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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

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Date of Decision: August 08, 2016

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CHAT.A.REF.5/2011

**COUNCIL OF THE INSTT. OF CHARTERED
ACCOUNTANTS OF INDIA**

..... Petitioner

Represented by: Mr.Rakesh Agarwal, Advocate
with Mr.Pulkit Agarwal,
Advocate

versus

RAKESH VERMA & ANR.

..... Respondent

Represented by: Ms.Isha Jha, Advocate

CORAM:

HON'BLE MR. JUSTICE PRADEEP NANDRAJOG

HON'BLE MS. JUSTICE PRATIBHA RANI

PRADEEP NANDRAJOG, J. (ORAL)

1. Ms.Isha Jha, Advocate who appears for respondent Rakesh Verma has shown to us a letter as per which the respondent No.1 Mr.Rakesh Verma has taken back the file from learned counsel; undertaking to appear in the matter himself.
2. It was the duty of Mr.Rakesh Verma to ensure that he appears himself or through a counsel today. We have accordingly heard learned counsel for the Institute of Chartered Accountants of India and have perused the record.
3. The respondent No.1 is a Member of the Institute of Chartered Accountants and is amenable to the disciplinary control as per the Chartered Accountants Act, 1949.
4. The report of the Committee would bring out that on November 17,

2002 a Memorandum of Understanding was arrived at, as per which the respondent offered his services as a Chartered Accountant to obtain funds and took ₹2.5 lacs as advance fee. The signatory to the Memorandum of Understanding was one Mr.Sanjay Aggarwal. The respondent did nothing except to proceed on a foreign trip. He secured no loan as per the MOU.

5. The complaint was made by M/s Sanvijay Rolling and Engineering Ltd., Nagpur. The defence of the respondent was that he had not signed any MOU with the company.

6. The disciplinary Committee of the Council has found that the cheque in sum of ₹2.5 lacs received by the respondent was issued by the company and thus the respondent was aware that the funds which he had to obtain were for the benefit of M/s Sanvijay Rolling and Engineering Ltd., Nagpur. An inference with which we agree.

7. That apart, the respondent does not claim to have taken any steps to arrange for any funds for Mr.Sanjay Aggarwal. If his case was that he had to arrange funds for Mr.Sanjay Aggarwal he had to establish having taken steps to arrange the funds.

8. The stand taken by the respondent that since Mr.Sanjay Aggarwal failed to provide him with the necessary documents he could not arrange for the funds, has been dealt with by the Disciplinary Committee of the Council. It has been held that the respondent produced no document to show that he ever asked Mr.Sanjay Aggarwal to provide him any document. The respondent admits having travelled to London and Oslo to secure the funds contemplated by MOU.

9. Now, the respondent is a Chartered Accountant. We fail to understand as to how come he proceeded to London and Norway if he had no documents with him concerning either Mr.Sanjay Aggarwal or M/s Sanvijay

Rolling and Engineering Ltd., for obtaining funds.

10. As a Chartered Accountant he ought to know that a person would advance a credit to an individual or a company after satisfying itself with the credit worthiness of the individual or the company. All documents required for a due diligence ought to have been taken by the respondent.

11. It is a clear case where the respondent No.1 has cheated M/s Sanvijay Rolling and Engineering Ltd., Nagpur. Indeed, we concur that the respondent No.1 has committed misconduct as per Section 21 and 22 of the Chartered Accountants Act, 1949. The recommendation is to remove the name of the respondent from the Register of Members for a period of one year.

12. The conduct of the respondent justifies the proposed penalty.

13. We answer the Reference in the affirmative holding that the respondent is guilty of misconduct and we impose the penalty of suspension of the name of the respondent No.1 Rakesh Verma from the Register of Members for a period of one year.

14. No costs.

(PRADEEP NANDRAJOG)
JUDGE

(PRATIBHA RANI)
JUDGE

AUGUST 08, 2016
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