

BOARD OF DISCIPLINE

(Constituted under Section 21A of the Chartered Accountants Act 1949)

**FINDINGS UNDER RULE 14 (9) READ WITH RULE 15 (2) OF THE
CHARTERED ACCOUNTANTS (PROCEDURE OF INVESTIGATIONS
OF PROFESSIONAL AND OTHER MISCONDUCT AND CONDUCT
OF CASES) RULES, 2007**

CORAM: (PRESENT IN PERSON)

CA. Rajendra Kumar P, Presiding Officer
Ms. Dolly Chakrabarty, Government Nominee
CA. Priti Savla, Member

IN THE MATTER OF:

Mrs. Pritha Ponraj,
C-14, Palm Grove Apartments,27,
2nd Main Road, Besant Nagar,
CHENNAI-600 090.....**Complainant**

Versus

CA. K Venkatraman (M. No. 237034)
Partner, M/s. Ponraj & Co., Chartered Accountants,
No-2, 1st Floor, O Block, Ganapathy Colony, Anna Nagar East,
CHENNAI – 600 102.....**Respondent**

Date of Final hearing : 12th June 2024
Place of Final hearing : ICAI Bhawan, Chennai

PARTIES PRESENT (IN PERSON):

Complainant : Smt. Pritha Ponraj with her counsel CA. C. Baskaran
Respondent : CA. K. Venkatraman with his counsel CA. R. Sundarajan

FINDINGS:

BACKGROUND OF CASE:

1. It is noted that the Complainant's husband late CA. Ponraj S (hereinafter referred to as 'Deceased partner') died on 30th November 2020. As per ICAI database the firm M/s Ponraj & Co. was formed and registered with ICAI as a proprietorship firm w.e.f. 27th March 1985, by the deceased partner. Later-on the firm was converted into a partnership firm w.e.f. 15th July 1985, with introduction of CA. Vivekananthan G and thereafter till the death of deceased partner on 30th November 2020 the following members were inducted as partners of the said firm.

S. No.	Name of the Partner	Date of Joining as Partner
1.	CA. Keerthi Rajan S	01/08/1985
2.	CA. Paramanandham K	23/12/2004
3.	CA. Pandiyan Shanmugakani P A S S	23/12/2004
4.	CA. Arumugam Palani Kumar	01/01/2018
5.	CA. Brem Chandran K	23/12/2004
6.	CA. Raghuram N	23/12/2004
7.	CA. Balaji A	23/12/2004

2. It was also noted that the deceased partner was designated as the Head Office In-charge of the Respondent firm and the Head Office operated from the deceased partner's private office owned and furnished in his own capacity for his practice. Further, The Respondent as per the partnership deed dated 01st December 2020, joined the said firm as a partner on 01st December 2020. The dispute in the extant matter is mainly regarding settlement of dues of the Complainant, being the legal heir of the deceased partner payable by the Respondent / Respondent Firm.

CHARGE ALLEGED:

3. The allegations levelled by the Complainant against the Respondent are as under:
- 3.1 That the Respondent represented himself as had taken over the personal / individual practice of the deceased partner while he was never appointed as such. It is stated that the Respondent was never appointed as a partner for continuing the individual practice of Late Mr. S. Ponraj, but he is representing himself as if he is partner in the personal practice of the deceased partner which is illegal, improper, misleading and amounts to gross professional misconduct.
- 3.2 That the Complainant was not paid her due share of her deceased husband's practice and was not provided with full financial statements for the year 2020-21, Bank Reconciliation Statement of Tamil Nadu Mercantile Bank and enormous amount of professional fee not accounted for by the Respondent. It is stated that the Partners have not provided any accounts for the FY 2020-2021 nor till 30th November 2020 though, she was entitled for the full financial year (since accounting is on Mercantile basis). Further, in the case of Tamil Nadu Mercantile Bank Account with the T-Nagar Branch, Chennai- 600017, no reconciliation of the funds lying was provided nor explanation of the withdrawals, post the death of Complainant's husband was provided till date by any of the Partners of the Respondent firm. Only a small sum was transferred as share while emptying the account of all the funds. Further, as on 30th November 2020, enormous amount of fees was pending due to Complainant's husband for which no account was submitted by the Respondent. Further, some more bills were raised in December 2020 for the work completed prior to the death of her husband. Bills were signed and raised by the Respondent and not accounted for. It is also stated that for the Financial Year 2020-21, Complainant's husband's personal practice fees collection was Rs. 52,41,212/- excluding GST, however, the Respondent did not give any account for this.

BBK

- 3.3 That the Consent of the Complainant not taken before entering the partnership deed dated 01st December 2020 and making CA. A Palani Kumar as retiring from the Respondent firm and forged signatures of partners made on the Partnership Deed. In the alleged reconstituted partnership deed dated 01st December 2020 retiring partner Mr. A. Palani Kumar has signed as a retiring partner, but no signature has been obtained from the Complainant as a Legal Representative of deceased senior partner CA. S. Ponraj. Comparing the signatures of partners from earlier agreements with the alleged Re-constituted partnership deed and scan copies, the Complainant has claimed to find that there is a variation in the signatures. Accordingly, the Complainant believes that some forgery and manipulation could have been taken place in the signatures in the alleged documents, Complainant has attached Merger agreement and reconstituted partnership agreement as Annexure to her complaint.
- 3.4 That there is misuse of digital signatures of the deceased partner on 08th December, 2020 and taking away the Network Hard Drive, Personal Diary and Digital Signature of the deceased partner without permission and deliberate shifting of office without notice. It is alleged that the Respondent has taken away the Network Hard drive (Containing all personal, professional and client information), Personal Diary of the deceased partner without her knowledge and permission from her Late husband's private office at 108, Trade Center, Wallajah Road, Chennai -600002, and setup a new office in Anna Nagar. Further, it is alleged that the Respondent used the digital signature of her deceased husband on 08th December 2020 i.e., after his death which is stated to be a clear case of cheating, fraud, digital impersonation, and criminal breach of trust.
- 3.5 That the Complainant came to know later, that Mr. G. Vivekanandan, erstwhile partner authorized signatory to sign cheques and partner of Ponraj & Co. abused his position as a partner and produced Late Mr. S. Ponraj's cremation certificate to the bank on 28th December 2020 and authorized the bank to enable Mr. K. Venkataraman to operate the defunct bank account of the deceased partner even before the death certificate was issued by the Government. Further, it is also alleged that the Respondent changed the authorized phone number of Complainant's husband to his own mobile phone number and started operating the bank account of deceased partner without her knowledge. The Indian Bank authorities receiving some anonymous complaints from one Mr. Vasana frozen account after the lapse of 8 long months, stating that there was no pre-existing contract as per Section 42 of Partnership Act, 1932.
- 3.6 That the personal land line in the name of the deceased partner (044-28549953) installed for 35 years at the private office of Complainant's husband at 108, Trade Center, Wallajah Road, has been deliberately disconnected by means of non-payment of dues to BSNL for which the Respondent further claimed as expense. The same number was changed in the personal name of the Respondent within a month in the same address 108, Wallajah Road and then transferred it later to his new premises at Anna Nagar with criminal motive. All



this has been done without the consent and knowledge of the Complainant i.e., the legal heir.

- 3.7 That the Respondent usurped the secretarial service fee due to the Complainant. It is stated that due to growth of individual practice of Complainant's husband's, the Complainant also joined him to assist in secretarial service, relieving some workload by separately providing online filing services to his clientele. The bills were raised by her for the services done by her to the clients of her husband's Individual practice and were deposited to her ICICI Bank Account. However, the Respondent has usurped such secretarial service fees due to the Complainant by collecting all the fees under the firm name 'Hruthya Consultancy' owned by his family member with the first bill being raised on 06 December 2020. This is also highly improper, unethical, illegal and constitutes a criminal breach of trust.
- 3.8 That the Respondent filed a false criminal complaint against the Complainant and her son alleging theft and further investigated the personal cell phones of the articles of the Respondent firm. It is stated that the Respondent filed a criminal complaint against Complainant's son Mr. Arjun Ponraj, alleging theft of Network hard drive from his new office premises and they were called by sub-Inspector of Police for enquiry on 06th January 2022, which was highly embarrassing to be accused of the alleged crime. This is against the ethics and code of conduct for filing a false and frivolous complaint especially on the wife and son of his ex-mentor to achieve his goal of signing his one-sided MOU. Further, the personal phones of Article Assistants Mr. Bhuvan and Ms. Sumuki, and Mr. K. Venkatraman were investigated by the Respondent by stating that the Police Inspector asked 'him' to verify their personal cell phones. While the Sub-Inspector of police had informed them that he never asked the Respondent to investigate personal mobile phone. Investigation on the Articled student's phones in the name and of Instruction from Police officer is highly damaging to the reputation of the Chartered Accountants and illegal.
4. The Board noted that while the instant Complaint was under consideration before the Director (Discipline) for investigation as per the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2006, in the meantime, the Complainant approached the Hon'ble High Court of Madras by way of filing a Writ Petition No 33781 of 2023. The Hon'ble High Court after hearing the parties disposed of the said Writ Petition by an Order dated 22nd April 2024 with directions to the Director (Discipline) to complete the entire process and pass final orders on merits and in accordance with law within a period of twelve (12) weeks from the date of receipt of a copy of this order. Accordingly, the Director (Discipline), pursuant to thorough examination of the Complaint, Written Statement and Rejoinder of the parties of the instant matter, while dealing with each and every allegation individually against the Respondent and after recording the reasoning, formed his Prima Facie Opinion dated 19th April 2024 and found the Respondent Not Guilty for all the allegations except one allegation that the Respondent / Respondent firm has failed to provide to the Complainant, being the legal heir of the deceased partner, the audited Financial Statements of the

Diss

Firm for the year ended 31st March 2021 and neither provided any authenticated Financials till the date of death of the deceased partner i.e. as on 30th November 2020, Bank Reconciliation Statement of Tamil Nadu Mercantile Bank' and complete ledger accounts of all the fee receivables from the clients so as to satisfy the Complainant for her share in the profits of the Firm till the death of her husband. The Board accordingly accepted the Prima Facie Opinion formed by the Director (Discipline) and decided to proceed in the matter limited to the allegation on which the Respondent was held Prima Facie **Guilty**.

5. Considering the directions of the Hon'ble High Court of Madras to complete the entire proceedings in the matter on merits within the given time, the notices of hearing were sent to parties on 28th May 2024 informing them, the date, time, and venue of hearing of the instant matter. However, the Complainant vide her email dated 6th June 2024 sought an adjournment for a period of 6 weeks from 12th June 2024, i.e., the date of hearing of the matter before the Board, which even crosses the time limits given by the Hon'ble High Court of Madras. However, the request of the Complainant for granting adjournment even beyond the time limits available for completing the entire process and to pass the final order in the instant Complaint on merits was rejected for ensuring the compliance of the directions issued by the Hon'ble High Court of Madars.

BRIEF OF PROCEEDINGS HELD:

6. The details of the hearing fixed and held in the matter, are given as under:

Date of Hearing(s)	Status of hearing(s)
12 th June 2024	The matter was heard and concluded.

OBSERVATIONS OF THE BOARD:

7. The Board besides perusing all records available in the matter and after hearing the arguments advanced by the parties present on the date and time of hearing of this matter physically noted that the dispute in the extant matter is mainly regarding settlement of dues of the Complainant, being the legal heir of the deceased partner payable by the Respondent /Respondent Firm.
8. Thus, the Board while considering the allegation of dispute over Rs.11 lacs paid to the Complainant by the Respondent towards Goodwill of the firm, noted that Para 2.14.1.2 (iv) of Code of Ethics Revised -2020 specifies that the goodwill in any partnership firm can be claimed by the legal heir, if there is any clause in the partnership deed regarding such goodwill as under: -

"When there are two or more partners and one of them dies, the widow of the deceased partner can continue to receive a share of the profit of the firm. A legal representative, say widow of a deceased partner, would be entitled to share the profits only where the partnership agreement contains a provision that on the death of the partner his widow or legal representative would be entitled to such payment for goodwill by way of sharing of fees or otherwise for some specified period."

The Board thus observed that in the extant case on perusal of the latest Partnership deed executed by the deceased partner dated 01st January 2018, no such clause of sharing of profits by the legal heir of the deceased partner is noted therein. Thus, the Board is of the considered view that the Complainant is not entitled to any amount on account of Goodwill of the Firm.

9. Further, the Board also noted that the Respondent was not even a partner of the said Firm at the time when CA. Ponraj was alive and up to the date of death of the CA. Ponraj i.e., on 30th November 2020 but joined the Firm on 1st December 2020 and thus Respondent became the partner of the said Firm effective from 1st December 2020. This is an undisputed fact.
10. The Board further noted that the Complainant has been given copy of extract of ledger account of the deceased partner and extract of ledger account of the Legal Executor and she has also inspected the books of accounts of the Firm.
11. Besides above, the Board while observing Section 12 (e) of the Partnership Act 1932 noted that this Section though provides the right to inspect and have copies of the books of Accounts even to the legal heir and authorized representatives, but the same does not mandate the remaining partners to first get the financials of the Firm audited from a Chartered Accountant and then to provide the same to the widow of the deceased partner. The Partnership deed of the Firm M/s Ponraj & Co. is also silent on the point of audit of accounts. Accordingly, the Board is of the view that the Respondent cannot be held responsible and thus is '**Not Guilty**' of Other Misconduct falling within the meaning of Item (2) of Part-IV of First Schedule to the Chartered Accountants Act, 1949 in respect of this allegation.

CONCLUSION:

12. Thus, in conclusion in the considered opinion of the Board, the Respondent is held '**NOT GUILTY**' of Other Misconduct falling within the meaning of Item (2) of Part-IV of First Schedule to the Chartered Accountants Act, 1949. Accordingly, the Board passed an Order for closure of the case in terms of the provisions of Rule 15 (2) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

Sd/-

CA. Rajendra Kumar P
Presiding Officer

Sd/-

Dolly Chakrabarty, IAAS (Retd.)
Government Nominee

Sd/-

CA. Priti Savla
Member

Date: 06-07-2024

सही प्रतिलिपि होने के लिए प्रमाणित
Certified to be true copy

Bishwa
बिष्वा नाथ तिवारी / Bishwa Nath Tiwari
कार्यकारी अधिकारी / Executive Officer
अनुशासनशास्त्रक निदेशालय / Disciplinary Directorate
इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया
The Institute of Chartered Accountants of India
आईसीएआई भवन, विश्वास नगर, शाहदरा, दिल्ली-110032
ICAI Bhawan, Vishwas Nagar, Shahdara, Delhi-110032