE COMPLAINT

- [3] The Member began his accounting career in 2009 as a junior bookkeeper at RDCA while he was a student at Humber College. In 2012, while still working at RDCA, the Member

began a small accounting practice, under his name. He became a CGA in 2017 and a CPA, CGA in 2018.

- [4] In 2020, the Member began working in partnership with Ali Raza Chaudhary, CPA, CGA (Chaudhary) operating as S&C Professional Consultants (S&C). In 2022, S&C was changed to Shah & Chaudhary Professional Corporation (Shah & Chaudhary) to comply with CPA Ontario's firm registration guidelines. Shah & Chaudhary operates as SSARC LLP.
- [5] The Member retained certain templates from his employment at RDCA and modified them for use at Shah & Chaudhary.
- [6] In February 2021, the Member and Chaudhary acquired the firm Sheppard & Associates Ltd. (Sheppard).
- [7] In 2021, the Member created a firm called Avotax Inc. (Avotax) as an entity to provide cloud bookkeeping and accounting services.
- [8] In February 2022, the Member and Chaudhary acquired another firm, 3070123 Canada Inc., operating as Ashton Tax (Ashton).
- [9] On August 3, 2022, a forensic investigator at the Bank of Montreal (BMO) submitted a complaint to CPA Ontario regarding loan applications containing allegedly fraudulent financial statements from companies that were owned by clients of the Member. It was alleged that the Member was the creator of the documents.

III. THE ALLEGATIONS

- [10] On October 8, 2024, the PCC made amended Allegations against the Member, which did not allege that the Member was the creator of the documents. The amended Allegations were that, from January 2021 to May 2022, the Member failed to take appropriate measures to maintain and protect confidential information of his clients and former clients and to ensure that access to such information was limited to those with a legitimate purpose to access the information, contrary to Rule 208.3 of the CPA Code of Professional Conduct (Code). It was specifically alleged that the Member did not maintain basic security and password protocols for computers and smartphones that were readily accessible at his firm.
- [11] It was also alleged that the Member, from November 2018 to September 2023, while providing accounting services to the public, contravened the provisions of the CPA Ontario Bylaws and Regulations contrary to Rule 101 of the Code, in that he provided accounting services to the public through entities not registered with CPA Ontario.

IV. ISSUES

- [12] 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 these facts were established on the evidence on a balance of probabilities, did these

facts as alleged constitute professional misconduct?

V. DECISION

- [13] The Panel found that the evidence established, on a balance of probabilities, the facts on which the Allegations by the PCC were based.
- [14] The Panel was satisfied that the facts alleged constituted breaches of Rule 208.3 and Rule 101 of the Code, and having breached these Rules, the Member had committed professional misconduct.

VI. REASONS FOR THE DECISION ON MISCONDUCT

Findings Regarding the Conduct of the Member

- [15] The Panel admitted the ASF as Exhibit 1, and the Joint Document Brief as Exhibit 2. The following section summarizes the facts agreed by the Member in the ASF as they relate to each Allegation.

Allegation 1 – Failure to Protect Confidentiality of Client Information

- [16] Rule 208.3 of the Code provides that a member or firm shall:
- (a) take appropriate measures to maintain and protect confidential information of any client, former client, employer or former employer, and to ensure that access to such information by another person is limited to those with a legitimate purpose for accessing the information; and
 - (b) obtain the written agreement of any such person to carefully and faithfully preserve the confidentiality of any such information and not to make use of such information other than as shall be required in the performance of appropriate professional services.
- [17] The Guidance to Rule 208 of the Code confirms that the duty of confidentiality includes establishing, maintaining and upholding appropriate policies and processes to protect confidential information, including limiting access to the information and implementing appropriate measures to address a situation when the duty of confidentiality has been breached.
- [18] During the period of January 2021 to May 2022, the office space of Shah & Chaudhary (the Office) was used by the Member, Chaudhary and their staff, as well as other individuals with whom they shared the space. Administrative staff were also shared between Shah & Chaudhary and the individuals sharing the Office.
- [19] The Office had eight to ten desktop computers, all of which contained all client files for Shah & Chaudhary, including confidential financial information. These computers were accessible to all staff of Shah & Chaudhary and to anyone else sharing the Office. Each person was provided a separate username to access the computers, but the same password was used for all users.
- [20] Any person logging into the computers would have complete access to the client files, and to the Shah & Chaudhary templates that the Member had retained from his employment

at RDCA and had subsequently modified. The Member had also provided the templates to other accountants for their own use.

- [21] The Member admitted that there were no computer security measures or protections other than the universal password. The Member admitted that there were no additional passwords or other security measures with respect to the templates or client files.
- [22] The Member also had a smartphone at the office that could be accessed by other staff. The smartphone had client contact information and was used to communicate with clients by text message or phone, and did not have adequate security measures.

Financial Statements of 1022 Inc.

- [23] Financial statements for 1022 Inc. for the years ending December 31, 2020 and December 31, 2021 were emailed to BMO in December 2021 and February 2022 respectively. Information in these financial statements had been falsified. The Member is not alleged to have emailed the financial statements to BMO or to have prepared the financial statements or the Notice to Reader (NTR).
- [24] The NTR for the 2020 and 2021 year ends of 1022 Inc. were each purportedly signed by a CPA Ontario member who denied signing the NTR, preparing the financial statements, having any knowledge of the financial statements, or having any connection to the Member or his related businesses.
- [25] The December 2021 email to BMO attaching the 2020 financial statements of 1022 Inc. appeared to come from an email address associated with a subcontractor that the Member had hired to work at Shah & Chaudhary. The template used for these financial statements was the Member's template, and the metadata showed the subcontractor as the author.
- [26] The February 2022 email to BMO attaching the 2021 financial statements of 1022 Inc. was sent from the email of an administrator who worked at Avotax at the time. The template used for these financial statements was the Member's template, and the metadata showed the author as a CPA who worked at Shah & Chaudhary, but who was still in training in 2022 and who did not prepare the financial statements for 1022 Inc. or know the owner of the company.

Financial Statements of CTI

- [27] Financial statements for CTI for the year ended December 31, 2020 were emailed to BMO in December 2021. The financial statements were falsified. The Member is not alleged to have emailed the financial statements to BMO or prepared the financial statements or the NTR.
- [28] The NTR was purportedly signed by a CPA Ontario member who had no knowledge or information about how he came to appear on the NTR, did not prepare the financial statements for CTI or have any knowledge of them, and had no involvement with the Member or any of his related businesses.
- [29] The email address used to send the CTI financial statements to BMO was the same email address used to send the 2020 financial statements for 1022 Inc. to BMO.

- [30] The Member's template was used to prepare the financial statements for CTI, and the metadata showed the author as the same subcontractor identified by the metadata as the author of the 2020 financial statements of 1022 Inc.

Financial Statements of PCI

- [31] On February 16, 2022, an email was sent from PCI's owner to BMO, which attached PCI's 2020 financial statements. The NTR for the PCI financial statements was purportedly signed by a member of CPA Ontario, who in fact did not prepare the financial statements or NTR, had no knowledge or information about how she came to appear on the NTR, and had no involvement with the Member or any of his related businesses.
- [32] The financial statements were prepared from the Member's template. The metadata identified the author as the same CPA identified as the author for the financial statements of 1022 Inc., who in fact did not prepare the financial statements for PCI and did not know why his name appeared as the author.

Admission and Finding on Allegation 1

- [33] The Member admitted that he failed to take appropriate measures to maintain and protect confidential information of his clients and former clients and to ensure that access to such information was limited to those with a legitimate purpose to access the information, in breach of Rule 208.3 of the Code.
- [34] The Panel found that the ASF provided clear and cogent evidence that the facts upon which the Allegation was based were proven on a balance of probabilities.

Allegation 2 – Providing Accounting Services to the Public through Entities Not Registered with CPA Ontario

- [35] Rule 101 of the Code provides that all Members shall comply with the CPA Code and with the legislation, bylaws, and regulations of CPA Ontario.
- [36] Regulation 10-1 provides that Members who engage in the practice of public accounting or provide accounting services to the public must only do so through firms registered with CPA Ontario. Section 13 of Regulation 10-1 prohibits firm names that are, among other things, misleading. Section 15 of Regulation 10-1 prohibits firms or members of a firm from providing accounting services to the public or holding themselves out in any name other than the approved firm name.
- [37] The CPA Ontario By-law, section 10.1 provides that no member or student shall provide accounting services to the public except through a firm that is registered with CPA Ontario, and that no firm shall carry on any practice or business permitted by law without a Registration Certificate in good standing.
- [38] In December 2021, the Member attempted to register Sheppard (acquired in February 2021) with CPA Ontario. The Firms and Licensing Specialist with CPA Ontario advised the Member that in order to use the "Sheppard" name, that individual would need to be a member of the firm.

- [39] As of September 2023, the LinkedIn profile for the Member identified himself as the president of Sheppard. His LinkedIn profile indicated his work experience as:
- President of Ashton Tax since February 2022
 - President of Sheppard & Associates since February 2021
 - President of Shah & Chaudhary Professional Corporation since March 2020.
- [40] The Member has also been operating Shah & Chaudhary as SSARC LLP.
- [41] Of the Member's companies and firms, the following were not registered with CPA Ontario: Shah Professional Consultants Inc; S&C Professional Consultants; Sheppard & Associates Ltd.; 3070123 Canada Inc. o/a Ashton Tax; Avotax Inc.; and SSARC LLP. Only Shah & Chaudhary Professional Corporation, and Charles Ghadban Accounting Professional Corporation (acquired at the end of 2022) were registered with CPA Ontario.
- [42] The Member admitted that he provided accounting services to the public through entities that were not registered with CPA Ontario, in contravention of provisions of the CPA Ontario By-laws and Regulations, in breach of Rule 101 of the Code.
- [43] The Panel found that the ASF provided clear and cogent evidence that the facts upon which the Allegation was based were proven on a balance of probabilities.

Finding of Professional Misconduct

- [44] Through the ASF the Member admitted that these facts constituted professional misconduct.
- [45] The Panel concluded that Allegations 1 and 2, having been proven on the evidence, constituted breaches of Rule 208.3 and Rule 101 of the Code and constituted professional misconduct.

VII. DECISION AS TO SANCTION

- [46] After considering the evidence, the law, and the joint submission of both parties, the Panel ordered that the Member be fined \$30,000 payable in 18 months, and that he complete the following professional development courses (or their successor courses) within one year:
- (1) Ethics and Technology;
 - (2) Ethics at Our Core;
 - (3) Cybersecurity in the Workplace;
 - (4) Mastering Your Ethical Intelligence; and
 - (5) AI and Ethics for Accountants.
- [47] The Panel ordered that notice of the Decision and Order would be given to the membership, to all provincial bodies, and would be made available to the public.

- [48] As is elaborated below, subsequent to the issuance of the Decision and Order dated October 24, 2024, the Tribunals Office was advised by the parties that they had intended that an additional term be included in the Decision and Order. After reconvening to deliberate on the matter, the Panel amended the Decision and Order to include the following provision:

In the event Syed A. A. Shah fails to comply with the terms of this Order, his membership in CPA Ontario shall be suspended until such time as he does comply, provided that he complies within 30 days of the date of his suspension. In the event he does not comply within the 30-day period, his membership in CPA Ontario shall be revoked and notice of the revocation of his membership, disclosing his name, shall be given in the manner specified above, and in a newspaper distributed in the geographic area of Syed A. A. Shah's practice or residence. All costs associated with this publication shall be borne by Syed A. A. Shah and shall be in addition to any other costs ordered by the panel.

VIII. REASONS FOR THE DECISION AS TO SANCTION

- [49] The Panel accepted the position on sanction jointly submitted by the PCC and the Member.
- [50] The Panel recognized that a joint submission is entitled to a high level of deference. A joint submission should be adopted unless it is contrary to the public interest or would bring the regulatory process into disrepute because it was beyond the reasonable range of sanction.
- [51] In the case of [R. v. Anthony Cook](#) the Supreme Court of Canada wrote at para. 34 that a joint submission should not be rejected lightly:

Rejection denotes a submission so unhinged from the circumstances of the offence and the offender that its acceptance would lead reasonable and informed persons, aware of all the relevant circumstances, including the importance of promoting certainty in resolution discussions, to believe that the proper functioning of the justice system had broken down. This is an undeniably high threshold.

- [52] The Panel found that the joint submission of the parties fell within the reasonable range of sanction for the misconduct of the Member and was not contrary to the public interest.
- [53] The Panel acknowledged mitigating factors including that the Member had no prior disciplinary record with CPA Ontario, and that by entering into an ASF and joint submission on penalty the Member acknowledged responsibility for his misconduct and saved the PCC and the Discipline Committee the time and expense of a contested hearing. There was no evidence that the Member obtained financial benefit from the security shortcomings which led to the improper access to confidential information and the misuse of the templates and forms.
- [54] The Panel found that the duration of the misconduct constituted an aggravating factor. The failure to take appropriate measures to protect and maintain confidential client

information occurred from January 2021 to May 2022. The provision of accounting services to the public through entities not registered with CPA Ontario was ongoing from November 2018 to September 2023. It was further aggravating that the latter misconduct continued even after the Member had specific communications with CPA Ontario in December 2021 about the requirements for registering firms with CPA Ontario.

- [55] The Panel found that the fine of \$30,000, payable in 18 months, promoted the objectives of specific and general deterrence. The specified professional development courses on ethics, technology and security addressed the need for the Member's continuing education and rehabilitation, with a focus on the specific shortcomings related to the admitted misconduct.
- [56] Collectively the sanctions reflected the seriousness of the Member's misconduct. The failure to implement even the most rudimentary security measures to protect client confidentiality was unacceptable. The Member's gross failure in this regard facilitated fraudulent acts by others which risked financial harm to BMO and to the entities whose financial statements were falsified. The Member's failure to take the basic step of registering the firms through which he provided accounting services to the public undermined the profession's ability to self-regulate. CPA Ontario cannot effectively regulate the profession if Members do not report the firms through which they provide accounting services to the public.
- [57] The Panel did have concerns about the Member's commitment to ongoing compliance with his professional responsibilities as set out in the Code. The Panel considered the additional sanctions available to it under Regulation 6-2, including supervised practice for a specified period of time, re-investigation by the PCC, and practice inspections. Had the Panel not received a joint submission on sanction from the parties, it would have considered ordering an additional measure along these lines. The Panel did not, however, find that the omission of such a measure met the high threshold set out in *R. v. Anthony Cook* for rejecting a joint submission.

IX. COSTS

- [58] The law is settled that an order for costs against the Member with respect to the disciplinary proceeding is not a penalty. Costs are intended to indemnify the PCC, based on the underlying principle that the profession as a whole should not bear all of the costs of the investigation, prosecution and hearing arising from the Member's misconduct.
- [59] Costs are ordered at the discretion of the Discipline Committee. 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.
- [60] The PCC's Costs Outline is found at Exhibit 3. The total costs were \$50,375, two-thirds of which is \$33,583.33, the amount that the parties agreed would be paid by the Member as part of their joint submission. The Panel found that the costs agreed to by the parties fell within the reasonable range and was not contrary to the public interest.

X. AMENDMENT TO THE DECISION AND ORDER

61. The initial Decision and Order was dated October 24, 2024. It recorded the Decision of the Panel that the Member had breached Rules 101 and 208.3 of the Code, thereby committing professional misconduct. It ordered that the Member pay a fine of \$30,000 and complete the enumerated professional development courses, that notice of the Decision and Order be given to the public, and that the Member pay costs of \$33,583.33 to CPA Ontario.
62. On the morning of October 25, 2024, the Decision and Order was issued to the parties by the Tribunals Office. That same morning counsel to the PCC wrote to the Tribunals Office, noting that the Decision and Order did not include a compliance clause specifying what would happen if the Member failed to comply with any of the requirements of the Order. Counsel to the PCC indicated that he had understood that such a clause was standard and would have been included in the Order and acknowledged that the clause had not been raised by the parties at the hearing. Counsel for the Member confirmed that his client was agreeable to the inclusion of the clause.
63. In response to the parties' request to amend the Order, the Tribunals Office canvassed the availability of the Panel to reconvene to deliberate on the additional clause requested by the parties. The Panel was able to meet again on November 5, 2024, with the attendance of Independent Legal Counsel (ILC). ILC provided legal advice to the Panel that they had the authority to amend the Order to include the term the parties were now additionally seeking. ILC advised that the doctrine of *functus officio* did not prevent the Panel from correcting an error arising from the parties' inadvertent omission of a term of their joint submission. The Panel accepted the advice of ILC. The Panel considered the wording proposed by the parties and determined that the amendment, jointly submitted, was not contrary to the public interest and would not bring the regulatory process into disrepute. The amended Decision and Order was reissued on November 6, 2024.
64. The Panel takes this opportunity to express their expectation and confidence that parties will ensure that each element of a joint position on sanction is provided to a hearing panel of the Discipline Committee during the course of the hearing.

DATED this 16th day of December, 2024



John Love, CPA, CMA
Discipline Committee – Deputy Chair

Members of the Panel

Hardeep Singh Brar, CPA, CGA
Barbara Ramsay, Public Representative
Nancy Tran, Public Representative

Independent Legal Counsel

John Dent, Barrister & Solicitor