



NOTICE OF CANCELLATION RAYMOND HARVEY JOHNSTON

On the 29th day of February, 2012, a Discipline Tribunal of the Institute of Chartered Accountants of Alberta (“Institute”) cancelled the registration of **Raymond Harvey Johnston**.

The Institute received a number of complaints against Mr. Johnston. He operated both R.H. (Ray) Johnston Professional Corporation and Sherwood Financial Services Ltd. He provided tax services and solicited funds for investment. In some cases, it was not clear how he invested the funds and he was not forthcoming with information.

In addition, Mr. Johnston was the treasurer of a not for profit organization. Prior to its incorporation, Mr. Johnston deposited the organization’s funds into a trust account he controlled.

The Discipline Tribunal found Raymond Harvey Johnston, acting alone or as R.H. (Ray) Johnston Professional Corporation or as Sherwood Financial Services Ltd. guilty of unprofessional conduct with respect to his engagements with Client A, Client B, Client C and Client D in having failed to perform professional services with integrity and due care, in that:

1. he failed to file personal tax returns for Client A for 2008, misled Client A as to the status of the engagement, and failed to return documentation despite repeated requests;
2. accepted investments from Client B beginning March 1, 2001 for \$140,000 and did not provide particulars of investments or a complete statement of account detailing principal and income earned for each investment, despite repeated requests to do so;
3. he failed to provide a T5 to Client B with respect to investment income despite repeated requests to do so;
4. he failed to pay out to Client B an investment that matured in December 2009 despite express instructions not to renew the investment;
5. he failed to handle trust funds in accordance with the rules of professional conduct related thereto;
6. as treasurer for a not-for-profit organization:
 - a) he failed to return financial records despite repeated requests;
 - b) he failed to deposit to the organization’s account or benefit cash received in the approximate amount of \$5,000 which belonged to the entity;
 - c) he failed to produce financial statements and/or financial reports as requested by members of the organization despite repeated requests to do so;



- d) he failed to deposit in a timely manner approximately \$800 in donation cheques received and transfer approximately \$5,800 from the bank account named Ray Johnston in trust for organization, to a bank account in the name of the organization;
 - e) he did not transfer remaining funds in trust to a bank account in the name of the organization until February 2009 despite informing members he would; and
 - f) responded on numerous occasions that he could not locate the records or material that the members of the organization were requesting when he knew or should have known that at least some of these records were at his solicitor's office;
7. he accepted a loan from Client C for \$25,000 on May 3, 2007 in exchange for a promissory note issued by Sherwood Financial Services Ltd. dated May 8, 2007 in the amount of \$25,000 due October 8, 2007 bearing interest at 1% per month;
 8. he accepted cheques totaling \$46,500 from Client D and deposited them into his personal account under the name Ray Johnston;
 9. he failed to handle trust funds in accordance with the Rules of Professional Conduct related thereto and failed to report regularly to the client as to the status of the trust fund including an accounting for all receipts, disbursements, any interest, opening and ending balances;
 10. he failed to reply in writing to the Institute by failing to respond to the complaint when requested to do so by letter dated July 3, 2010;
 11. he failed to cooperate with the investigation of the complaint.

ORDERS

In accordance with section 93 of the *Regulated Accounting Profession Act (RAPA)*, the Discipline Tribunal ordered that the registration of Raymond Harvey Johnston be cancelled and the he be ineligible for reinstatement.

In accordance with section 94 of *RAPA*, the Tribunal ordered that Raymond Harvey Johnston pay 100% of the total costs of the investigation and hearing within 60 days from the date of sending the statement of costs by registered mail, regular mail and by email all to the last applicable address of Raymond Harvey Johnston in the records of the Institute.



PUBLICATION ORDERS

In addition to this Notice, the Tribunal ordered that the Discipline Tribunal Secretary:

1. provide notification in the form of a summary of the Tribunal's findings and orders on a named basis to all provincial institutes, the Institute of Chartered Accountants of Bermuda and any other professional organization Raymond Harvey Johnston belongs to and the Institute is aware as of the date of this order;
2. provide a notice of the Tribunal's findings and orders to all provincial institutes to which Raymond Harvey Johnston applies for membership at any time following this order;
3. provide notice of the cancellation of registration, the nature of the conduct and orders made to all chartered accountants;
4. publish to all chartered accountants by an insertion, once in the Membership Activity Report, notice of the cancellation of registration;
5. provide a summary of the Tribunal's findings, the nature of the conduct, any orders made as a result of the findings, and any conditions to be met prior to any application for reinstatement in connection therewith be published on the ICAA public website on a named basis;
6. provide to any member of the public who directs an enquiry to the Institute about the discipline history of Raymond Harvey Johnston, a notice of the Tribunal's findings and orders;
7. provide a notice of the cancellation of registration, the nature of the conduct, any orders made in connection therewith to the clients and former clients of Raymond Harvey Johnston by a letter published by the Institute and mailed by the Institute. Raymond Harvey Johnston is to provide a list of clients and former clients within 30 days after the appeal period has ended; and
8. publish in the business section of:
 - a) The Edmonton Journal;
 - b) The Edmonton Sun;
 - c) The Lac La Biche Post;
 - d) The Sherwood Park News; and
 - e) other local or county newspapers in areas where Ray Harvey Johnston had clients, the fact of the cancellation of registration as a result of discipline proceedings and that further information can be obtained from the Institute.

Discipline Tribunal Secretary
February 29, 2012