



**January 2021**

# **2020 CPA Alberta Conduct Case Summaries**

**September 2020 – December 2020**

**IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Werner H. Haag, CPA, CA, the registrant against whom a complaint was made:**

**FACTS**

CC and DB each held half the shares in both CV Inc. and Alberta Co.

CV Inc. sold franchises and related products to franchisees throughout Alberta and elsewhere. Mr. Haag's firm performed a review engagement for each of CV Inc.'s 2010 to 2016 fiscal year ends, which Mr. Haag reviewed before finalizing each set of the financial statements.

CV Inc. entered into a Share Purchase Agreement with Mr. H, a registrant of CPA Alberta. The Agreement resulted in a transaction with a closing date of December 31, 2016. As part of Mr. H's due diligence before negotiating a price under the Agreement, Mr. H reviewed CV Inc.'s 2014, 2015 and 2016 financial statements, issued by Mr. Haag's firm, along with year end reconciliations and a detailed general ledger for each year as requested from the firm. Mr. H started operating CV Inc. in 2017.

Within a few months, having conducted a detailed sales analysis, Mr. H discovered significant inventory impairments. He also discovered a significant discrepancy between reported product sales revenues on CV Inc.'s general ledger and financial statements, and the inventory actually purchased by CV Inc. and sold to the various franchisees. The product sales reported on the CV Inc. trial balance and financial statements were significantly higher than the product sales reflected in the sales analysis. Mr. H also discovered a recurring account line item within CV Inc.'s general ledger records entitled "CH Rent". This was in connection with the CH Store, which had been taken back from a franchisee and was operated by CC and DB through Alberta Co. Mr. H determined that CV Inc. had been paying the CH's Store's monthly rent on behalf of Alberta Co., and then invoiced Alberta Co. for the rent. When Alberta Co. paid the invoices, CV Inc. incorrectly recorded those payments as product sales.

Alberta Co. sold the CH Store to an unrelated third party. The proceeds of the sale were incorrectly recorded as product sales within CV Inc.'s financial records. CV Inc. continued to pay the CH Store rent for 4 months and invoiced Alberta Co. and the third party purchaser for the rent amounts. Payments received under the invoices were incorrectly coded as product sales within CV Inc.'s financial records. Mr. Haag acknowledged the CH Store rent issue. But, despite having prepared Alberta Co.'s financial statements, he stated that he was not aware that the rent payments that CV Inc. received from Alberta Co. were allocated to CV Inc.'s product sales.

Mr. H then performed an audit of CV Inc.'s 2016 financial statements in relation to the sales orders generated by the supplier of CV Inc.'s products. He identified additional accounting issues, including cut-off errors in which 2015 invoices were entered in the accounting records of fiscal 2016 and duplicate invoices. He also identified overstatements of income (totaling over \$150,000 for CV Inc.'s 2014-2016 fiscal years), about \$58,000 of misstatements of working capital, and (with the help of an accounting firm, Firm1, which issued a report in respect of) inconsistent reporting in CV Inc.'s financial records. Mr. H also engaged a CPA firm, Firm2, to perform a review engagement on CV Inc.'s financial statements for September 1 to December 31, 2016.

Based on the issues identified in Mr. H's investigations and the findings of Firm1 and Firm2, Mr. H informed Mr. Haag that he believed that the CV Inc. financial statements were materially misstated and that it was Mr. Haag's professional duty to withdraw or revise the misstated financial statements. Despite the issues having been brought to his attention, Mr. Haag did not restate or retract the CV Inc. financial statements.

## **FINDINGS**

Mr. Haag admitted to the allegations of unprofessional conduct, in that he:

1. Failed to prepare the financial statements of CV Inc. in accordance with generally accepted standards of practice of the profession; and
2. Failed to restate the financial statements of CV Inc. as required by the generally accepted standards of practice of the profession.

## **SANCTIONS**

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

1. Payment of a fine of \$10,000 for each of admissions 1 and 2, payable within 30 days of the statement of costs being served;
2. Within one year, completion of a course on assurance engagements, other than related to Not-for-Profit entities, which is acceptable to the CIC Secretary, and evidence of completion to be provided to the Tribunal Secretary;
3. Payment of the 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. Haag fails to comply with these sanctions within the time specified, his registration will be cancelled.

**IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Lyle D. Furber, against whom a complaint was made:**

**FACTS**

At different times, Mr. Furber was employed by or contracted to GB and his various companies. He was involved in various capacities, depending on the company, including as a shareholder, director, controller and Chief Financial Officer.

Among Mr. Furber's responsibilities in respect of some of GB's companies was bookkeeping and doing bank reconciliations. At no time that Mr. Furber provided services to GB or his companies was Mr. Furber registered with CPA Alberta as a professional accounting firm, nor did Mr. Furber carry professional liability insurance.

GB and Mr. Furber did not agree on various elements of the income tax returns that Mr. Furber was asked to prepare. Mr. Furber failed to advise GB that Mr. Furber was not prepared to file tax filings in certain forms.

GB eventually commenced two civil actions, in both of which Mr. Furber was a defendant. The first action alleged, among other things, that Mr. Furber misappropriated funds. The second action alleged, among other things, that Mr. Furber – while employed by or contracted to GB and companies he owned – failed to file statutory tax filings that were required by relevant Canadian legislation and failed to properly record financial transactions.

In June 2015, the parties to the first action, including Mr. Furber, entered into a settlement agreement, in which Mr. Furber agreed to transfer cash and other assets to GB's companies. All amounts have now been repaid by Mr. Furber. The first action has been discontinued. The second action has not been resolved.

**FINDINGS**

Mr. Furber admitted to the allegations of unprofessional conduct, in that he:

1. While he was employed by or contracted to GB and companies GB owned, received payments of \$1,237,955.38 that he knew or ought to have known he was not entitled to receive; and
2. Did not perform his professional duties, while he was employed by or contracted to GB and companies GB owned, with integrity and due care, in that he:
  - a. Failed to file statutory tax filings that were required by relevant Canadian legislation; and
  - b. Failed to properly record financial transactions.

**SANCTIONS**

Mr. Furber 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 \$25,000 for admission #1, payable within 365 days of the statement of costs being served;
3. Payment of a fine of \$5,000 for admission #2, within 60 days of the statement of costs being served;

4. Payment of costs of the investigation, hearing and compliance with the orders, in accordance with bylaw 1601, within 365 days of the statement of costs being served;
5. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557;
6. A notice of cancelation to be placed in the *Edmonton Journal*, and that more information can be obtained at CPA Alberta.

**IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Greg A. Garton, against whom a complaint was made:**

**FACTS**

Since 2009, Mr. Garton was the Controller for SHS Inc. He reported to SHS Inc.'s President and CEO, JM. Among Mr. Garton's responsibilities was to manage SHS Inc.'s payroll.

Throughout his employment, Mr. Garton received a monthly salary. He participated in an RRSP matching program, whereby SHS Inc. would match Mr. Garton's RRSP monthly contributions based on 1.5% of base salary and would, on occasion, make further contributions to the employee's RRSP for service awards and bonuses by making payments to RRSP rather than as salary.

On April 2, 2018, Garton was asked, in a meeting with JM and others, about potential unauthorized charges on his corporate Visa credit card after JM requested that SHS Inc.'s external accountant review the credit card statements.

Mr. Garton eventually acknowledged to JM and SHS Inc.'s Vice President of Operations, JJM, that he lied and that unsubstantiated charges on the credit card were for personal items. Specifically, between 2017 and February 2018, \$2,621.52 of charges on the credit card was for personal expenses, from which a significant portion was for monthly cell phone charges every month from March 2017 to February 2018 (except December 2017 and January 2018), ranging from \$378.92 to \$744.73 monthly. SHS Inc. terminated Mr. Garton for cause. When he was informed of his termination, Mr. Garton informed JJM that SHS Inc. would also find payroll-related issues. In particular, Mr. Garton, without authorization, received amounts from SHS Inc. in relation to RRSP contributions, salary payments, bonus payments, overtime payments, vacation payments, automobile allowances and miscellaneous payments.

Since the complaint against Mr. Garton to CPA Alberta, SHS Inc. was paid back \$40,000, despite the unauthorized amounts totalling less, and Mr. Garton continued experiencing mental health issues (the "Mental Health Issues"). Throughout the complaint proceedings, Mr. Garton continually expressed remorse, and his legal counsel was consistently prompt with responses and reasonable in dealing with the complaint (collectively, the "Mitigating Factors").

**FINDINGS**

Mr. Garton admitted to the following allegations of unprofessional conduct:

1. Failed to carry out his duties as the Controller for SHS Inc. with integrity and due care, in that he:
  - a. used his corporate credit card, issued by SHS Inc., for use towards not less than \$2,621.52 of personal expenses;
  - b. for the months August 2017 to March 2018, received \$125 per month in salary from SHS Inc. while Controller of SHS Inc., when he knew or ought to have known that he was not authorized to receive it;
  - c. received the following bonuses or payments from SHS Inc., when he knew or ought to have known that he was not authorized to receive them:
    - i. in December 2016, a payment through payroll of \$1,500;
    - ii. in 2017, a payment of \$2,250 in March, \$550 in April, \$1,200 in June and \$1,000 in October; and
    - iii. in 2017, a payment of \$500 for miscellaneous pay;

- d. in 2017, received a payment of \$2,465.24 for overtime that he knew or ought to have known that he was not authorized to receive;
- e. paid the following amounts from SHS Inc. to his RRSP, or authorized the payment of them to his RRSP, that he knew or ought to have known that he was not authorized to receive:
  - i. in 2015, \$722.56; and
  - ii. in 2016, \$793.98;
- f. in 2018, received \$866 for vacation pay that he knew or ought to have known he was not authorized to receive;

and

- g. received the following payments from SHS Inc. for vehicle and phone allowances that he knew or ought to have known he was not authorized to receive:
  - i. in 2018, a phone allowance overpayment of \$255;
  - ii. in 2017, \$3,400 for vehicle allowances; and
  - iii. in 2018, \$4,800 for vehicle allowances.

## **SANCTIONS**

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

1. Voluntary resignation of registration pursuant to section 75 of the *CPA Act* and that, as a result, in accordance with section 75, the proceedings are discontinued, provided that, pursuant to section 75(2), the following conditions must be met before Mr. Garton becomes entitled to apply for reinstatement of registration:
  - a. The time period after the acceptance of the sanction agreement that must elapse before an application for reinstatement of registration will be considered will, as a result of the Mitigating Factors, be eighteen (18) months; and
  - b. Before an application for reinstatement of registration will be considered, Mr. Garton must tender a report from a psychiatrist, physician or registered psychologist that addresses the following issues at minimum:
    - i. Mr. Garton's then-current condition with respect to the Mental Health Issues, and how he is, at that time, managing any diagnoses thereof; and
    - ii. Whether Mr. Garton is fit to resume providing professional accounting services, considering the fiduciary, confidential and ethical aspects of the relationship between a registrant and those receiving professional services from him;
2. Payment of a fine of \$15,000, payable within 365 days of the statement of costs being served;
3. Payment of a fine of \$1,500 for allegation #3, within 30 days of the statement of costs being served;
4. Payment of 80% of the costs of the investigation, hearing and compliance with the orders, to a maximum of \$15,000, in accordance with bylaw 1601, within 365 days of the statement of costs being served; and
5. 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, Timothy J. Donnelly, CPA, CA and Donnelly & Co. LLP Chartered Accountants, the latter two being registrants against whom a complaint was made:**

**SANCTION AGREEMENT**

**TIMOTHY JOSEPH DONNELLY, CPA, CA and  
DONNELLY & CO. LLP CHARTERED ACCOUNTANTS  
FILE 2019096&2019096**

IN THE MATTER OF a complaint against Timothy J. Donnelly, CPA, CA and Donnelly & Co. LLP Chartered Accountants by ACG.

AND IN THE MATTER OF a sanction agreement pursuant to the provisions of section 74 of the *Chartered Professional Accountants Act, SA 2014, c C-10.2 ("CPA Act")*.

WHEREAS the Complaints Inquiry Committee, at its meeting of June 25, 2020, was of the opinion that there is sufficient evidence of unprofessional conduct to warrant a hearing before a discipline tribunal, it referred the following allegation of unprofessional conduct to the Discipline Tribunal Roster Chair.

The Complaints Inquiry Committee alleges that Timothy Donnelly and Donnelly & Co. LLP Chartered Accountants are guilty of unprofessional conduct in that they, or either of them:

1. Failed to perform professional services with due care in that they, or either of them:
  - a. failed to perform tax planning services for their clients, ACG and ACG PC, in accordance with the standards of the profession in the areas of shareholder loans and deferred tax accumulations in the PC; and
  - b. failed to follow their client's instructions with respect to the accumulation of deferred taxes in the PC.

All of which is contrary to the provisions of the *Chartered Professional Accountants Act, SA 2014, c. C-10.2*, the *Regulated Accounting Profession Act, RSA 2000, c. R-12*, or the regulations, bylaws, Rules of Professional Conduct enacted pursuant thereto or standards of practice, constituting unprofessional conduct.

AND WHEREAS Timothy J. Donnelly, CPA, CA and Donnelly & Co. LLP Chartered Accountants do not agree with the allegations set forth in the referral to hearing outlined above but do admit that that there was a failure to fully document the communications that took place surrounding the tax strategy chosen by ACG and ACG PC.

AND WHEREAS Timothy J. Donnelly, CPA, CA and Donnelly & Co. LLP Chartered Accountants propose to enter into a sanction agreement with the Complaints Inquiry Committee under section 74(1) of the *CPA Act*, admitting to certain allegations of unprofessional conduct and setting out the sanctions to be imposed in consequence thereof.

AND WHEREAS, if a panel selected under section 74(2) of the *CPA Act* is unable to recommend this proposed sanction agreement to the Complaints Inquiry Committee, the admissions and

sanctions proposed herein are inoperative and of no force and effect, and the proceedings under Part 5 of the *CPA Act* will be continued as if no sanction agreement was proposed.

AND WHEREAS, if the Complaints Inquiry Committee does not approve this proposed sanction agreement under section 74(8) of the *CPA Act*, the admissions and sanctions proposed herein are inoperative and of no force and effect, and the proceedings under Part 5 of the *CPA Act* will be continued as if no sanction agreement was proposed.

AND WHEREAS, if the Complaints Inquiry Committee does not approve this proposed sanction agreement under section 74(8)(a) of the *CPA Act*, this document is utterly null and void and of no force or effect and may not be used for any purpose.

#### FACTS

1. Timothy J. Donnelly ("Donnelly") has been a registrant of the Chartered Professional Accountants of Alberta, formerly the Institute of Chartered Accountants of Alberta, since January 18, 1985.
2. Donnelly & Co. LLP Chartered Accountants ("Donnelly & Co.") has been a registered public accounting firm of the Chartered Professional Accountants of Alberta, formerly the Institute of Chartered Accountants of Alberta, since April 1, 1959.
3. ACG and ACG PC have been clients of Donnelly & Co. since the late 1990's. Donnelly & Co. prepared the personal tax returns for ACG and prepared the financial statements and tax return for ACG PC, as well as provided tax planning advice.
4. Since 2005, ACG informed Donnelly that she would relocate back to Europe upon her retirement.
5. During the period leading up to November 2015, Donnelly advised, and ACG agreed upon, a strategy of deferring taxes in ACG PC to minimize taxes in the current year.
6. In November 2015, ACG retained D LLP for estate services and advice surrounding planning for her imminent retirement and relocation. D LLP advised, among other things, that if retaining the accumulated assets in the Professional Corporation after 2015, *"the period of deferral is going to have to be lengthy to cover the additional tax load"*.
7. Donnelly accepted ACG's November 3, 2015 invitation to meet with her other advisors, indicating the meeting was timely as Donnelly had already initiated significant distributions in a number of corporate clients. A meeting was held November 19, 2015 between D LLP, ACG, Donnelly and the investment advisor.
8. Thereafter, ACG indicated that, in line with the advice from D LLP and the advice that Donnelly was then providing to a number of their high net worth clients, she no longer wishes to accumulate deferred tax assets in ACG PC and distributed all assets out of ACG PC to her personal accounts prior to 2016.
9. ACG's tax returns for the fiscal year ended 2015 were prepared with a full payment of all the taxes previously deferred in ACG PC.

10. On October 11, 2016, ACG sent an email to Donnelly and stated, among other things, *“Regarding the Oct 31 year end: - am hoping to discuss the scenario of not deferring taxes anymore, with the income in this tax year slightly higher than last tax year;”* and *“if there is a tax refund this year, I would appreciate the amount up front instead of rolled forward, as I am paying interest on the line of credit.”*

11. On November 22, 2016, Donnelly replied and stated, *“If you do not defer your personal tax is \$446,940 and there is no corporate tax. If you do defer your personal tax is \$206,940 and the company’s tax is \$74,010 (178,033-104,023) totalling 280,950. A difference of \$165,990.”*

12. Donnelly advised ACG, while discussing the 2016 tax strategy, that a benefit of corporate tax deferral in AGC PC could be that if investments are made in the corporation, and subsequently those investments lose value, the individual has not incurred the personal tax on those assets thereby reducing the overall financial loss to the individual. ACG understood from this conversation that the amount of taxes that were being deferred in the corporation could be sheltered by an investment loss in the future.

13. ACG then agreed to defer the taxes in ACG PC again for the 2016 fiscal year end.

14. In the cover letter dated January 26, 2017 issued to ACG with the October 31, 2016 financial statements and tax returns is the shareholder loan paragraph, *“Please be advised that there is an outstanding shareholder balance in the amount of \$792,513. Pursuant to the Income Tax Act this amount must be repaid or cleared off before the end of the next fiscal year. This loan can be repaid or cleared by paying a dividend or bonus to the shareholder who would then repay the Company for the loan. Imputed interest should also be assessed as a taxable benefits on your T4’s...”*.

15. In the draft October 31, 2017 fiscal year ended balance sheet for ACG PC, prepared by Donnelly & Co., the “Due from shareholder” balance had accumulated to \$1,119,755 as ACG had withdrawn to her personal account most of the ACG PC current year earnings.

16. On January 11, 2018, ACG sent an email to Donnelly requesting that Donnelly provide, once available, the following documentation:

- a. *“2017 PC tax return drafts,*
- b. *planned shareholder loan account,*
- c. *planned T4 for 2017 (will it include the \$475,000?)”*

17. On January 19, 2018, Donnelly responded and stated: *“We have the books up to the point of booking salaries and dividends. The company has net income of just under 1 million. The shareholder loan is overdrawn by \$1.3 million. We are thinking of doing a 360 K dividend to bring the shareholder loan down to 940 K and doing a bonus to clear out the corporate income so that the company has no tax currently to pay. The problem is that after paying the bonus in 2018, on an after tax basis the bonus will only reduce the shareholder loan to by approximately 600K. But we can go over the flow of funds and the amounts you wish to put on the 2017 T4 and T5. Yes, last year’s bonus of \$475 K will be in the 2017 T4.”*

18. Sometime between January 19, 2018 and January 25, 2018, ACG provided the drafts to GH of GT LLP without Donnelly’s knowledge.

19. On January 25, 2018, Donnelly sent an email to ACG providing legislative support as to why the dividend needs to be reported in 2017 as outlined in the January 19, 2018 email.

20. This email was forwarded by ACG to GH on the same day asking GH to comment on "... *Tim's reply to our plan for Jan 31 payments and filings.*"

21. In a January 29, 2018 email GH confirmed the operation of s. 15(2) of the *ITA* on the October 31, 2017 shareholder loan and the promotion of the MINT approach to address the s. 15(2) of the *ITA* issue in the next year rather than in 2017.

22. In a subsequent January 29, 2018 email GH instructed ACG "*from what I see you should be ok to give Tim the ok to complete. Moving forward your plans are the MINT transactions and more active planning of your 2018 income to ensure you are back to square come October 2018 on the draws.*"

23. On January 29, 2018 ACG signed the October 31, 2017 financial statements' balance sheet and related representation letter accepting the reporting of full deferral of the shareholder loan account with no dividend or bonus in the 2017 fiscal year to reduce the shareholder loan deficit.

#### ADMISSIONS AND SANCTIONS

THEREFORE, I, Timothy J. Donnelly, CPA, CA and Donnelly & Co. LLP Chartered Accountants, admit to the allegations of unprofessional conduct as set out below, in that we, or either of us:

Failed to perform professional services with due care in that that we, or either of us did not fully document the communications surrounding the tax strategy chosen by ACG and ACG PC that focused on minimizing impacts to cash flow rather than tax minimization for the tax years 2016-2017.

AND I, Timothy J. Donnelly, CPA, CA and Donnelly & Co. LLP Chartered Accountants, and the Complaints Inquiry Committee agree that the sanctions to be imposed in consequence thereof will be:

1. Payment of a fine of \$2,000, payable within 30 days of the statement of costs being served;
2. Within one year, completion of a course on tax practice risk management, which is acceptable to the CIC Secretary, by Timothy Donnelly, CPA, CA. Evidence of completion of the course must be provided to the Tribunal Secretary;
3. Payment of 50% of the costs of the investigation and discipline process incurred to date, to a maximum amount of \$10,000, 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;
5. If Timothy Donnelly and Donnelly & Co. LLP Chartered Accountants fail to comply with the Tribunal's orders within the time specified, the registration of Timothy Donnelly and Donnelly & Co. LLP Chartered Accountants will be cancelled.

I, Timothy J. Donnelly, CPA, CA and Donnelly & Co. LLP Chartered Accountants, acknowledge that, pursuant to section 74(9) of the CPA Act, each admission of unprofessional conduct herein is to be considered and treated, for all purposes, as a finding of unprofessional conduct by a discipline tribunal,

and that this sanction agreement is to be considered and treated, for all purposes, as a decision and order of a discipline tribunal.

I, Timothy J. Donnelly, CPA, CA and Donnelly & Co. LLP Chartered Accountants, acknowledge that, pursuant to section 74(11) of the CPA Act, there is no appeal allowed from this sanction agreement, nor from the orders contained herein.

By signing this sanction agreement, I, Timothy J. Donnelly, CPA, CA and Donnelly & Co. LLP Chartered Accountants, acknowledge and understand that this is a legal and binding document and acknowledge that I was advised to seek legal counsel, and I have voluntarily made the admissions herein.

This sanction agreement may be executed in counterpart and/or by facsimile or other electronic reproduction and such copies, when executed, shall be as fully effective and binding as if all parties signed one and the same document.

DATED this 16th day of October 2020, in the City of Edmonton, in the Province of Alberta.

**Signed by Timothy J. Donnelly, CPA, CA and on behalf of Donnelly & Co. LLP Chartered Accountants**

APPROVED and ACCEPTED by the Complaints Inquiry Committee on the 27th day of October, 2020.

**Signed by the CIC Chair**

**IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee, Douglas D. Wilde and D Wilde Professional Corporation, the latter two being former registrants against whom a complaint was made:**

**FACTS**

KS1 was the sole director and 100% shareholder of WRW Ltd. KS1 was the president of SDB Ltd. and, along with KS2, a director of SDB Ltd. SDB Ltd.'s shareholders were WRW Ltd. (20%), a company for which KS2 was the sole director and 100% shareholder, and another company in which neither KS1 nor KS2 were directors or shareholders.

Mr. Wilde and the Wilde PC (collectively, "Wilde") was the accountant for SDB Ltd., KS1, KS2 and WRW Ltd. It was Mr. Wilde's practice to send to KS2 the financial statements that Wilde had prepared for SDB Ltd., for KS2 to distribute to SDB Ltd.'s shareholders.

In 2014, KS1 and KS2 divorced. KS1 was then removed as an officer and director of SDB Ltd. Thereafter, disputes within SDB Ltd. arose, resulting in KS1 commencing legal proceedings against the company.

KS1 changed accountants in April 2017.

From time to time between October 2016 and August 2018, KS1 made requests to Wilde for corporate information in respect of SDB Ltd. Responses to, or information in fulfilment of, several requests were significantly delayed. Throughout the same time period, Wilde continued to provide services to SDB Ltd., as well as to the other shareholders (among which was KS2), including doing personal income tax returns. During the relevant period, Wilde did not address the potential conflict of interest or the firm's conflict of interest policy in relation to the services they continued to provide.

KS1 complained to CPA Alberta. The CIC Secretary for CPA Alberta sent two letters to Wilde, requiring a response to KS1's allegations of unprofessional conduct. Wilde did not respond to either letter.

**FINDINGS**

Mr. Wilde and the Wilde firm admitted to the allegation of unprofessional conduct, in that they:

1. Failed to adequately address the conflict of interest that arose with respect to the professional services provided to KS1, KS2, SDB Ltd., and WRW Ltd. after the marital breakdown of KS1 and KS2; and
2. Failed to respond to the August 27, 2018 and September 12, 2018 communications of the Complaints Inquiry Committee Secretary that required a response.

**SANCTIONS**

Mr. Wilde (on behalf of himself and the Wilde firm) and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. A written reprimand;
2. Payment of a fine of \$1,000 for admission 1 and \$2,500 for admission 2, payable within 30 days of the statement of costs being served;
3. Payment of the 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; 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 David G. Kelly, CPA, CA, the registrant against whom a complaint was made:**

**FACTS**

CL and BG were the only two directors of APAR Co. They were also each a 50% shareholder in APAR Co. CL's sister (and BG's wife), JLG, was APAR Co.'s office manager.

Starting with APAR Co.'s 2013 year-end, JLG engaged Mr. Kelly to provide accounting services for APAR Co. Engagement letters were addressed to and signed on behalf of APAR Co. by BG. Throughout the engagement, BG had also signed corporate income tax returns on behalf of APAR Co.

Mr. Kelly did not have much interaction with CL, and Mr. Kelly was unaware that CL was a director. Mr. Kelly did, however, prepare CL's personal income tax return in the 2016 tax year.

At some point after APAR Co. had engaged Mr. Kelly, the business relationships amongst CL, BG and JLG began deteriorating. In January 2018, CL's lawyer made a written request to BG for APAR Co.'s accounting records for the 2013-2017 fiscal years. Thereafter, CL sued BG and JLG.

In early 2019, following a phone conversation with Mr. Kelly, CL's lawyer made a written request for specific tax-related records from Mr. Kelly, who referred the request to JLG. She told Mr. Kelly not to respond. In May 2019, CL's lawyer and Mr. Kelly again spoke on the phone. Mr. Kelly told him that he took instructions from JLG and that he could get the information he was seeking from the CRA.

Despite the deterioration of business relationships within APAR Co. and the resulting lawsuit, Mr. Kelly continued to provide accounting services to APAR Co. Mr. Kelly was also involved in assisting in setting up the accounting records for a new company for BG and JLG. Mr. Kelly did not take any conflict management measures, as set out in Rule 210 of the CPA Alberta Rules of Professional Conduct, to address the possible conflict of interest that arose.

**FINDINGS**

Mr. Kelly admitted to the allegation of unprofessional conduct, in that he:

1. Failed to adequately address the conflict of interest that arose with respect to the professional services he provided for APAR Co. after the breakdown in the relationship of its shareholders and directors, CL and BG.

**SANCTIONS**

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

1. A written reprimand;
2. Payment of a fine of \$1,000 payable within 30 days of the statement of costs being served;
3. Payment of the costs of the investigation, hearing and compliance with the orders, in the maximum amount of \$2,500, 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, with a link to the Settlement Agreement on the IIROC website; and
5. If Mr. Kelly fails to comply with these sanctions within the time specified, his registration will be cancelled.

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

**FACTS**

At various times, because of his professional designation, Mr. Letwin was approached by a small Alberta agricultural society and two small rural churches to review their financial statements. For each organization, Mr. Letwin prepared and issued review engagement reports. He did not charge any of the organizations for his services. However, at no time was Mr. Letwin registered with CPA Alberta to perform such services. Moreover, none of the reports were prepared in accordance with professional or practice standards.

**FINDINGS**

Mr. Letwin admitted to the allegations of unprofessional conduct, in that he:

1. Conducted aspects of a professional accounting practice while not registered as a professional accounting firm with CPA Alberta and while not insured in compliance with the Bylaws of CPA Alberta, in that he issued review engagement reports for the following entities:
  - a) Society1, for 2016, 2017 and 2018;
  - b) Church1, for 2018; and
  - c) Church2, for 2017 and 2018.
2. Failed to sustain professional competence in all the functions or areas in which he was providing professional services, specifically, in the area of review engagements.

**SANCTIONS**

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

1. A written reprimand;
2. Payment of the 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. Letwin fails to comply with these sanctions within the time specified, his registration will be cancelled.

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

**FACTS**

Starting in 2018, Mr. Pieroway was registered in the Chartered Professional Accountants Professional Education Program. In 2019, he registered in the CPA PEP Tax Module.

Mr. Pieroway plagiarized the work of another CPA PEP candidate and submitted it as his own work for the Week 4 Integrated Problem of the CPA PEP Tax Module. Mr. Pieroway had been aware of the other candidate's computer password and used that knowledge to access the candidate's assignment without their knowledge, before submitting it as his own work.

The Chartered Professional Accountants Western School of Business detected the plagiarism in Mr. Pieroway's submission. Mr. Pieroway admitted to the CPA WSB that he plagiarized the candidate's work.

**FINDINGS**

Mr. Pieroway admitted to the allegation of unprofessional conduct, in that he:

1. Plagiarized another candidate's material during his participation in the Tax Module of the CPA Professional Education Program offered through the CPA Western School of Business in 2019, in having submitted, as his own work, the submissions of the other candidate.

**SANCTIONS**

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

1. Suspension of Mr. Pieroway's registration for a period of 18 months;
2. Payment of 50% of the 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. Pieroway fails to comply with these sanctions within the time specified, his registration will be cancelled.

**IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Raymond Joyce, CPA, CMA and Raymond G. Joyce, Chartered Professional Accountant, the latter two being registrants against whom a complaint was made:**

**FACTS**

TK and AP incorporated OT Inc. TK, AP and OT Inc. all received professional accounting services from the Joyce firm. In dealing with the Joyce firm, TK and AP communicated with both Mr. Joyce and with an undesignated staff member, PW. PW's work was done with Mr. Joyce's oversight.

TK and AP had met with Mr. Joyce to discuss their intention to purchase a rental property in their personal names. In response, Mr. Joyce: indicated that TK and AP, as shareholders, could borrow money from OT Inc. to pay for deposits for such a purchase and that such loan could remain outstanding on the books and records of OT Inc. indefinitely without penalty; stated that TK and AP could own such a rental property through OT Inc. and that no tax would be paid on money taken out of OT Inc. for the purpose of paying a deposit; and, encouraged purchasing the rental property through OT Inc.

Ultimately, TK and AP ended up borrowing money from OT Inc. The Joyce firm set up a loan receivable in OT Inc. for TK and AP to withdraw money to fund the purchase of rental properties. Thereafter, TK and AP continued to withdraw money from OT Inc. to fund the personal purchases of rental properties.

After a few years had elapsed, PW wrote an email indicating that it was time for TK, AP and OT Inc. to find a new accountant, as Mr. Joyce was preparing to retire.

TK and AP then engaged another CPA who informed them that the money they withdrew from OT Inc. to buy rental properties constituted a shareholder loan. He explained the negative tax consequences of not repaying the shareholder loan to OT Inc. by the following fiscal year end of the company.

**FINDINGS**

Mr. Joyce and the Joyce firm admitted to the allegation of unprofessional conduct, in that they:

1. Failed to sustain professional competence in all the functions or areas in which they were providing professional services, specifically, in the area of the advice given to clients, TK, AP and OT Inc., regarding shareholder loans from corporations.

**SANCTIONS**

Mr. Joyce (on behalf of himself and the Joyce firm) and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. Payment of a fine of \$2,500 within 30 days of the statement of costs being served;
2. Unless the Joyce firm is closed and inactive as of March 31, 2021, as confirmed by CPA Alberta's Corporate Registrations, Mr. Joyce must complete a course, which is acceptable to the CIC Secretary, on tax planning for owners and managers, by December 31, 2021. Evidence of completion of the course must be provided to the Tribunal Secretary;
3. Payment of the 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. Joyce and the Joyce firm fail to comply with these sanctions within the time specified, the registration of Mr. Joyce and the Joyce firm will be cancelled.

**IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Bruce D. Beggs, CPA, CA, the registrant against whom a complaint was made:**

**FACTS**

GC Co. was subject to proceedings under the *Companies' Creditors Arrangement Act*. Deloitte LLP was appointed the Monitor and, thereafter, the Receiver of GC Co. in those proceedings. Mr. Beggs worked at Deloitte LLP and, in June 2014, became the Partner responsible for the GC Co. file.

IC was one of GC Co.'s creditors. From 2014 to 2018, IC made numerous requests for information, including updates and progress reports about the CCAA proceedings. Under Mr. Beggs's watch, a large majority of IC's requests for information went unanswered.

MT, on behalf of IC, contacted CPA Alberta because of Mr. Beggs's failure to respond to requests for information. The Complaints Inquiry Committee Secretary contacted Mr. Beggs, asking that he respond to MT. The CIC Secretary made three subsequent written requests of Mr. Beggs in this regard. Mr. Beggs did not reply to the CIC Secretary's written requests.

MT then made a formal complaint against Mr. Beggs. Despite receiving the complaint and two letters (via courier and email) from the CIC Secretary, requiring him to respond within 30 days, Mr. Beggs did not respond to either the complaint or the letters.

The complaint was investigated. The investigator made five requests of Mr. Beggs for information during the investigation. Mr. Beggs responded to the first one, albeit not substantively, but he did not respond to any of the four follow-up requests.

**FINDINGS**

Mr. Beggs admitted to the allegations of unprofessional conduct, in that he:

1. Failed to respond to communications from MT and IC, with information and documents requested by them; and
2. Failed to cooperate with the investigator and CPA Alberta with respect to the complaint of MT by failing to respond to communications which required a response, including failing to provide information and documents requested by them.

**SANCTIONS**

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

1. A written reprimand;
2. Payment of a fine of \$2,500 for each of the admissions, within 30 days of the statement of costs being served;
3. Payment of the 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. Beggs fails to comply with these sanctions within the time specified, his registration will be cancelled.