



DISCIPLINE NOTICE MEMBER A

In January/February 2002, the Alberta Securities Commission [ASC] convened a hearing to investigate allegations against the CEO and CFO of Company “B”. The ASC concluded that the CEO and CFO were responsible for the misrepresentations of specific transactions in the financial statements for the years ended September 30, 1998, 1999, and 2000 and further concluded that as a result of the misrepresentations, the financial statements were not prepared in compliance with GAAP and were misleading.

Member A was a contractor and conducted audit field work on Company “B” in the role of a senior manager for each of the years ended September 30, 1998, 1999, 2000 and 2001.

On July 8, 2009, a sanction agreement was accepted by the Complaints Inquiry Committee when Member A admitted he was guilty of unprofessional conduct in:

1. Having been associated with the audit of Company “B” for the year ended September 30, 1998 and the issuance of an unqualified report thereon dated January 4, 1999 when the audit failed to comply with generally accepted auditing standards in that:
 - a) sufficient appropriate audit evidence was not obtained to support the opinion given, namely management’s representations related to the sale of the shares of Company “C” were accepted; and
 - b) based on the risk assessment performed, there was a failure to appropriately follow up on and exercise appropriate skepticism and to question management’s motives when reviewing the sale of shares of Company “C”
2. Having been associated with the audit of Company “B” for the year ended September 30, 1999 and the issuance of an unqualified report thereon dated January 21, 2000 when the audit failed to comply with generally accepted auditing standards in that:
 - a) sufficient appropriate audit evidence was not obtained to support the opinion given, namely management’s representations related to the sale of the interest in Company “D” were accepted;
 - b) based on the risk assessment performed, there was a failure to appropriately follow up on and exercise appropriate skepticism and to question management’s motives when reviewing the sale of Company “D”; and
 - c) no representation letter was obtained from management.
3. Having been associated with the audit of Company “B” for the year ended September 30, 2000 and the issuance of an unqualified report thereon dated February 12, 2001 when the audit failed to comply with generally accepted auditing standards in that:
 - a) sufficient appropriate audit evidence was not obtained to support the opinion given, namely management’s representations related to the sale of the interests in Company “E” and Company “F” were accepted; and

- b) based on the risk assessment performed, there was a failure to appropriately follow up on and exercise appropriate skepticism and to question management's motives when reviewing the sale of Company "E" and Company "F".

Member A and the Complaints Inquiry Committee have agreed that the sanction to be imposed in consequence thereof will be that Member A shall be reprimanded in writing, pay a fine of \$10,000 for each admission of guilt, pay one quarter of the costs of the investigation and hearing to the date of acceptance of the sanction agreement and pay the costs of publication.

PUBLICATION

In addition to this notice, publication was ordered as follows:

Publication as required by the Act and the Bylaws and to the Canadian Public Accountability Board, Alberta Securities Commission, the TSX; and Publication in the *Calgary Herald* and *Globe and Mail*.

Discipline Tribunal Secretary
July 2009