



CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

*CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017*

**TO:** Allan S. Teachman, CPA, CA

**AND TO:** The Discipline Committee of CPA Ontario

The Professional Conduct Committee of CPA Ontario hereby makes the following Allegations of Professional Misconduct against Allan S. Teachman, CPA, CA, a member of CPA Ontario:

1. THAT the said Allan S. Teachman, in or about the period December 31, 2000 through December 31, 2018, while acting as Manager and Accountant for real estate co-tenancy "248", prepared annual financial statements for "248", knowing the financial statements contained false or misleading information contrary to Rule 205 of the Code of Professional Conduct in that:
  - a. Between December 31, 2000 and December 31, 2018 he reported revenue producing property as an asset on the balance sheet of 248, when in fact all of 248's real estate assets had been sold by 1999;
  - b. Between December 31, 2000 and December 31, 2018 he reported cumulative rental income of approximately \$1,236,399 on a property that did not exist; and
  - c. Between December 31, 2000 and December 31, 2018 he reported cumulative property taxes and condominium fees of approximately \$133,599 that were not incurred
2. THAT the said Allan S. Teachman, in or about the period April 1, 2017 through October 31, 2017, while acting as Manager and Accountant for real estate co-tenancy "248", provided information to the estate of "248" investor "JF", knowing that this information was false and misleading contrary to Rule 205 of the Code of Professional Conduct in that he provided a valuation of "JF"'s interest in "248" that was based on "248" owning a non-existent unit and purchased the interest from "JF's" estate using that valuation.

Dated at Aurora, Ontario, this 29 day of March 2021.

A handwritten signature in blue ink, appearing to read "H.G. Fagan", written over a horizontal line.

H.G. FAGAN, FCPA, FCA - CHAIR  
PROFESSIONAL CONDUCT COMMITTEE

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO  
CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017

**DISCIPLINE COMMITTEE**

**IN THE MATTER OF:** Allegations against **Allan S. Teachman, CPA, CA**, a member of the Chartered Professional Accountants of Ontario, under **Rule 205** of the CPA Code of Professional Conduct

**TO:** Allan S. Teachman, CPA, CA

**AND TO:** The Professional Conduct Committee

**DECISION AND ORDER MADE AUGUST 17, 2021**

**DECISION**

The Allegations that Allan S. Teachman has breached Rule 205 of the CPA Code of Professional Conduct are established and constitute professional misconduct.

**ORDER**

IT IS ORDERED THAT:

1. Allan S. Teachman be reprimanded in writing by the Chair of the hearing;
2. Allan S. Teachman shall pay a fine of \$17,500 to the Chartered Professional Accountants of Ontario ("CPA Ontario") by February 17, 2023.
3. Allan S. Teachman's membership with CPA Ontario and his Public Accounting Licence are suspended for a period of 12 months from the date of this Order;
4. Notice of this Decision and Order, disclosing Allan S. Teachman's name, is to be given in the form and manner determined by the Discipline Committee:
  - (a) to all members of CPA Ontario;
  - (b) to the Public Accounting Standards Committee; and
  - (c) to all provincial bodies;

and shall be made available to the public;

5. Notice of this Decision and Order disclosing Allan S. Teachman's name is to be given by publication on the CPA Ontario website, and in the *Toronto Star*. Allan S. Teachman shall pay all costs associated with the publication, which shall be in addition to any other costs ordered by the Panel.
6. In the event that Allan S. Teachman fails to comply with the terms of this Order, his membership with CPA Ontario shall be suspended until such time as he does comply, provided that he complies within 30 days of the date of his suspension. In the event he does not comply within the 30-day period, his membership in CPA Ontario shall be

revoked and notice of the revocation of his membership, disclosing his name, shall be given in the manner specified above, and in a newspaper distributed in the geographic area of Allan S. Teachman's residence or employment. All costs associated with this publication shall be borne by Allan S. Teachman and shall be in addition to other costs ordered by the panel.

AND THAT:

7. Allan S. Teachman shall pay costs of \$20,000 to CPA Ontario by February 17, 2023.

**DATED** this 17<sup>th</sup> day of August 2021.

A handwritten signature in black ink, appearing to read "Andrea Mintz". The signature is written in a cursive, flowing style with a large, decorative flourish at the end.

Andrea Mintz  
Discipline Committee – Deputy Chair

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO  
*CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017*

**DISCIPLINE COMMITTEE**

**IN THE MATTER OF:** Allegations against **Allan Teachman, CPA, CA**, a member of the Chartered Professional Accountants of Ontario, under **Rule 205** of the Chartered Professional Accountants of Ontario Code of Professional Conduct

**BETWEEN:**

**Chartered Professional Accountants of Ontario  
Professional Conduct Committee**

**-and-**

**Allan Teachman**

**APPEARANCES:**

**For the Professional Conduct Committee:** Julia McNabb, Counsel

**For Mr. Teachman**

Adam Pyne, Counsel

Heard:

August 17, 2021

Decision and Order effective:

August 17, 2021

Release of written reasons:

September 8, 2021

**REASONS FOR THE DECISION AND ORDER MADE AUGUST 17, 2021**

**I. OVERVIEW**

[1] The Professional Conduct Committee of the Chartered Professional Accountants of Ontario (“PCC”) has made Allegations that Mr. Teachman, while acting as an accountant for a real estate co-tenancy, prepared annual financial statements knowing they contained false or misleading information, and that he provided information to the estate of an investor in the real estate co-tenancy, knowing this information was false and misleading. This hearing was held to determine whether the Allegations were established and whether the conduct breached

Rule 205 of the Code of Professional Conduct and amounted to professional misconduct.

- [2] Mr. Teachman has been a CPA member since 1969. He started his accounting career working for a large firm, then moved to a smaller firm, where he eventually became a partner. Since 1987 he has had his own practice which is focused on bookkeeping and tax.
- [3] In the late 1970's Mr. Teachman began participating in real estate investments, and would introduce clients and friends to the investment opportunities. In 1988, Mr. Teachman was involved with a group of investors in forming a co-tenancy to purchase a property and develop an industrial condominium building with 26 units (the "Co-Tenancy"). The Co-Tenancy acted as the legal owner, and over the years sold the individual units to third parties. Mr. Teachman managed the investment and maintained the books and records.
- [4] In 2017, the son of one of the original investors became concerned about the accuracy of the financial statements of the Co-Tenancy, including whether it still owned and rented individual units, and whether Mr. Teachman had diverted rental income to himself. A complaint was made to CPA Ontario in November of 2019, and was investigated thereafter.
- [5] In advance of the hearing the parties jointly filed an Agreed Statement of Facts setting out the evidence supporting the allegations against Mr. Teachman, as well as Mr. Teachman's admission that the conduct set out in the Agreed Statement of Facts amounted to a breach of Rule 205 of the Code of Conduct.
- [6] The onus was on the PCC to show on a balance of probabilities that Mr. Teachman's conduct breached Rule 205 of the Code of Conduct, and constituted professional misconduct.

## **II. PRELIMINARY ISSUES**

- [7] Both parties agreed there were no preliminary issues.

## **III. ISSUES**

- [8] The Panel identified the following issues arising from the Allegations:
  - A. Did the evidence establish, on a balance of probabilities, the facts on which the Allegations by the PCC were based?
  - B. If the facts alleged by the PCC were established on the evidence on a balance of probabilities, did the Allegations constitute professional misconduct?

#### **IV. DECISION**

- [9] The Panel found that the evidence established, on a balance of probabilities, the facts set out in the Allegations of professional misconduct.
- [10] The Panel was satisfied that the Allegations constituted a breach of Rule 205 of the Code of Conduct and, having breached this Rule, Mr. Teachman committed professional misconduct.

#### **V. REASONS FOR THE DECISION**

##### ***Findings regarding Conduct of Mr. Teachman***

- [11] Evidence in support of the Allegations was placed before the Panel through an Agreed Statement of Facts (“ASF”), which was made Exhibit 1. Supporting documentation for the ASF was included in the Document Brief to the Agreed Statement of Facts, which was made Exhibit 2.

##### ***The Co-Tenancy***

- [12] In 1988, Mr. Teachman was involved with a group of developers in forming the Co-Tenancy to purchase a property in Toronto and develop an industrial condominium building consisting of 26 units. The Co-Tenancy acted as the trustee and legal owner of the property for the various investors. The condominium was registered in 1991 and over the subsequent years, the Co-Tenancy sold the individual industrial units to third parties. The investors in the Co-Tenancy consisted of Mr. Teachman’s clients, friends, other investors, and Mr. Teachman himself.
- [13] According to Mr. Teachman, as the Toronto real estate market was in decline in the early 1990s, the aggregate sale price for the units was less than the purchase price and developments costs. In the result, investors suffered significant losses.
- [14] In 1991, the Co-Tenancy arranged a first registered charge (the “1<sup>st</sup> Mortgage”) of \$1 million. In 1994, several of the original investors in the development advanced funds to the Co-Tenancy secured by a second registered charge in the principal amount of \$544,250 (the “2<sup>nd</sup> Mortgage”). Five of the investors in the 2<sup>nd</sup> Mortgage were initial investors or their relations, and the other five were friends of Mr. Teachman. The 2<sup>nd</sup> Mortgage secured an additional capital investment in the project and called for interest-only payments at 13.25%. It was registered in Mr. Teachman’s name, in trust for the various investors who contributed the additional capital.

- [15] In or around 1999, the remaining units in the development were sold. As a result of poor sales, there were insufficient funds to pay out the \$544,250 2<sup>nd</sup> Mortgage. Since many of the investors in the 2<sup>nd</sup> Mortgage were friends and clients of Mr. Teachman, he was embarrassed by the extent of their losses on the investment.

*False and Misleading Information to Investors*

- [16] Since the fiscal year 2000, the Co-Tenancy balance sheet reflected cash, the mortgage of \$544,250, and, notwithstanding that all the units had been sold, a revenue producing property at a cost of \$118,641. The income statements distributed to investors reported rental income, professional fees, property taxes, and condominium fees purportedly related to the revenue producing property and mortgage reflected on the balance sheet.
- [17] Mr. Teachman admitted to CPA Ontario that after the last unit was sold in 1999, he began to falsely report revenue producing real estate, rental income and related expenses in the financial statements provided to investors. Mr. Teachman explained that he did this in an attempt to save himself embarrassment over the failed investment. He personally paid the interest on the outstanding mortgage and continued to send out financial statements reflecting revenue producing real estate as an asset, even though all the units had been sold. Mr. Teachman explained that he did so in an effort to “save face” with the investors and the 2<sup>nd</sup> Mortgagees.
- [18] In sum, from the period December 1, 2000 through to December 31, 2018, Mr. Teachman provided false and misleading information to the investors of the Co-Tenancy by preparing annual financial statements that:
- (a) Reported revenue producing property of \$118,641 as an asset on the balance sheet despite the fact that all the real estate assets had been sold by 1999;
  - (b) Reported cumulative rental income of \$1,236,399 on a property that did not exist; and
  - (c) Reported cumulative property taxes and condominium fees that were not incurred totaling \$133,599.

*Interest Payments*

- [19] To facilitate his deception of the investors, Mr. Teachman personally paid money into the Co-Tenancy as “rental income,” so that he could pay the interest on the 2<sup>nd</sup> Mortgage and avoid default. Mr. Teachman states that he paid the 2<sup>nd</sup> Mortgage monthly interest of \$6,010 for 24 years, for a total interest payment of approximately \$1.7 million.

*Dealings with the Estate of “JF”*

- [20] During the investigator’s review of the bank statements of the Co-Tenancy, an additional payment to the Estate of “JF” in October of 2017 for \$7,688 was identified.
- [21] Mr. Teachman explained that the executors of JF’s estate had contacted him in 2017 requesting a valuation of JF’s interest in the Co-Tenancy. In response, he provided them with a value of \$31,556 for JF’s interest, less his share of the Co-Tenancy’s deficit, for a net value of \$7,688. This value was accepted by the executors of the estate and resulted in the purchase of JF’s shares by Mr. Teachman in this amount.
- [22] Mr. Teachman advised the investigator that the value of JF’s interest was based on the “expected market value of industrial units at that time.” However, in 2017 the Co-Tenancy did not own units on which a value could be based.
- [23] Accordingly, Mr. Teachman’s calculation of JF’s interest provided to JF’s estate was based on a value that included an asset that the Co-Tenancy did not own at the time. Mr. Teachman’s purchase of JF’s shares was also based on this calculation.

***Finding of Professional Misconduct***

- [24] Through the ASF Mr. Teachman admitted that these facts constitute professional misconduct in relation to the Allegations that he prepared annual financial statements knowing they contained false or misleading information, and that he provided information to the estate of an investor in the real estate co-tenancy with the knowledge that this information was false and misleading.
- [25] The Panel concluded that the Allegations, having been proven on the evidence, constituted breaches of Rule 205 of the Code of Professional Conduct.

**VI. DECISION AS TO SANCTION**

- [26] After considering the evidence, the law, and the submissions of both parties, the Panel concluded that the appropriate sanction was a written reprimand, a fine of \$17,500 payable within 18 months, and a 12-month suspension of Mr. Teachman’s membership with CPA Ontario and his Public Accounting Licence, with the standard publicity.
- [27] The Panel also set out terms that would apply if Mr. Teachman did not comply with the terms of the Panel’s order. These would require his suspension if he failed to comply with a term, and then, if he did not comply for 30 days after being

suspended, his membership would be revoked.

## VII. REASONS FOR DECISION AS TO SANCTION

### ***Position of the PCC***

- [28] The PCC submitted that the appropriate sanction should consist of a written reprimand, a fine of \$25,000, and a suspension of 18 months, with the standard publicity including publication in the *Toronto Star*.
- [29] In support of this position, the PCC relied on the aggravating factors that Mr. Teachman was an experienced and trusted member of the profession; the blatant nature of the false statements; the length of the misconduct; the personal (non-financial) benefit to Mr. Teachman of the misconduct in that it was designed to save himself from embarrassment; and, most significantly, that the misconduct engaged issues of integrity.
- [30] The PCC acknowledged the mitigating factors that Mr. Teachman had no prior history of professional misconduct, that he had been cooperative throughout the investigation, and that his signing of the ASF both significantly reduced the time and cost of the proceedings, and also reflected an acknowledgement of responsibility.

### ***Position of Mr. Teachman***

- [31] Mr. Teachman submitted that the appropriate sanction should consist of a written reprimand, a fine of \$10,000, and a suspension of 6 months, without publication in the *Toronto Star*.
- [32] In support of this position, counsel for Mr. Teachman emphasized the mitigating factors in favour of Mr. Teachman, including that he had no previous disciplinary record since he started practising in the 1960s; that he fully cooperated throughout the process; that he entered into an ASF and admitted the allegations; and that he expressed remorse, contrition and embarrassment for his misconduct. Counsel for Mr. Teachman also submitted that although the misconduct lasted a significant length of time, it was limited to one underlying factual matrix that snowballed over time. Mr. Teachman's counsel also emphasized that Mr. Teachman did not benefit financially from the misconduct, but that he paid significant funds of his own for the benefit of the other investors, with the result that he was the only one who suffered a loss.

### ***Reasons for the Panel's Decision on Sanction***

- [33] The Panel considered the sanctioning principles of protection of the public

interest, general deterrence of the membership, specific deterrence of Mr. Teachman, denunciation, and rehabilitation, as well as the aggravating and mitigating factors in this case.

- [34] The Panel considered both parties' submissions on the appropriate amount of the fine and the length of the suspension, in light of the case law relied upon by each party and the facts of this case. The Panel found that the unique facts relating to Mr. Teachman's misconduct limited the degree of assistance provided by the caselaw.
- [35] The Panel found the dishonesty of Mr. Teachman's misconduct, and the fact the misconduct lasted for 18 years, to be the most serious aggravating factors. Mr. Teachman's misconduct constituted an enormous violation of the trust of the investors. He falsified the financial statements of the investment in every one of those 18 years. Each year he had the opportunity to correct his false statements, and each year he instead chose to perpetuate them. In the Panel's view, Mr. Teachman's proposed fine of \$10,000 and proposed suspension of 6 months did not adequately reflect the seriousness of this misconduct.
- [36] The Panel also took into account that Mr. Teachman's misconduct did not lead to material financial harm to the investors, and that he attempted to make them whole through personal payments at his own considerable expense. While the investors would have relied on the falsified information provided to them by Mr. Teachman, in the Panel's view this case is not on par with those where the member's conduct was part of a scheme to defraud. In light of these and the other mitigating factors identified by the parties (above), the Panel found that the objectives of sanctioning could be met with a lower fine and shorter length of suspension than sought by the PCC.
- [37] The Panel found that a fine of \$17,500 and a suspension of Mr. Teachman's membership and his Public Accounting Licence for 12 months ensures that the objectives of specific and general deterrence are achieved, as well as the protection of the public and the maintenance of the reputation of the profession.
- [38] Particularly in light of the fact that Mr. Teachman's dishonest conduct was motivated by a desire to shield his reputation, in the Panel's view there is no reason in this case to depart from the required publication of a notice in a local newspaper when the member's Public Accounting Licence is suspended.

## **VII. COSTS**

- [39] The law is settled that an order against Mr. Teachman for costs with respect to the disciplinary proceeding is not a penalty. Costs are intended to indemnify the PCC, based on the underlying principle that the profession as a whole should not

bear all of the costs of the investigation, prosecution and hearing arising from the member's misconduct.

- [40] Costs are awarded at the discretion of the Discipline Committee. It has become customary for the PCC to file a Costs Outline in the same form as used in civil proceedings, and to seek 2/3 of the costs incurred in the investigation and prosecution of the matter.
- [41] The PCC Costs Outline is found at Exhibit 3. It totals \$29,862.79, 2/3 of which is approximately \$20,000, the amount sought by the PCC. Whereas counsel for Mr. Teachman referred to cases in which a lower percentage of costs had been awarded against the member, the Panel found there was no basis in this case to deviate from the customary award of 2/3 of the costs incurred by the PCC.
- [42] The Panel orders a cost award of \$20,000.00, payable within 18 months of the date of the Order.

Dated this 8<sup>th</sup> day of September, 2021

A handwritten signature in black ink, appearing to read "Andrea Mintz". The signature is fluid and cursive, with a large loop at the end.

Andrea Mintz, CPA, CA,  
Discipline Committee – Deputy Chair

Members of the Panel

Jeremy Cole, FCPA, FCA  
Veronica Green-Dimitroff, CPA, CMA  
Jane Rivers, CPA, CGA  
Catherine Kenwell (Public Representative)

Independent Legal Counsel

John Dent, Barrister & Solicitor