



January 2020

2019 CPA Alberta Conduct Case Summaries

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Faber LLP Chartered Accountants, the registrant against whom a complaint was made:

FACTS

S was a non-designated employee of Faber LLP. S was the contact person for the firm's corporate client, J.

The firm undertook a review engagement for J. The working paper file for the year ended December 31, 2016 was prepared on "17-06-26". The "manager" file review was completed on June 29, 2017. The partner level review was performed by S in "6/2017". S had also signed – on June 26, 2017 – and released J's reviewed financial statements. J's representative had signed the management representations letter to the firm on June 26, 2017.

At the time, S was not authorized by the firm to perform the final partner review, sign assurance engagements and authorize the release of assurance engagements on behalf of the firm.

FINDINGS

Faber LLP admitted to the allegations of unprofessional conduct, in that it failed to establish, maintain or uphold appropriate practices, policies, or procedures designed to ensure that services provided by or on behalf of the firm are performed in accordance with generally accepted standards of practice of the profession, in that the work of the firm's employee, S, was not adequately supervised in relation to the review and release of assurance financial statements.

SANCTIONS

Faber LLP and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. Practice restriction whereby the firm is restricted from issuing, releasing or otherwise disclosing any assurance engagement work product until such work product was reviewed and approved by a CPA Alberta-appointed supervisor, the fees for such supervisor to be paid by the firm, such practice restriction to be in effect until the firm successfully undergoes two (2) consecutive compliant Practice Reviews with the Practice Reviews being on an accelerated practice review schedule;
2. Payment of costs of the investigation, hearing and compliance with the orders, in accordance with bylaw 1601, within 30 days of the issuance of the statement of costs;
3. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557; and
4. If the firm fails to comply with these sanctions within the time specified, the firm's registration will be cancelled.

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and David Stuart, CPA, CA, the registrant against whom a complaint was made:

FACTS

M was a company owned and operated by S. M provided billing services to physicians for a monthly, flat-rate management fee for administrative services.

In around 2004, S engaged Firm X to compile M's financial statements on a Notice to Reader basis and to prepare M's federal and provincial corporate income tax returns. Mr. Stuart was Firm X's primary contact for the file and had ultimate responsibility for the M file. By virtue of the M engagements, Mr. Stuart was aware that M was remitting GST and filing GST returns. Firm X was not engaged to file the GST returns, but received copies of them filed on behalf of M.

For M's year ending in 2012, Firm X performed a reasonability test on the GST calculated for M and identified a discrepancy. Firm X did not, however, do a further investigation in that respect.

Given the nature of the management fees, M was under an obligation to charge GST on them, but M did not do so. Mr. Stuart failed to inform S of M's obligation to charge GST on the management fees.

FINDINGS

Mr. Stuart admitted to the allegation of unprofessional conduct, in that he failed to perform professional services with due care in that he failed to inform S of her obligations with respect to charging GST for services provided by her corporation, M, when he knew or ought to have known that such obligations existed.

SANCTIONS

Mr. Stuart and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. A written reprimand for Mr. Stuart;
2. Payment of a fine of \$1,000 by Mr. Stuart within 30 days of the statement of costs being served;
3. Payment of costs of the investigation and compliance with the orders, in accordance with bylaw 1601, within 30 days of the issuance of the statement of costs; and
4. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaw 1550.

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Fahim Ekbal Moledina, against whom a complaint was made:

FACTS

Mr. Moledina was employed by VC from January 28, 2010 to September 8, 2015 in various positions, including Project Accountant.

From 2012 to September 2015, Mr. Moledina claimed personal expenses on his business expense claims or claimed amounts on his business expense claims using invalid receipts.

Mr. Moledina admitted that he falsified invoices and supporting documentation for business expense claims, including falsifying approval of the claims, for an amount totaling at least \$86,951.78.

FINDINGS

Mr. Moledina admitted to the allegation of unprofessional conduct, in that he submitted fraudulent expense claims, totaling not less than \$86,951.78, to his employer, VC, from about 2010 until September 8, 2015, when his employment was terminated.

SANCTIONS

Mr. Moledina and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. Cancellation of registration;
2. Payment of a fine of \$10,000 by Mr. Moledina over a period of 24 months following the statement of costs being served;
3. Payment of costs of the investigation, hearing and compliance with the orders, in accordance with bylaw 1601, up to a maximum of \$5,000, over a period of 24 months following the statement of costs being served; and
4. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557.

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Maureen Kelly, CPA, CMA, the registrant against whom a complaint was made:

FACTS

Since about 1999, Ms. Kelly performed compilation engagements for SE Association, a condominium association. In or about 2008, Ms. Kelly began performing audit engagements for SE Association, including SE Association's fiscal year ending December 31, 2017.

Under the *Chartered Professional Accountants Act*, compilations and audit engagements may only be performed if registered as a professional accounting firm. However, Ms. Kelly never registered as a professional accounting firm with either CPA Alberta or CMA Alberta.

FINDINGS

Ms. Kelly admitted to the allegation of unprofessional conduct, in that she conducted aspects of a professional accounting practice while not properly registered as a professional accounting firm with CPA Alberta by issuing audit engagement financial statements for SE Association for the year ended December 31, 2017 and prior years.

SANCTIONS

Ms. Kelly and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. Payment of a fine of \$5,000 by Ms. Kelly within 30 days of the statement of costs being served;
2. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557; and
3. If Ms. Kelly fails to comply with the sanction orders within the time specified, her registration will be cancelled.

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Faber LLP Chartered Professional Accountants, the registrant against whom a complaint was made:

FACTS

Q was a client of Faber LLP. B was one of the directors of Q. Professional services were provided to Q on behalf of Faber LLP by S, a non-designated employee of Faber LLP.

In May 2014, B instructed S to file Q's corporate tax returns and dissolve Q. Q concurrently made arrangements to close its corporate bank accounts. Faber LLP prepared and filed Q's 2014 year-end corporate tax return. On July 30, 2014, Faber LLP issued an invoice in the amount of \$2,100.00 regarding the year-end.

Q was formally dissolved as a corporation effective October 23, 2014; however, Faber LLP did not prepare and file Q's final corporate tax return for the period June 1, 2014 to October 23, 2014 (the "Final Return") and close the Q account with Canada Revenue Agency ("CRA").

Q received a refund cheque from CRA in the amount of \$2,540.26 regarding the 2014 year-end. B contacted S about "cashing" the CRA cheque because Q's bank accounts had already been closed. B understood from S that Faber LLP could "cash" the cheque.

Faber LLP received the CRA cheque on December 16, 2014. The proceeds of the cheque were then applied to payment of the July 31, 2014 invoice, leaving a credit of \$440.26 on Q's account with Faber LLP.

On September 20, 2017, B called Daniel W. Faber, CPA, CA about Faber LLP's failure to prepare and file the Final Return and the status of the CRA cheque. Faber LLP determined that S had not completed the Final Return and that the \$440.26 credit remained on the Q account. Mr. Faber apologized for the situation and, on September 27, 2017, sent a Faber LLP cheque in the amount of the credit.

FINDINGS

Faber LLP admitted to the allegations of unprofessional conduct, in that it:

1. Failed to perform the professional services which it agreed to perform for Q in 2014 with integrity and due care, namely preparing and submitting the Final Return and closing the Q account with CRA;
2. Accepted a CRA cheque payable to Q after Q had closed its accounts and applied a portion of the proceeds of that cheque to an existing invoice for services previously performed for Q, but improperly retained the balance of the proceeds, in the amount of \$440.26, without completing the related professional services, namely preparing and submitting the Final Return and closing the Q account with CRA; and
3. Failed to establish, maintain or uphold appropriate practices, policies, or procedures designed to ensure that employees or contractors who are associated with Faber LLP or who provide professional services on behalf of Faber LLP comply with the CPA Alberta Rules of Professional Conduct, in that:
 - (a) The work of Faber LLP employee, S, was not adequately supervised in relation to the professional services provided to Q; and

- (b) Faber LLP did not, in an adequate or timely way, respond to the requests for information from Q's representative, B, in early 2017 regarding the notice received from CRA regarding the failure to file the Final Return.

SANCTIONS

Faber LLP and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. Payment of a fine of \$3,750 for Allegation 1 within 30 days of the statement of costs being served;
2. Payment of a fine of \$2,500 for Allegation 2 within 30 days of the statement of costs being served;
3. Payment of a fine of \$18,750 for Allegation 3(a) within 30 days of the statement of costs being served;
4. Payment of a fine of \$1,875 for Allegation 3(b) within 30 days of the statement of costs being served;
5. Payment of costs of the investigation, hearing and compliance with the orders, in accordance with bylaw 1601, within 30 days of the issuance of the statement of costs;
6. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaw 1550; and
7. If Faber LLP fails to comply with the sanction agreement within the time specified, the registration of Faber LLP will be cancelled.

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Eric Butz, against whom a complaint was made:

FACTS

On October 1, 2007, Mr. Butz began his employment with F as a staff accountant.

In September 2014, Mr. Butz assumed the volunteer role of Treasurer of RC. From January 2015 to August 2018, while Treasurer of RC, Mr. Butz deposited into his personal bank accounts or the bank account of his professional corporation, a total of 123 RC cheques in the sum of \$200,002.21. Of those 123 cheques: (a) 97 were, as a matter of convenience and in accordance with RC's practice, signed by other RC representatives who had signing authority, and kept as blank cheques; and (b) 26 were signed solely by Mr. Butz and purportedly co-signed by a then-officer of RC, but, rather, were forged by Mr. Butz.

In September 2018, Mr. Butz admitted his actions to members of RC and resigned as Treasurer, and Mr. Butz admitted his actions to the principal of F and was terminated from his employment with F. Mr. Butz was co-operative during CPA Alberta's investigation.

FINDINGS

Mr. Butz admitted to the allegation of unprofessional conduct, in that he, from January 2015 to September 2018, while Treasurer of RC, wrote to himself or to Eric Butz Professional Corporation, 123 cheques, including 26 cheques for which he forged the signature of a RC signing authority, for a total of approximately \$200,000 from the RC's bank accounts for his personal benefit, when he knew or ought to have known that he was not entitled to do so.

SANCTIONS

Mr. Butz and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. Cancellation of registration;
2. Payment of a fine of \$17,000 by Mr. Butz within 180 days of the statement of costs being served;
3. Payment of costs of the investigation, hearing and compliance with the orders, in accordance with bylaw 1601, in the amount of \$5,500 within 180 days of the statement of costs being served;
4. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557; and
5. A notice of cancellation be placed in the *Edmonton Journal*, *Calgary Herald* and *Drayton Valley Western Review* and that more information can be obtained from CPA Alberta.

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Faber LLP Chartered Professional Accountants, the registrant against whom a complaint was made:

FACTS

S was a partner of Faber LLP but not a registrant of CPA Alberta. M and G were business partners who engaged the services of S and Faber LLP in respect of certain aspects of their various business ventures, among which were GMG and D Inc.

As of 2011, GMG owed Faber LLP \$37,332.50 for S's services. M and G closed GMG and then commenced operations under D Inc. They operated D Inc. for about two years but did not submit any GST returns or T4 summaries or remit any GST payments or payroll source deductions to CRA.

In early 2014, M and G engaged S to deal with the garnishees issued by CRA to their respective employers and related issues involving D Inc. At the time, M and G owed Faber LLP \$45,413.75 for services previously rendered. After S contacted CRA on March 12, 2014, CRA set aside the garnishees. S did not, however, submit any payroll information, GST returns or payments to the CRA on behalf of D Inc. CRA eventually reissued the garnishees.

In early April 2014, G provided six cheques (post-dated from April to September 2014) to S which were payable to Faber LLP and were marked "CRA", and M provided six cheques (post-dated from April to September 2014) to S which were payable to "Faber and Company" and were marked "[M-G]". The payments from M and G were applied to Faber LLP's receivables.

In June 2016, M and G changed accountants and retained F. F sent Faber LLP three letters between June and October 2016, including professional courtesy letter, a request for specific documents in relation to those clients, and a request for copies of certain invoices issued to those clients. F did not receive any response from Faber LLP in response to the three letters.

FINDINGS

Faber LLP admitted to the allegations of unprofessional conduct, in that it:

1. Failed to perform, on a timely basis or at all, the professional services which it agreed to perform for D in March 2014;
2. Received funds from its clients, M and G, without clarifying that those funds were going to be applied to outstanding accounts receivable of Faber LLP instead of being used to relieve the current obligations of those clients to CRA;
3. Failed to appropriately respond to requests for information related to various former clients from successor accountant, F, between approximately June to October 2016; and
4. Failed to establish, maintain or uphold appropriate practices, policies, or procedures designed to ensure that employees or contractors who are associated with Faber LLP or who provide professional services on behalf of Faber LLP comply with the CPA Alberta Rules of Professional Conduct, in that:
 - (a) The work of Faber LLP partner, S, was not adequately supervised in relation to the professional services provided to D; and
 - (b) The requests and complaints of its clients, M, G and D, did not receive an adequate or timely response from S.

SANCTIONS

Faber LLP and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. Payment of a fine of \$3,750 for Allegation 1 within 60 days of the statement of costs being served;
2. Payment of a fine of \$25,000 for Allegation 2 within 60 days of the statement of costs being served;
3. Payment of a fine of \$2,500 for Allegation 3 within 60 days of the statement of costs being served;
4. Payment of a fine of \$18,750 for Allegation 4(a) within 60 days of the statement of costs being served;
5. Payment of a fine of \$1,875 for Allegation 4(b) within 60 days of the statement of costs being served;
6. Payment of costs of the investigation, hearing and compliance with the orders, in accordance with bylaw 1601, within 60 days of the issuance of the statement of costs;
7. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557; and
8. If Faber LLP fails to comply with the sanction agreement within the time specified, the registration of Faber LLP will be cancelled.

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Hugh Johnson and Stephen Johnson Chartered Accountants, the registrants against whom a complaint was made:

FACTS

Stephen Johnson primarily provided professional services in the area of litigation support regarding utility rates and pipeline rates. Stephen Johnson was also engaged in each of 2015, 2016 and 2017 to perform one review engagement, one compilation engagement and some taxation services for each of the years prior to the engagement.

Stephen Johnson underwent practice reviews conducted by CPA Alberta on September 11, 2015, September 22, 2016 (first follow-up) and September 27, 2017 (second follow-up). The Practice Review Committee noted recurring deficiencies in Stephen Johnson's work its review engagement compilation engagement work. Stephen Johnson did not demonstrate that it was remediating the deficiencies noted.

FINDINGS

Mr. Johnson, on his own behalf and on behalf of Stephen Johnson, admitted to the allegations of unprofessional conduct, in that he failed to comply with:

1. Professional standards with respect to a review engagement that was carried out in each of 2015, 2016 and 2017 (for financial statements for the year ends 2014, 2015 and 2016 respectively);
2. The recommendations of Practice Review with respect to noted deficiencies in the three most recent practice reviews of Stephen Johnson; and
3. The requirements of Practice Review to respond to the noted deficiencies.

SANCTIONS

Mr. Johnson, on his own behalf and on behalf of Stephen Johnson, and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. Practice restriction whereby Stephen Johnson is prohibited from performing any audit or review engagements of general purpose financial statements (as defined in the CPA Canada Handbook - Assurance), unless Stephen Johnson has arranged for a CPA Alberta-appointed supervisor to supervise the engagement (the fees for which shall be paid by Stephen Johnson) and Stephen Johnson shall not issue, release or otherwise disclose any work product of the engagement until it has been reviewed and approved by the CPA Alberta-appointed supervisor;
2. The practice restriction shall continue in place until Stephen Johnson successfully undergoes two (2) consecutive compliant Practice Reviews on an accelerated practice review schedule;
3. Payment of costs of the investigation, hearing and compliance with the orders, in accordance with bylaw 1601, within 30 days of the statement of costs being served;
4. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557; and
5. If Mr. Johnson or Stephen Johnson fail to comply with these sanctions within the time specified, Mr. Johnson's or Stephen Johnson's registration will be cancelled.

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Nancy Bland, CPA, CA, the registrant against whom a complaint was made:

FACTS

Ms. Bland was the Chief Financial Officer (“CFO”) of CSF until May 2012. CSF operated in the payday loans business. It obtained funds from creditors and provided them to borrowers, who paid interest and fees on short-term loans.

In or around January 2012, CSF purchased outstanding creditor loans (“Consumer Loan Portfolio”) for over \$116,000,000 (the “Loan Purchase”). CSF provided continuous disclosure to the market, including the following:

- a. Interim Consolidated Financial Statements for the 3 and 6 months ended March 31, 2012 (“Q2 2012 FS”); and
- b. Interim Consolidated Financial Statements for the 3 and 9 months ended June 30, 2012 (“Q3 2012 FS”)

The Q2 2012 FS was the first time CSF reported on the Loan Purchase. CSF reported values for the Consumer Loan Portfolio, loan losses for the three months ended March 31, 2012, and loan losses for the six months ended March 31, 2012.

In the Q3 2012 FS, CSF disclosed that, in preparing the Q3 2012 FS, it noticed that the value assigned to the Consumer Loan Portfolio – among other values –in its Q2 2012 FS was inaccurate.

The predicted collectability rate that CSF used to value both the Consumer Loan Portfolio and the provision for loan losses was based on judgments and estimates formulated by CSF management that were not in accordance with US GAAP. Consequently, CSF disclosed an inappropriate valuation of the Consumer Loan Portfolio and an inappropriate provision for loan losses in the Q2 2012 FS. As the CFO, Ms. Bland authorized, permitted or acquiesced in CSF’s failure to disclose appropriate valuations in the Q2 2012 FS.

FINDINGS

Ms. Bland admitted to the allegations of unprofessional conduct, in that, as CFO of CSF, she:

1. Authorized, permitted or acquiesced in the breach by CSF of section 146 of the Alberta *Securities Act* and section 3.7 of National Instrument 52-107 – Acceptable Accounting Principles and Auditing Standards by failing to disclose in its Q2 2012 Financial Statements an appropriate valuation for the Consumer Loan Portfolio it purchased; and
2. Authorized, permitted or acquiesced in the breach by CSF of section 146 of the Alberta *Securities Act* and section 3.7 of National Instrument 52-107 – Acceptable Accounting Principles and Auditing Standards in its Q2 2012 Financial Statements by failing to disclose an appropriate loan loss provision and allowance for consumer loan losses;

As evidenced by entering into a Settlement Agreement and Undertaking with the Alberta Securities Commission on May 19, 2018 where she admitted to these breaches of the Alberta securities legislation.

SANCTIONS

Ms. Bland and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. Payment of a fine of \$3,000 for each of Allegations 1 and 2 within 30 days of the statement of costs being served;
2. Payment of costs of the investigation, hearing and compliance with the orders, in accordance with bylaw 1601, within 30 days of the statement of costs being served;
3. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557; and
4. If Ms. Bland fails to comply with these sanctions within the time specified, Ms. Bland's registration will be cancelled.

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and John Roderick MacKenzie, CPA, CA, the registrant against whom a complaint was made:

FACTS

Mr. MacKenzie practised through Rod MacKenzie Professional Corporation (“MacKenzie PC”). MacKenzie PC ceased being registered as a public accounting firm on July 31, 2014 and was never registered with CPA Alberta. Meanwhile, Mr. MacKenzie was selling his accounting practice. No formal agreement for the sale of his practice was ever reached.

In 2016, Mr. MacKenzie began performing professional services for some of MacKenzie PC’s past clients. During the years 2016-2018, Mr. MacKenzie performed 15 review engagements for 6 clients, including for SMC.

Since the registration of MacKenzie PC ceased on July 31, 2014, Mr. MacKenzie did not register his practice as a professional accounting practice, as required by the *CPA Act*, nor did he insure his practice in compliance with the Bylaws of CPA Alberta.

FINDINGS

Mr. MacKenzie admitted to the allegations of unprofessional conduct, in that he conducted aspects of a professional accounting practice by completing review engagements and compilation engagements and the associated corporate tax filings during the period 2015 to 2018 while not properly registered as a professional accounting firm and while not insured.

SANCTIONS

Mr. MacKenzie and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. Payment of a fine of \$3,000 within 30 days of the statement of costs being served;
2. Payment of costs of the investigation, hearing and compliance with the orders, in accordance with bylaw 1601, within 30 days of the statement of costs being served;
3. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557; and
4. If Mr. MacKenzie fails to comply with these sanctions within the time specified, Mr. MacKenzie’s registration will be cancelled.

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and John Matthew Williams-Kovacs, CPA, CMA, the registrant against whom a complaint was made:

FACTS

In 2015, Mr. Williams-Kovacs was an employee of SGE and, as such, had health benefits, which were provided by SLI.

Mr. Williams-Kovacs experienced a severe back injury and was diagnosed with chronic facet irritation in relation to his T8 paraspinal muscles.

For pain management, Mr. Williams-Kovacs was prescribed various prescription pain medications. Mr. Williams-Kovacs also took various following medical steps to remedy his injury, including getting various diagnostic imaging tools, having spinal injections and wearing a back brace. He also tried numerous paramedical services from various practitioners to remedy his injury, including massage therapy, physiotherapy, acupuncture, chiropractic and naturopathic treatments. Mr. Williams-Kovacs incurred medical costs and travel expenses of over \$20,000 from 2015-2018. SLI reimbursed Mr. Williams-Kovacs \$3,466; however, the majority of the claims were denied.

In 2017, a physician diagnosed Mr. Williams-Kovacs' injury and started him on a treatment regimen that provided moderate improvement to his injury but would require further medical treatment for his injury in the future. Those treatments required Mr. Williams-Kovacs to make frequent trips from Grande Prairie to Calgary, resulting in additional expenses that Mr. Williams-Kovacs paid, but most of these claims were denied by SLI. Mr. Williams-Kovacs purchased supplemental health benefits through the CI.

Mr. Williams-Kovacs submitting false online claims to SLI in relation to some of his medical expenses. In his false claims, Mr. Williams-Kovacs:

- a. Submitted fictitious dates of medical appointments and procedures involving health care providers for which SLI had previously approved claims;
- b. For previously-denied claims, substituted falsified claims for procedures that he knew would be approved by SLI;
- c. Changed the date on receipts that SLI had previously approved which were the same dollar amount as the treatments that SLI denied; and
- d. Changed the date to purport a new claim on treatments that he knew, from previous experience, SLI would approve.

After SLI demanded reimbursement, Mr. Williams-Kovacs reimbursed SLI for his false medical claims. Thereafter, as a result of the false medical claims, SGE terminated Mr. Williams-Kovacs' employment.

Mr. Williams-Kovacs reported his conduct in respect of the false medical claims to CPA Alberta and gave an irrevocable undertaking to CPA Alberta, in which he committed to inform his current and prospective employers about the reason for his termination from SGE, being the false medical claims to SLI.

FINDINGS

Mr. Williams-Kovacs admitted to the allegation of unprofessional conduct, in that he submitted 64 false medical claims to his insurance provider for medical benefit payment between October 8, 2015 and January 4, 2018 totaling \$3,466.

SANCTIONS

Mr. Williams-Kovacs and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. A 6-month suspension of registration;
2. Payment of a fine of \$5,000 within 90 days of the statement of costs being served;
3. Payment of costs of the investigation, hearing and compliance with the orders, in accordance with bylaw 1601, within 90 days of the statement of costs being served;
4. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557; and
5. If Mr. Williams-Kovacs fails to comply with these sanctions within the time specified, Mr. Williams-Kovacs' registration will be cancelled.

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Stefan Dimic, CPA, CMA, the registrant against whom a complaint was made:

FACTS

Mr. Dimic operated NEST Accounting and Business Solutions. NEST was not registered with CPA Alberta as a professional accounting firm.

J operated IT Inc., which was applying for accreditation with the International Air Transportation Association. IT Inc.'s IATA application required that a review engagement be performed in respect of its financial statements by a qualified CPA, and an analysis of IT Inc. in respect of certain IATA accreditation standards. J sought such a qualified person to conduct that work by posting an advertisement on Kijiji. Mr. Dimic responded to the Kijiji advertisement. J engaged NEST to do the work.

On behalf of NEST, Mr. Dimic completed the work regarding the December 31, 2017 financial statements of IT Inc., when he was not registered or authorized to perform review engagements.

FINDINGS

Mr. Dimic admitted to the allegation of unprofessional conduct, in that he conducted aspects of a professional accounting practice while not properly registered as a professional accounting firm with CPA Alberta by issuing a review engagement report regarding the December 31, 2017 financial statements of IT and compliance with IATA accreditation standards.

SANCTIONS

Mr. Dimic and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. Payment of a fine of \$1,500 within 180 days of the statement of costs being served;
2. Payment of costs of the investigation, hearing and compliance with the orders, in accordance with bylaw 1601, within 180 days of the statement of costs being served;
3. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557; and
4. If Mr. Dimic fails to comply with these sanctions within the time specified, Mr. Dimic's registration will be cancelled.

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and J. Scott Hawkings, CPA, CA, the registrant against whom a complaint was made:

FACTS

Mr. Hawkings practiced at Hawkings Epp Dumont LLP during the relevant time. FAAL, WCA and AB retained the firm to audit their respective financial statements the fiscal year ended August 31, 2015. Mr. Hawkings was the engagement partner for the engagements.

The audit files prepared by HED in conjunction with the engagements contained deficiencies. Specific deficiencies included lack of documentation, poor documentation and referencing, a lack of third-party evidence in audit files, a lack of required disclosure, and a lack of consideration to independence issues.

FINDINGS

Mr. Hawkings admitted to the allegation of unprofessional conduct, in that he failed to perform the audit engagements he was engaged to perform for FAAL, WCA and AB for the fiscal years ended 2015 in accordance with generally accepted standards of practice of the profession and the standards of the particular business or practice.

SANCTIONS

Mr. Hawkings and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. Written reprimand;
2. Payment of a fine of \$5,000 within 30 days of the statement of costs being served;
3. Should Mr. Hawkings undertake any audit engagements, the first two audit engagements performed by him must be reviewed by a supervisor approved by CPA Alberta, the fees for such supervisor to be paid by Mr. Hawkings prior to being issued, released or otherwise disclosed for the purposes of ensuring compliance with the relevant standards and the generally accepted standards of the profession;
4. Payment of costs of the investigation, hearing and compliance with the orders, in accordance with bylaw 1601, within 30 days of the statement of costs being served;
5. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557; and
6. If Mr. Hawkings fails to comply with these sanctions within the time specified, Mr. Hawkings' registration will be cancelled.

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Hawkings Epp Dumont LLP Chartered Accountants, the registrant against whom a complaint was made:

FACTS

FAAL, WCA and AB retained Hawkings Epp Dumont LLP to audit their respective financial statements the fiscal year ended August 31, 2015. J. Scott Hawkings, CPA, CA was the engagement partner for the engagements.

The audit files prepared by the firm in conjunction with the engagements contained deficiencies. Specific deficiencies included lack of documentation, poor documentation and referencing, a lack of third-party evidence in audit files, a lack of required disclosure, and a lack of consideration to independence issues. Ultimately, the audit files did not meet the requirements of the firm's criteria for second partner or file quality review. As a result, the audit files did not undergo review at Hawkings Epp Dumont LLP.

FINDINGS

Hawkings Epp Dumont LLP admitted to the allegation of unprofessional conduct, in that it:

1. Failed to establish, maintain and uphold appropriate policies and procedures to ensure that the professional services it was engaged to perform for FAAL, WCA and AB for the fiscal years ended 2015 were carried out in accordance with generally accepted standards of practice of the profession and the standards of the particular business or practice; and
2. Failed to establish, maintain and uphold appropriate policies and procedures designed to ensure that, in the conduct of the practice, the registrants who are associated with the firm comply with developments in professional standards in all functions in which they practice.

SANCTIONS

Hawkings Epp Dumont LLP and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. Payment of a fine of \$5,000 within 30 days of the statement of costs being served;
2. Payment of costs of the investigation, hearing and compliance with the orders, in accordance with bylaw 1601, within 30 days of the statement of costs being served;
3. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557; and
4. If Hawkings Epp Dumont LLP fails to comply with these sanctions within the time specified, the registration of Hawkings Epp Dumont LLP will be cancelled.

IN THE MATTER OF the discipline hearing into the conduct of Leanne Lynk, against whom a complaint was made:

FACTS

Ms. Lynk was the controller for CF, CS and CR for about 12 months during the years 2013 and 2014. In that time, on at least seven occasions, Ms. Lynk issued cheques from CF, CS or CR as payable to her that were entered in the QuickBooks system as being directed to other payees or no payee at all. On one occasion, a cheque bounced and Ms. Lynk issued a second cheque to herself for the same amount. The cheques Ms. Lynk made payable to herself were not a reimbursement of any expenses she had incurred.

Thereafter, Ms. Lynk was an employee and part owner of PBS. While employed at PBS, Ms. Lynk:

- Paid herself payroll payments from R, a client of PBS;
- Reactivated an employee of A, a client of PBS, that no longer worked for A in the payroll system and continued the employee's payroll payments from February 24, 2017 to July 14, 2017 with those monies being paid to a bank account with the same last four digits as a bank account belonging to Ms. Lynk;
- Paid herself an amount from SS, a client of PBS, that was stated in QuickBooks to be paid to an employee of SS who never received the money and was not owed the money for expenses; and
- Had payroll payments for the S, a client of PBS, transferred to her own bank account.

FINDINGS

A discipline tribunal found that Ms. Lynk's conduct constitutes unprofessional conduct in that she:

1. During the years 2013 and 2014, while employed as the controller of CF and CS, paid monies to herself from CS that she knew or ought to have known she was not entitled or authorized to receive;
2. During the years 2013 and 2014, while employed as the controller of CR, paid monies to herself from CR that she knew or ought to have known she was not entitled or authorized to receive; and
3. During the period April 2014 to October 2017, while involved with PBS as an employee and partial owner, directed monies to her bank account from the bank accounts of clients of PBS that she knew or ought to have known she was not entitled or authorized to receive.

SANCTIONS

The Discipline Tribunal ordered that the sanctions to be imposed in consequence thereof would be:

1. Cancellation of Ms Lynk's registration;
2. Payment of a fine of \$25,000 within 30 days of the statement of costs being served;
3. Payment of costs of the investigation, hearing and compliance with the orders, in accordance with bylaw 1601, within 30 days of the statement of costs being served;

4. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557;
and
5. A notice of cancellation be placed in the *Edmonton Journal*, *Calgary Herald* and *Richmond News* in accordance with section 95(1)(n) of the *CPA Act* with a statement that more information can be obtained from the CPA Alberta website.