

SUMMARY OF DISCIPLINE RICHARD KRUSHELNICKI

A discipline hearing was held on June 29 & 30, 2015 regarding the conduct of Richard Krushelnicki. An oral decision was given followed by the discipline tribunal's written decision, dated September 2, 2015. After consideration of the verbal and written evidence and the submissions placed before it, the tribunal found that Richard Calvin Krushelnicki, acting alone or as a representative of MKS Chartered Accountants guilty of unprofessional conduct with respect to the following engagements in that he:

1. failed to perform his duties with due care by failing to file the 2012 federal and provincial corporate tax returns for ABC Services Inc.;
2. failed to perform his duties with due care by failing to file the federal and provincial corporate tax returns for 8**** Alberta Ltd. for the years ended in:
 - a. 2010,
 - b. 2011, and
 - c. 2012;
3. failed to return promptly upon request all documents and files relating to 8**** Alberta Ltd.;
4. failed to perform his duties with due care by failing to file the 2012 federal and provincial corporate tax returns for 1*****7 Alberta Ltd.;
5. failed to perform his duties with due care by failing to file the 2012 federal and provincial corporate tax returns for 1*****4 Alberta Ltd.;
6. issued an unqualified Review Engagement Report dated December 3, 2012 which stated that the firm had reviewed the financial statements of ABC Services Inc. for the year ended October 31, 2011 although:
 - a. they were attached to the financial statements of ABC Services Inc. for the year ended October 31 2012;
 - b. the October 31, 2012 financial statements were prepared in accordance with Canadian generally accepted accounting principles using differential reporting options available to non-publicly accountable enterprises when the company was required to adopt accounting standards for private enterprises in accordance with the CICA Handbook – Accounting Part II;
 - c. 8**** Alberta Ltd., a shareholder of ABC Services Inc., lent a controlled company \$100,000;
 - d. the financial statements of ABC Services Inc. for the year ended October 31, 2012 contained errors in that:
 - i. the statement of cash flow did not balance, and
 - ii. the redemption of shares of a former shareholder were reflected on a cash basis rather than an accrual basis;
7. misled Client A that he had filed the 2010, 2011 and 2012 federal and provincial corporate tax returns for 8**** Alberta Ltd.;
8. misled Client B that he had filed the 2011 and 2012 tax returns of 1*****7 Alberta Ltd. and 1*****4 Alberta Ltd. by providing Client B with client's copies of the returns; and
9. failed to cooperate with the Institute in that he:
 - a. failed to respond to a letter from the CIC Secretary dated January 22, 2014 requiring a response in writing within 30 days of receipt; and
 - b. failed to respond to outstanding questions provided by the investigator on September 24, 2014 requesting a response by October 8, 2014.

ORDERS

In accordance with Section 93 of *RAPA*, the Tribunal ordered that:

1. the registration of Mr. Krushelnicki shall be suspended in one month from today, July 31, 2015, if he has not, by that time, provided the required information requested by the Tribunal. If such information is not provided within two years from the date of such suspension, the registration of Richard Kalvin Krushelnicki will be cancelled.
2. Richard Krushelnicki shall be prohibited from engaging in the practice of accounting in the assurance area unless he proves to the CIC Chair that he has satisfactorily completed sufficient professional development to the current standards.
3. The practice of Richard Kalvin Krushelnicki shall be supervised by a supervisor approved by the CIC Chair. The supervisor will report every six months to the Discipline Tribunal secretary on the findings of the supervision. Supervision will include review of all financial statements and tax returns before issuance to ensure standards are met and reviewed timeliness in completing all engagements. Richard Kalvin Krushelnicki is to comply with all recommendations of the supervisor and is responsible for the costs of the supervisor in accordance with the terms agreed. Supervision will continue until he has satisfied the Discipline Tribunal secretary that supervision is no longer required.
4. Richard Krushelnicki will continue to take counselling and the counsellor to report to the Tribunal Secretary every three months.
5. Richard Krushelnicki will be required to pass an ethics course approved by the CIC Chair.

In accordance with Section 94(1) of *RAPA* the tribunal orders:

1. pay 75 percent towards the cost of the investigation and hearing;
2. pay a fine of \$20,000 to be paid within one year.

The terms can be negotiated with the Institute of Chartered Accountants. If the costs and/or fines are not paid within the time stipulated, the registration of Richard Krushelnicki is immediately cancelled.

Failure to comply with any orders shall result in the cancellation of registration of Richard Krushelnicki.

PUBLICATION

A summary of the Tribunal's findings and any orders made shall be provided on a name basis to all provincial institutes or their successor bodies, the Chartered Professional Accountants of Bermuda and any other professional organization that Richard Krushelnicki belongs to and that CPA Alberta is aware of as of the date of the order;

A notice of the Tribunal's findings and any orders are to be provided to all provincial institutes and their successor bodies to which Richard Krushelnick applies for membership at any time following the order;

A notice of the practice restriction, nature of the conduct and orders made in connection therewith, be provided to the employer of Richard Krushelnicki. And if the suspension takes place, this notice will ultimately be provided to all chartered accountants.



A summary of the Tribunal's findings and other orders shall be provided to any member of the public who directs a written inquiry to the CPA Alberta about the discipline history of Richard Krushelnicki.

A summary of the Tribunal's findings, the nature of the conduct and any orders made as a result of the findings be published on the CPA Alberta website on a named basis.

The Tribunal's written decision with the names of third parties replaced by pseudonyms be published on a named basis on the CPA Alberta website and be provided to Quicklaw.

A notice of the practice restriction as a result of discipline proceedings shall be published in the Business Section of the Calgary Herald on a named basis and that more information can be obtained from CPA Alberta.

If suspension occurs, a notice shall be published in the Business Section of the Calgary Herald, and that the suspension is as a result of discipline proceedings and that more information can be obtained from CPA Alberta.

Discipline Tribunal Secretary