

IN THE MATTER OF
**CHARTERED PROFESSIONAL ACCOUNTANTS
OF BRITISH COLUMBIA**

(“CPABC”)

AND
A COMPLAINT AGAINST

**PETER Y. PANG, CPA, CGA and PETER Y. PANG INC.
DBA PETER PANG & ASSOCIATES**

(“Member”)

DECISION

1. The Member received his CGA designation in 2002 and engages in public practice through Peter Y. Pang Inc., doing business as Pang & Associates. The Statement of Complaint alleges multiple violations by the Member of the *CPABC Code of Professional Conduct* which the CPABC contends warrant cancellation of his membership. The Member did not attend the hearing and did not contest the allegations.

Background

2. In regard to a complaint against the Member in 2017, he voluntarily entered into a Resolution Agreement with CPABC to suspend his membership in CPABC and his practice licence for one year as of December 1, 2018, and he agreed to refrain from engaging in public practice during his suspension.
3. In November 2018, the Member advised CPABC that under an Asset Purchase Agreement he had sold his practice, purportedly for \$660,000, to Lisa Yu, who was not a member of CPABC, and who having assumed the office lease and equipment lease agreements of Pang Inc, would continue to operate it as of December 1, 2018, as Burrard Tax LLP, in the existing office space of Pang Inc of which the Member was the landlord.
4. The Member advised CPABC that his only role in Burrard Tax LLP would be to “introduce clients to the successor”, Lisa Yu.

5. During his suspension, the Member continued to provide services to clients through Burrard Tax LLP, including to Elena and David Verlee (“Verlees”) and the Viral Bubble Tea Shop (“VBT Shop”), who became his clients in 2017 when their former accountant, Joe Wan, CPA, CMA, retired and sold his practice to the Member.
6. On December 1, 2019, the Member’s practice restriction ended and he continued public practice as Peter Pang & Associates.
7. In November 2018, the Member had registered LP Burrard Tax as a business with Lisa Yu as the sole proprietor. In January 2021, the Member changed the name of his practice to PY Pang & Associates CPA.
8. When the CPABC Investigator asked the Member for copies of the change of practice ownership letters he sent to clients regarding Burrard Tax LLP, the Member did not provide them.
9. When the CPABC Investigator asked the Member for copies of payments received from Lisa Yu under the Asset Purchase Agreement, and other documents related to the sale of his practice, he also did not provide them, and did not respond to any of the Investigator’s questions and correspondence requesting information about the sale.
10. In June 2021, the Member was advised that for reasons of serious misconduct the Investigation Committee had decided to issue a Statement of Complaint against him seeking cancellation of his membership in CPABC. In July 2021, the Member responded by email that he would voluntarily resign his membership. Accordingly, CPABC sent the Member a Resolution Agreement. Despite follow-up requests, and after advising CPABC that he was contemplating a counter proposal, CPABC received no further communication from the Member.
11. Regarding the VBT Shop, owned by Ivanna Chan, the Member’s engagement related to the preparation of corporate tax returns for 2017, 2018, and 2019.
12. The work for preparing the returns was invoiced by Burrard Tax LLP on invoices dated May 2019 for the 2017 return at \$7300 plus disbursements of \$584; October 2019 for the 2018 return at \$7850 plus disbursements of \$628; and March 2020 for the 2019 return at \$8180 plus disbursements of \$654.40. However, the returns were not filed till March 2020. Since the 2017 and 2018 returns were filed after the prescribed filing dates, the VBT Shop was charged penalties and interest by the Canada Revenue Agency.

13. In March 2020, without the knowledge or consent of Ms. Chan, the Member approached her notary and asked if the invoices could be paid out of the proceeds of the sale of another of her businesses. The Member later told CPABC that Lisa Yu had asked him to contact the notary.
14. Between July and December 2020, Ms. Chan sent several inquiries to the Member expressing concern about the amount of the invoices, to which the Member did not respond. Instead, he engaged a collection agency, Met Credit, to seek payment of the invoices, to Pang Inc, in the amount of \$32,898.65, claiming interest at the rate of 57%.
15. During CPABC's investigation, the Member variously told the Investigator that the VBT Shop was not his client, that it was included in the sale of his practice to Burrard Tax LLP, that Ms. Chan had engaged Burrard Tax LLP and not him or Pang Inc to prepare the returns, and that the reason Pang Inc was shown as the creditor by Met Credit was that a staff member "must have made a mistake".
16. The Investigator also requested documents and information relating to the invoices and the work done in preparing the returns. The Member did not respond to any of them, and in March 2022 filed a Notice Civil Claim in the Supreme Court of BC, as Plaintiff, against Ms. Chan and the VBT Shop claiming \$73,003.55 including \$40,094.87 of accrued interest.
17. Regarding the Verlees, they respectively own operating companies and holding companies, and also had an online sales business. For the 2016 year end, the Member's predecessor charged professional fees for the preparation of Notice to Reader financial statements of \$2500 and \$2400 for the operating and holding companies.
18. In June 2018, the Member prepared Notice to Reader financial statements for the operating and holding companies and issued invoices in the similar amounts of \$2500 and \$2400, which were paid. In July 2018, the Member issued two additional invoices to the Verlees in the amount of \$1800 each, which the Verlees did not pay. They wrote to the Member asking if the additional invoices had been rendered in error as they effectively doubled the professional fees they had previously paid for the same engagements. The Member replied that he would "get back" to them but did not respond further.

19. In August 2018, the Member rendered an invoice for \$2000, not including disbursements for services rendered to the online business, which had been sold earlier in the year for \$25,000. When asked why the fee was so high, he said it was because assets were sold and the gain had to be calculated. Mr. Verlee responded by saying that, apart from the sale, the business had no investments and minimal activity. In the result, the Member did not complete Review Engagement financial statements and did not prepare its corporate tax return.
20. The Verlees then engaged another CPA firm. The Member did not respond to the Takeover Letter the firm sent to him, did not provide any client documents to facilitate the transition, and did not respond to follow-up correspondence from the firm and Mr. Verlee. The Member then filed three Notices of Claim in the BC Provincial Court, by Peter Y. Pang Inc dba Peter Pang & Associates as Claimant, against the Verlees. The claims totaled \$21,474.78, including interest of \$13,609.38.
21. In October 2020, the Verlees were contacted by Met Credit about the claims. Met Credit provided the Verlees with signed engagement letters that were being relied on to support the claims. They included a signed engagement letter for the online business. However, Mr. Verlee had never signed an engagement letter for the business, and it appears to have been obviously copied from another document.
22. When the CPABC Investigator asked for documents and information relating to correspondence with the Verlees and their new CPA firm, the Member variously denied receiving correspondence, provided copies of correspondence he said he sent but that was never received, and told the Investigator that his life “went into a spin” and he had sold his practice to Lisa Yu of Burrard Tax LLP.
23. Another matter relating to the Member that was investigated by CPABC concerned Jean-Francois Caron, a federal election candidate in 2015. On September 2, 2015, Mr. Caron asked the Member if he would act as the auditor of his expenses in the upcoming election. The Member said he would do the audit without a fee if he received a donation slip of \$1500. On the same day, Mr. Caron signed an engagement letter prepared by the Member for the audit. No fee was referenced in the engagement letter. However, it provided that overdue accounts were subject 3.85% interest per month with an effective annual rate of 57.35%.
24. On September 11, 2015, Mr. Caron wrote to the Member confirming “... a tax credit for your firm is only issued if I manage to obtain 10% of the votes in my riding. ... You are

providing the audit service as 'Donated Labour' ... I will issue a receipt for this donation, which you can use as a tax credit. Regardless of the outcome of my campaign, no fees will be charged by your firm."

25. On October 29, 2015, Mr. Caron received 59 votes or .11% of the votes.
26. On November 4, 2015, Mr. Caron sent an email to the Member saying *"We are submitting a 'nil' return as no financial transactions occurred that are required to be reported. ... Unfortunately I was in error about being able to offer a tax credit slip for a non-monetary donation, tax slips can only be used for monetary donations. Also it turns out that audit services for the campaign cannot be counted even as a non-monetary contribution. ... Elections Canada does provide a \$250 (minimum) subsidy for the audit services, regardless of the number of votes obtained. So you could provide an invoice of up to 250\$ and I will submit it along with the campaign financial return ...and you will be paid by Elections Canada. That amount should be enough to pay for your time in verifying a nil financial return."* The Member replied *"Received. Thanks."*
27. Between November 3 and November 6, 2015, the Member's staff charged 21.1 hours to Mr. Caron's file.
28. On November 20, 2015, Selny Lam, CPA,CA, who was on the Member's staff sent an email to Mr. Caron saying *"Peter wishes to clarify ... that there was an understanding that we will prepare the audit free of charge with a donation slip ... Therefore, we will bill you for \$1,500 total audit fee with \$250 audit subsidy from CRA, you will be responsible for \$1,250 personally."*
29. On February 4, 2016, an accounting firm specializing in election returns completed Mr. Caron's Campaign Return reporting \$20.80 of total expense and \$20.80 of non-monetary contributions, invoicing Mr. Caron for \$260 plus GST.
30. On November 2018, Mr. Caron received correspondence from the Member regarding an outstanding invoice of \$1500.
31. In January 2019, Mr Caron received an email from Burrard Tax LLP that he had a past due invoice from Pang Inc that with interest was in the amount of \$6069.20.
32. In September 2020, the Member and Pang Inc filed a Notice of Claim in BC Provincial Court for unpaid fees and accrued interest in the amount of \$8702,88.

33. The Provincial Court dismissed the Member's claim and ordered the Member to pay an additional penalty to Mr. Caron of \$853.
34. During CPABC's investigation of the matter, the Investigator asked the Member to provide a copy of the correspondence sending Mr. Caron an invoice for \$1500, and any correspondence between 2015 and 2018 relating to the invoice. The Member said the emails were no longer accessible and he was unable to provide a copy.

Considerations

35. In these circumstances, CPABC contends that the Member's conduct contravened the *Chartered Professional Accountants Act* as well as other conduct requirements of the *CPABC Code of Professional Conduct*, with the contraventions constituting professional misconduct under sections 51(6) and 53(2)(c) and (e) of the *Act*.
36. Sections 51(6) and 53(2) of the *Act* provide:

51(6) A person who receives a [reviewer or investigator] request ... must comply with the request.

53(2) ... a panel of the disciplinary committee ... may decide whether the respondent
(c) has committed professional misconduct ...
(e) has contravened this Act or the bylaws.

And the mainly relevant provisions of the *Code of Professional Conduct* provide:

101.1(a) All registrants ... shall comply with the *CPABC Code of Professional Conduct* ...

101.1(b) All registrants ... shall comply with the *Chartered Professional Accountants Act* of British Columbia, bylaws and regulations of CPABC ...

104.1 A registrant shall comply with the regulatory processes of CPABC ...

104.2 A registrant shall:

(a) promptly reply in writing to any communication from CPABC in which a written reply is specifically required ...

105.1 A registrant shall not , directly or indirectly hinder any regulatory process of CPABC ...

201.1 A registrant shall act at all times ... in a manner which will maintain the good reputation of the profession and serve the public interest ...

202.1 A registrant shall perform professional services with integrity and due care ...

205 A registrant shall not:

- (a) Sign or associate with any letter, report, statement, representation, or financial statement which the registrant knows, or should know, is false or misleading, whether or not the signing or association is subject to a disclaimer of responsibility, nor
- (b) Make or associate with any oral report, statement or representation which the registrant knows, or should know, is false or misleading ...

208.2 A registrant shall not use confidential information:

- (a) for the advantage of the registrant; ...

213 A registrant shall not associate with any activity that the registrant knows, or should know, to be unlawful.

214 A registrant shall:

- (b) render billings for professional services on a fair and reasonable basis ...

218 A registrant shall take reasonable steps to maintain information for which the registrant is responsible, including retaining ... such working papers, records or other documentation which reasonably evidence the nature and extent of the work done in respects of any professional service.

302.2 A registrant shall respond promptly to the communication [of a predecessor] ...

303.1 (a) A registrant shall, upon written request of the client ... supply reasonable and necessary client information to the registrant's successor ...

- (b) A registrant shall cooperate with the successor ...

408.1 A member or registered firm shall not associate in any way with a non-registrant in a practice of public accounting or in a related business or practice ...

409 A member or registered firm shall not associate in any way with any corporation engaged ... in the practice of public accounting ...

410 ... (a) A suspended member may not carry on public practice ...

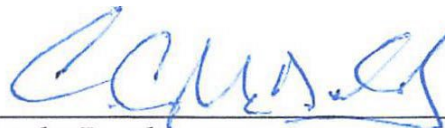
37. The allegations against the Member in the Statement of Complaint are uncontroverted, and were completely proved to the full satisfaction of the Panel by the testimony and documents adduced in evidence at the hearing.

38. Contrary to his professional duty as a CPA, the Member consistently and repeatedly failed to comply with or abide by his regulatory obligations. His history of breaches of the Rules of Professional Conduct without regard to the consequences of his behavior reflects contempt for the profession, contempt for CPABC, and contempt for his professional designation. And there are no extenuating or exculpatory circumstances to ameliorate his behavior. Whether looked at individually or cumulatively, the multiple and continuous examples of his professional misconduct show that he is demonstrably ungovernable, and unfit to be a member of the profession.
39. In the circumstances, the Member's conduct contravened Section 51(6) of the *Chartered Professional Accountants Act*, as well as Rules 101.1(a) and (b), 104.1, 104.2(a) and (b), 201.1, 202.1, 205(a) and (b), 208.2(a), 213, 214, 218, 302.2, 303.1(a) and (b), 408.1, 409, and 410 of the *CPABC Code of Professional Conduct*, and the contraventions constitute professional misconduct under sections 53(2)(c) and (e) of the *Act*.

Conclusion

40. Accordingly, the Panel hereby orders that:
- a. the membership in CPABC of Peter Y. Pang is hereby cancelled, and the registration of Peter Y. Pang Inc. as registered CPABC firm is hereby cancelled;
 - b. Peter Y. Pang pay to CPABC, pursuant to section 53(40)(f) of the *Chartered Professional Accountants Act*, a fine in the amount of \$25,000; and
 - c. Peter Y. Pang pay to CPABC, in accordance with the *Tariff of Costs* in Bylaw Regulation 1208/1, its costs relating to conduct of the hearing and the investigation resulting in the hearing immediately upon being presented with its Statement of Costs, with regard to which the Panel reserves the jurisdiction to determine the amount of the costs in the event of a disagreement between Mr. Pang and CPABC.

October 28, 2022



For the Panel:

Christopher McDonald, CPA,CA, Chair

Mark McGorman, CPA,CA

Roy Wares, PEng, FEC