

**IN THE MATTER OF a Proceeding under
the *Certified General Accountants Act, 2010*
and the Association's Bylaws**

IN THE MATTER OF a Complaint against Perumal Pillai Saravanan

B E T W E E N:

The Discipline Committee of The Certified General Accountants Association of Ontario

- and -

Perumal Pillai Saravanan

DECISION OF THE PROFESSIONAL CONDUCT TRIBUNAL

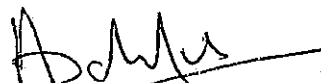
Members of the Professional Conduct Tribunal Panel:

Alexis Perera CGA, Chair
Robert Halliburton CGA
Betty Kuchta, Public Representative

Pursuant to section 25, Article 9 of the Bylaws, the Professional Conduct Tribunal Panel has reviewed the Statement of Facts and Resolution proposed by the parties in this matter, signed by the Chair of the Discipline Committee Pierre Bockt FCGA on 02 March 2012 and signed by Perumal Pillai Saravanan CGA on 06 March 2012. The Professional Conduct Tribunal Panel accepts the attached proposal as set out by the parties. The attached proposal is hereby ratified.

Dated this 9th day of May, 2012

I, Alexis Perera CGA, sign this Decision as Chair of the Panel of the Professional Conduct Tribunal on behalf of the members of the Panel that heard this matter.



Alexis Perera CGA

**THE CERTIFIED GENERAL ACCOUNTANTS
ASSOCIATION OF ONTARIO**

**IN THE MATTER OF A PROCEEDING UNDER SUBSECTION 36(1)
OF THE CERTIFIED GENERAL ACCOUNTANTS ACT, 2010
AND THE ASSOCIATION'S BYLAWS**

**IN THE MATTER OF Perumal Pillai Saravanan, a member of the
Certified General Accountants Association of Ontario**

STATEMENT OF FACTS AND RESOLUTION

A. AGREED UPON STATEMENT OF FACTS

1. Perumal Pillai Saravanan ("Saravanan") became a member of CGA Ontario in 2004.
2. Saravanan's CGA Ontario certificate number is 18257 and his CGA Canada certificate number is 357038.
3. Saravanan has never registered his professional public practice with the Association.
4. Since 2004 Saravanan has carried on a full time professional practice.
5. Throughout the period 2004 to 2010, inclusive, the Rules of the Association's Code of Ethical Principles and Rules of Conduct (the "Code") required a member engaged in the practice of public accounting or engaged in a professional practice, as they were defined from time to time, to register with the Association.
6. Although he was not registered for public practice or for the preparation of income tax returns, for each of the years 2004 to 2011 inclusive, Saravanan prepared corporate and personal income tax returns, compiled balance sheets and income statements for clients.
7. Additionally, during the period 2004 to 2011 Saravanan operated his professional practice as outlined above without undergoing the required practice inspection.
8. During the period 2004 to 2011 Saravanan operated the practice outlined above without carrying professional liability insurance.
9. The Code governing the period 2004 up to and including September 2007, for instance, provided that:

“a member shall, if engaged in the practice of public accounting part-time or full-time, register in accordance with the requirements prescribed by the Association.”

“Public Practice” was further defined as:

“offering to perform or performing for a client (a) one or more types of professional services involving the use of accounting or auditing skills; (b) one or more types of management advisory or consulting services, or (c) the furnishing of advice on tax matters, or (d) any such other service as may, from time to time, be recognized by the Association.”

10. Up to and including 2007, Saravanan was engaged in the practice of public accounting as defined, including the preparation of corporate tax returns and compilation of balance sheets and income statements. He also prepared personal income tax returns for which he was not registered.
11. In 2007, the registration provision of the Code was reworded to provide as follows:

“a member shall, if engaged in a professional practice or the practice of public accounting part-time or full-time, register in accordance with the requirements prescribed by the Association.”

It further defined a “professional practice” as the offering of professional services.

“Professional services” were defined as:

“any accounting, assurance, taxation services, management advisory or consulting services or other related services as may from time-to-time be recognized by the Association that is performed or offered to be performed by a member for a client or employer, whether or not the member asserts membership in the Association.”

12. From 2007 to April 2010, Saravanan operated a professional practice, as defined, and was required to register that practice. His work included, among other things, preparation of corporate tax returns and compilation of balance sheets and income statements. He also prepared personal income tax returns for which he was not registered.
13. In April 2010, the registration provision of the Code was again changed to provide as follows:

“A member shall, if engaged in the practice of public accounting or the preparation of compilation engagements or tax returns part-time or full-time, register in accordance with the requirements prescribed by the Association.”

14. From April 2010 throughout 2011 Saravanan prepared compilation engagements or corporate and personal income tax returns.
15. Throughout the period 2004 to 2011, Rule 514 of the Code (or its then equivalent) required Saravanan to register his practice with the Association.
16. From August 2004 to November 2011, Saravanan was not registered as operating a public accounting practice (2004-2006) or as operating a professional practice (2007-April 2010) or preparation compilation engagements and tax returns (2010-2011) with the Association.
17. Saravanan was not permitted by the Association to offer the professional services he provided to the public.
18. Saravanan engaged in a full time practice and earned income from carrying on that practice from 2004 throughout 2011 in violation of the Code.
19. To the extent that the professional services were offered through Barosa Income Tax Services (“Barosa”), Rule 514 by its terms was still applicable and stated as follows:

This rule also shall apply to members who:

(a) own, operate or control a professional corporation engaged in the practice of public accounting or the preparation of compilation engagements or tax returns; and

(b) prepare tax returns and/or financial statements through non-arm’s length firms, that are not CGA, CA or CMA firms registered with and regulated by, their respective associations.

20. Barosa was owned by Saravanan and his wife and was not a CGA, CA or CMA firm registered with and regulated by its respective Association.
21. Starting in 2009 through its website, Barosa offered income tax preparation and financial statement preparation, among other services. Saravanan was listed as “Perumal Pillai Saravanan, B.Sc., F.C.A., C.P.A., C.G.A., President, Co-Founder & Tax Consultant.”
22. Barosa’s website indicated that it was a year round practice, with hours Monday to Friday 10 am – 5 pm.

23. Throughout the period 2004 to 2011, Rule 515 of the Code (or its then equivalent) required Saravanan to adhere to the practice inspection requirements of the Association.
24. Saravanan did not undergo a practice inspection with the Association as he was not registered to carry on the practice that he was operating.
25. Throughout the applicable period, Saravanan was required to subscribe to the CICA Handbook (the "Handbook") and the CGA Public Practice Manual (the "PPM").
26. Throughout the applicable period, Saravanan did not subscribe to the Handbook or to the PPM.
27. The total cost of the PPM and applicable renewals, inclusive of applicable taxes, was \$1,372.55 for the years 2004 to 2010.
28. The total cost of the Handbook and applicable renewals, inclusive of applicable taxes, was \$3,167.60 for the years 2004 to 2010.
29. Throughout the period 2004 to 2010, Rule 516 of the Code (or its then equivalent) required Saravanan to carry professional liability insurance for a full time practice.
30. Saravanan did not carry professional liability insurance throughout the applicable period.
31. The total cost of professional liability insurance, inclusive of applicable taxes, was \$8,556.72 for the years 2004 to 2010.
32. Although he was not permitted to offer his services to the public as he was not registered to do so, Saravanan used the CGA designation in connection with this practice to offer professional services.
33. Saravanan used a business card that stated: "Saravanan (Vernon) Pillai, B.Sc., F.C.A., C.P.A., C.G.A."
34. Further, Saravanan hung his CGA Ontario membership certificate and his CGA Canada membership certificate in his office at Cedarbrae Mall, 3495 Lawrence Avenue East, Scarborough, M1H 1B3, visible to clients.
35. Saravanan acknowledges that his conduct, in particular, his ongoing breaches of Rules 514, 515 and 516 of the Code, amounted to professional misconduct.

B. AGREED UPON RESOLUTION

1. Saravanan recognizes that it was contrary to the Code for him to provide professional services or to be engaged in the practice of public accounting, as defined, when he was not registered with the Association to do so.
2. Saravanan acknowledges that it was contrary to the Code for him to prepare income tax returns when he was not registered with the Association to do so.
3. Saravanan agrees that he was providing professional services to the public and engaged in public accounting, when he had not complied with the Association's practice inspection program, which was contrary to the Code.
4. Saravanan agrees that he was providing professional services to the public and engaged in public accounting, when he had not complied with the Association's requirement that he subscribe to the PPM and to the Handbook.
5. Saravanan agrees that he was providing full time professional services to the public and engaged in public accounting, when he had not complied with the Association's requirement that he maintain professional liability insurance.
6. Saravanan agrees that he did not provide clients with accurate information about his status when he represented through the use of the CGA designation on his business cards and on the Barosa website and through the display of the CGA Ontario and CGA Canada membership certificates in his office that he was permitted to operate a public accounting practice or offer professional services or prepare personal income tax returns.
7. Saravanan profited from his breaches of the Code by carrying on a full time professional practice that he was not permitted to offer.
8. Saravanan agrees that his conduct amounted to a violation of Rules 514, 515 and 516 of the Code.
9. Saravanan agrees to pay a fine of \$3,000 representing a fine of \$1,000 for each Rule breached.
10. Saravanan agrees to pay the sum of \$4,540.15 representing the cost of the PPM and the Handbook that he should have paid for the years 2004 through 2010.
11. Saravanan agrees to pay the sum of \$8,556.72 representing the cost of professional liability insurance for his acknowledged full time practice that he should have paid for the years 2004 to 2010.

12. Saravanan agrees that he will remove the CGA designation from his business cards and provide the Association with evidence of new cards that do not reference the Certified General Accountant designation within 30 days of acceptance of this offer.
13. Further, Saravanan agrees that he shall remove his CGA Ontario and his CGA Canada membership certificates from his office and any other public location.
14. Saravanan understands that the committee is not seeking any costs payable from him in the event he accepts this resolution. **However, he understands that if he does not accept this resolution, the matter will proceed to a disciplinary hearing before the Professional Conduct Tribunal and committee will be seeking its full costs of that hearing from him. This resolution is offered as a compromise. If the matter proceeds to a hearing, the committee will seek a penalty that also includes a period of suspension.**
15. Saravanan agrees that the terms of the resolution will be published in Statements and in a local newspaper.
16. Saravanan understands that, after a ten day waiting period from the date of acceptance of this proposed resolution, the Committee will present this proposed agreed resolution of this complaint to the Professional Conduct Tribunal. The Tribunal may accept or reject the resolution. If it accepts the resolution of the complaint, this ratification shall be the final disposition of the complaint. Where the Tribunal refuses to accept the proposed resolution, it may grant this committee an opportunity to return before it within 10 days or such other reasonable time as shall be stipulated by the Tribunal, with an amended proposed agreed resolution. Where the Tribunal refuses to ratify a proposed resolution and does not grant the committee an opportunity to return before it with an amended proposed agreed resolution, a Professional Conduct Tribunal panel of three members shall be appointed to conduct a formal hearing pursuant to sections 25 and 28 of Article 9 of the bylaws.
17. Saravanan further understands that if the committee and he are unable to resolve this complaint through an agreed upon resolution process, the matter will be referred to the Professional Conduct Tribunal for a hearing.