THE CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO
and
THE CERTIFIED GENERAL ACCOUNTANTS OF ONTARIO

(CERTIFIED GENERAL ACCOUNTANTS ACT, 2010)
(CHARTERED ACCOUNTANTS ACT 2010)

TO: Andrei L. Postrado, a student of CGA Ontario and CPA Ontario

AND TO: The Discipline Committees of CGA Ontario and CPA Ontario

The Professional Conduct Committees of CGA Ontario and CPA Ontario hereby make the following Allegations against Andrei L. Postrado, a student of CGA Ontario and CPA Ontario:

1. THAT the said Andrei L. Postrado, in or about the period June 9, 2015 through September 2, 2015, while employed as a Tax Technician at KPMG LLP (Canada), engaged in misconduct of a reprehensible or serious nature which reflected adversely on his honesty, integrity, or trustworthiness, contrary to Rule 108 of the Rules of Conduct of CGA Ontario, in that he conducted himself in a fashion which contravened the *Securities Act*, R.S.O. 1990, c. S.5 as described in the Settlement Agreement attached as Schedule "A".

2. THAT the said Andrei L. Postrado, in or about the period June 9, 2015 through September 2, 2015, while employed as a Tax Technician at KPMG LLP (Canada), failed to maintain the good reputation of the profession and its ability to serve the public interest, contrary to Rule 201.1 of the Rules of Professional Conduct, in that he conducted himself in a fashion which contravened the *Securities Act*, R.S.O. 1990, c. S.5 as described in the Settlement Agreement attached as Schedule "A".

Dated at Toronto, this 7th day of December, 2016.

H. Velazquez

H. VELAZQUEZ, DEPUTY CHAIR
PROFESSIONAL CONDUCT COMMITTEE

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO
(CHARTERED ACCOUNTANTS ACT, 2010)
and
THE CERTIFIED GENERAL ACCOUNTANTS ASSOCIATION OF ONTARIO
(CERTIFIED GENERAL ACCOUNTANTS ACT, 2010)

DISCIPLINE COMMITTEE

IN THE MATTER OF: Allegations against **ANDREI L. POSTRADO**, a Legacy CGA student of CPA Ontario, under **Rule 108** of the CGA Ontario Rules of Conduct and **Rule 201.1** of the CPA Ontario Rules of Professional Conduct.

TO: Mr. Andrei Librojo Postrado

AND TO: The Professional Conduct Committee of CPA Ontario and CGA Ontario

DECISION AND ORDER MADE MARCH 28, 2017

DECISION

THAT having heard the plea of guilty to Allegation Nos. 1 and 2, and having seen and considered the evidence, the Discipline Committee of CPA Ontario and CGA Ontario finds Andrei Librojo Postrado guilty of Allegation Nos. 1 and 2, and guilty of professional misconduct.

ORDER

IT IS ORDERED in respect of the Allegations:

1. THAT Mr. Postrado be reprimanded in writing by the Chair of the hearing.

2. THAT Mr. Postrado be and he is hereby fined the sum of $10,000, to be remitted to the Chartered Professional Accountants of Ontario ("CPA Ontario") within three (3) years from the date this Decision and Order is made.

3. THAT Mr. Postrado's rights and privileges as a student of CPA Ontario be suspended for a period of nine (9) months from the date this Decision and Order is made.

4. THAT Mr. Postrado be and he is hereby required to complete, pay for and attend, within twelve (12) months from the date this Decision and Order is made, the following professional development courses made available through CPA Canada:
   - *Professional Ethics: Current challenges, underlying values Part 1 and 2*
   - *Ethical Principles and the accounting profession: Code decoded*

   or, in the event the course(s) listed above becomes unavailable, the successor course(s) which takes its place.

5. THAT notice of this Decision and Order, disclosing Mr. Postrado's name, be given in the form and manner determined by the Discipline Committee:
   (a) to all members of CPA Ontario; and
   (b) to all provincial bodies;

   and shall be made available to the public.

6. THAT notice of the suspension, disclosing Mr. Postrado's name, be given by publication on the CPA Ontario website and in *The Globe and Mail*. All costs associated with the publication shall be borne by Mr. Postrado and shall be in addition to any other costs ordered by the Discipline Committee.

7. THAT in the event Mr. Postrado fails to comply with the requirements of this Order, he shall thereupon be struck off the register of students, and notice of such striking off, disclosing his name, shall be given in the manner specified above.

IT IS FURTHER ORDERED:

8. THAT Mr. Postrado be and he is hereby charged costs fixed at $3,000, to be remitted to CPA Ontario within three (3) years from the date this Decision and Order is made.

DATED AT TORONTO THIS 31ST DAY OF MARCH, 2017
BY ORDER OF THE DISCIPLINE COMMITTEE OF CPA ONTARIO AND CGA ONTARIO

D Williamson

DIANE WILLIAMSON
ADJUDICATIVE TRIBUNALS SECRETARY

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

DISCIPLINE COMMITTEE

IN THE MATTER OF:	Allegations against **ANDREI L. POSTRADO**, a Legacy CGA student of CPA Ontario, under **Rule 108** of the CGA Ontario Rules of Conduct and **Rule 201.1** of the CPA Ontario Rules of Professional Conduct.
TO:	Mr. Andrei Librojo Postrado
AND TO:	The Professional Conduct Committee

REASONS
(Decision and Order made March 28, 2017)

1. This tribunal of the Discipline Committee of CPA Ontario and CGA Ontario met on March 28, 2017 to hear allegations of professional misconduct brought by the Professional Conduct Committee of CPA Ontario and CGA Ontario (PCC) against Andrei L. Postrado, a legacy CGA student of CPA Ontario.

2. Ms. Tamara Center appeared on behalf of the PCC. Mr. Postrado appeared on his own behalf, without counsel. Mr. Postrado confirmed he understood that he had the right to be represented by counsel and was waiving that right. Ms. Lisa Braverman attended the hearing as counsel to the Discipline Committee.

3. The decision of the tribunal was made known at the conclusion of the hearing on March 28, 2017, and the written Decision and Order was sent to the parties on March 31, 2017. These reasons, given pursuant to Rule 20.04 of the Rules of Practice and Procedure, include the allegations, the decision, the order, and the reasons of the tribunal for its decision and order.

Allegations

4. The following allegations of professional misconduct were made against Mr. Postrado by the Professional Conduct Committee on December 7, 2016:

1. THAT the said Andrei L. Postrado, in or about the period June 9, 2015 through September 2, 2015, while employed as a Tax Technician at KPMG LLP (Canada), engaged in misconduct of a reprehensible or serious nature which reflected adversely on his honesty, integrity, or trustworthiness, contrary to Rule 108 of the Rules of Conduct of CGA Ontario, in that he conducted himself in a fashion which contravened the *Securities Act*, R.S.O. 1990, c. S.5 as described in the Settlement Agreement attached as Schedule "A*".

2. THAT the said Andrei L. Postrado, in or about the period June 9, 2015 through September 2, 2015, while employed as a Tax Technician at KPMG LLP (Canada), failed to maintain the good reputation of the profession and its ability to serve the public interest, contrary to Rule 201.1 of the Rules of Professional Conduct, in that he conducted himself in a fashion which contravened the *Securities Act*, R.S.O. 1990, c. S.5 as described in the Settlement Agreement attached as Schedule "A*"

(*document not attached)

Plea

5. Mr. Postrado entered a plea of guilty to Allegation Nos. 1 and 2.

Submissions of the PCC

6. Ms. Center filed a Brief of Authorities (Exhibit 1) containing Section 76 of the *Securities Act*, and the relevant Rules and Regulations of CPA Ontario and CGA Ontario. Ms. Center submitted that the facts in the case for the PCC are set out in the Settlement Agreement between the Ontario Securities Commission (OSC) and Mr. Postrado, contained in the Document Brief (Exhibit 2). Mr. Postrado agreed with the facts set out in the Settlement Agreement. The PCC did not undertake an investigation of the matter and no witnesses were called at the hearing.

7. Between June 9, 2015 and September 2, 2015, Mr. Postrado, a legacy CGA student of CPA Ontario, engaged in tipping and insider trading contrary to subsections 76(2) and 76(1) of the *Securities Act*, R.S.O. 1990, c. S.5, (the Act) respectively.

8. Mr. Postrado was employed in the real estate and construction tax department at KPMG LLP (Canada). Mr. Postrado obtained confidential undisclosed material information at KPMG respecting three public companies, called "reporting issuers" under the Act: Company "A", Company "B", and Company "C" (the Reporting Issuers). Mr. Postrado purchased securities of the Reporting Issuers while possessed of undisclosed material information.

9. The undisclosed material information respecting the Reporting Issuers was that each of them was going to be bought by another entity. Mr. Postrado was a person in a "special relationship" with the Reporting Issuers, as defined by the Act, as a result of his employment with KPMG.

10. Mr. Postrado purchased securities of the Reporting Issuers in advance of the public announcement of certain merger and acquisition (M&A) transactions respecting the Reporting Issuers in online discount brokerage accounts. After the public announcement of the M&A transactions, Mr. Postrado sold the securities of the Reporting Issuers to earn a profit in his accounts of $200,375. Mr. Postrado also conveyed the undisclosed material information to his father.

11. At the time, Mr. Postrado was 28 years of age and was hired by KPMG in August 2014 in the real estate and construction industry tax department. He started at the entry-level position referred to as the technician level. His responsibilities were to prepare simple tax returns for corporate clients. When a client retains KPMG's tax department to provide tax advice on an M&A transaction, the department opens an electronic file respecting the client. The file may be accessed by employees of the tax department unless access to the file is restricted because of potential conflicts. When the tax department is retained by a client on an M&A transaction, a deal team is formed to work on the transaction. During the relevant period, the KPMG tax department was retained by clients respecting the M&A transactions involving the Reporting Issuers. Electronic files were opened and deal teams were formed to work on the transactions. Mr. Postrado was not assigned to any of the deal teams involving the transactions respecting the Reporting Issuers.

12. In June 2015, Mr. Postrado overheard a conversation between a manager and a partner in the tax department at KPMG about the due diligence being done on Company "A". As a result of overhearing the conversation, Mr. Postrado believed that Company "A" was about to be acquired and on June 9, 2015, he opened a BMO account. On June 16 and June 17, Mr. Postrado purchased 2,500 shares of Company "A" at a cost of $23,750. Between June 11 and

June 15, Mr. Postrado deposited $10,750 in cash into his BMO account and funded the remainder of his Company "A" share purchase on margin. Mr. Postrado possessed undisclosed material information at the time he purchased the Company "A" shares.

13. Shortly after Mr. Postrado purchased the shares, Company "A" announced that it had entered into an arrangement to be acquired for approximately $12 per share, an increase of approximately $2.50 per share from its closing price on June 17, 2015. KPMG was first aware of the transaction on or about May 15, 2015. Mr. Postrado sold his entire position on June 19, 2015 at $12.50 per share, earning a profit of $6,375.

14. In late June or early July 2015, Mr. Postrado accessed and reviewed documents in the electronic client file respecting the acquisition of Company "B" which made him believe that Company "B" was about to be acquired. Mr. Postrado opened a Questrade account, and between July 17, 2015 and July 29, 2015, he purchased and sold units of Company "B" in his BMO and Questrade accounts. Mr. Postrado obtained cash advances on three Visa cards totalling $11,900 which he deposited into his Questrade account. In total, Mr. Postrado purchased 21,945 Company "B" shares at a cost of $176,472 in his Questrade and BMO accounts with knowledge of the undisclosed material fact that Company "B" was about to be acquired.

15. In early August, 2015, Company "B" announced that it had entered into an arrangement to be acquired and on August 7, 2015, Company "B" closed at approximately $7.75. On the day of the announcement, Company "B" closed at approximately $8.10 per unit. Mr. Postrado sold 500 shares of Company "B" from his Questrade account in July, prior to the public announcement. Following the announcement in early August, 2015, Mr. Postrado sold his entire position for $168,550, losing approximately $4,000.

16. In July 2015, as a result of overhearing a conversation between a manager and partner about the due diligence being done on Company "C", Mr. Postrado believed Company "C" was about to be acquired. Between August 17, 2015 and August 19, 2015, Mr. Postrado acquired 19,000 shares for approximately $159,000 at an average price of $8.36 per share in his Questrade and BMO accounts on margin. These shares were purchased with knowledge of the undisclosed material fact that Company "C" was about to be acquired.

17. In early September 2015, Company "C" announced that it had agreed to be acquired at approximately $18.75 per share. The Company "C" share price rose from approximately $8.80 to approximately $18.50 per share, following the early September 2015 takeover announcement. On the day of the takeover announcement in early September 2015, Mr. Postrado sold his position in Company "C" in both his BMO and Questrade accounts for approximately $353,000. Mr. Postrado earned a profit of approximately $194,000.

18. Mr. Postrado conveyed the information he had obtained with respect to Company "B" and Company "C" to his father, telling him that he believed Company "B" and Company "C" were about to be acquired based on what he heard at work. Mr. Postrado was aware that his father purchased securities of Company "B" and Company "C" while possessed of the undisclosed material information conveyed to him by Mr. Postrado.

19. Ms. Center noted that in the Settlement Agreement, it indicated that Mr. Postrado has no disciplinary record, he cooperated fully with OSC staff, he was remorseful, he has extremely limited resources, he has no assets in his name and is currently unemployed.

20. By purchasing securities of the Reporting Issuers while possessed with knowledge of undisclosed material information while in a special relationship with the Reporting Issuers, Mr.

Postrado engaged in insider trading contrary to subsection 76(1) of the Act. By conveying the knowledge that Company "B" and Company "C" were about to be acquired, Mr. Postrado tipped another party, his father, contrary to subsection 76(2) of the Act. By engaging in insider trading and tipping, Mr. Postrado admitted in the Settlement Agreement that he acted contrary to the public interest.

21. Ms. Center reviewed the terms of the settlement with the OSC which Mr. Postrado had agreed to and noted that the Settlement Agreement was signed by Mr. Postrado and the OSC Director of the Enforcement Branch. Ms. Center highlighted excerpts from the transcript of the OSC settlement hearing. Ms. Center filed a certified copy of the Order of the OSC (Exhibit 3).

Submissions of Mr. Postrado

22. Mr. Postrado did not make any submissions on the facts or relating to his guilty plea. In answer to a question from a member of the tribunal, Mr. Postrado indicated that full disgorgement of the profits has been made to the OSC in the amount of $200,375. Mr. Postrado indicated that he still has to pay the administrative penalty of $20,000 and the costs of $8,500, which is to be paid to the OSC within three years of the making of the June 8, 2016 Order of the OSC.

The Decision

23. The tribunal found, on the uncontested evidence, that the allegations had been proven. After deliberating, the tribunal announced the following decision:

> THAT having heard the plea of guilty to Allegation Nos. 1 and 2, and having seen and considered the evidence, the Discipline Committee of CPA Ontario and CGA Ontario finds Andrei Librojo Postrado guilty of Allegation Nos. 1 and 2, and guilty of professional misconduct.

Reasons for Decision

24. Ms. Center submitted that when a student is the subject of an allegation under Rule 201.1 of the CPA Ontario Rules of Professional Conduct for a matter referred to in Rule 102.1(d), there is a rebuttable presumption that the student failed to maintain the good reputation of the profession and its ability to serve the public interest. Ms. Center suggested that the rebuttable presumption applied because all three requirements in Rule 201.2 were satisfied. Mr. Postrado called no evidence and made no submissions to rebut that presumption and, that, in and of itself, would be sufficient for a finding of guilt. Further, it is clear from the facts set out in the Settlement Agreement and the transcript, Mr. Postrado's conduct is in breach of Rule 201.1. The tribunal concluded that the evidence was sufficient to prove a breach of Rule 201.1 on the balance of probabilities.

25. The insider trading and tipping provisions of the Ontario *Securities Act* are essential tools for maintaining the integrity of the capital markets and fostering investor confidence. Mr. Postrado's activities which led him to engage in insider trading, allowing him to earn a profit of $200,375, and tipping his father, allowing his father to earn a profit, was misconduct of a reprehensible and serious nature that reflected adversely on his honesty, integrity and trustworthiness, and resulted in him failing to maintain the good reputation of the profession and its ability to serve the public interest. The amount of the profit that the student improperly earned, the fact that three separate and discrete incidents of purchasing shares while he was in possession of undisclosed material information occurred which allowed the student to earn a profit, the fact that the student conveyed undisclosed material information to his father on two occasions which allowed his father to earn a profit, confirm for the tribunal that this was not an isolated, or minor, lapse in judgement. Mr. Postrado's guilty plea to the allegations was appropriate in the circumstances, and was accepted by the tribunal. The tribunal concluded that

the evidence was clear, cogent and convincing and was sufficient to prove Allegation Nos. 1 and 2 on the balance of probabilities. The tribunal therefore found Mr. Postrado guilty of Allegation Nos. 1 and 2 and guilty of professional misconduct.

26. As Mr. Postrado was not charged with a breach of the confidentiality provisions of the CGA Ontario Rules of Conduct or CPA Ontario Rules of Professional Conduct, the tribunal did not consider the PCC's submissions made by Ms. Center relating to confidentiality in making a decision on the allegations.

Submissions on Sanction

27. Ms. Center filed two articles published in the *Financial Post* and *The Globe and Mail* on June 8, 2016 (Exhibit 4) which provided details of the settlement with the OSC and identified Mr. Postrado.

28. Ms. Center, on behalf of the PCC, submitted that an appropriate sanction in this matter would be the following: a written reprimand from the Chair of the tribunal, a fine in the amount of $10,000, suspension of registration for a period of nine months, CPD courses in ethics, and full publicity, including publication in *The Globe and Mail* and/or the *Financial Post* with the costs of the newspaper publication being borne by Mr. Postrado. The PCC also sought an order for costs of approximately two-thirds of the costs incurred in this matter.

29. Ms. Center stated that Mr. Postrado does not take issue with the CPD courses, the reprimand and publicity but Mr. Postrado does take issue with the length of the suspension and the amount of the fine and costs. Ms. Center submitted that the PCC would not be opposed to a reasonable time period such as a two-year time period for Mr. Postrado to pay the fine and costs, noting that the OSC provided a three-year time period, but would leave this up to the discretion of the tribunal.

30. Ms. Center stated that the aggravating factors included: the nature of the misconduct, the seriousness of his misuse and disclosure of confidential information, and the amount of the profit made through insider trading. Mr. Postrado had engaged in insider trading activities on three separate occasions and had also engaged in tipping on two occasions.

31. Ms. Center stated that the mitigating factors included that Mr. Postrado had cooperated with the OSC and entered into a Settlement Agreement, thereby owning up to his actions. He had expressed remorse to the OSC and to the PCC. Mr. Postrado pled guilty at this hearing. In addition, Mr. Postrado made restitution of the profits he gained. Ms. Center stated that Mr. Postrado is a young, inexperienced student who is now unemployed, with no assets and has limited resources. Ms. Center indicated that Mr. Postrado's financial circumstances are a factor to consider.

32. Ms. Center submitted that the proposed sanction takes both the aggravating and mitigating factors into consideration.

33. Ms. Center stated that the reprimand will act as a specific and general deterrent.

34. Ms. Center stated that the fine requested will act as a specific and general deterrent and the PCC felt it was an appropriate amount to address the moral turpitude and dishonesty of Mr. Postrado's actions. Mr. Postrado's ability to pay should be taken into consideration but should not be the determining factor in deciding the quantum of the fine, although he could be given a reasonable time to pay, as was done in the *Holmes* case where the member was given three years to pay because of his financial circumstances. The OSC was aware of Mr. Postrado's

financial circumstances but still imposed an administrative penalty of $20,000 and costs of $8,500.

35. Ms. Center stated that the PCC considered the aggravating and mitigating factors including the fact that Mr. Postrado is a student and Mr. Postrado's ability to obtain his designation, in determining the length of the suspension. In respect of the suspension proposed by the PCC, Ms. Center stated that the PCC had decided a nine-month suspension would be appropriate as the PCC felt that Mr. Postrado deserved a serious suspension but he could be rehabilitated. Ms. Center stated that the nine-month suspension would not interfere with his practical work experience requirement, as Mr. Postrado would have enough time after his suspension to finish his practical work experience prior to the deadline. Mr. Postrado has completed his academic requirements, and must complete 18 months of practical work experience by June 30, 2020. Ms. Center stated that although there may be jurisdiction, a retroactive suspension is not appropriate in this case.

36. Ms. Center described two professional development courses offered online by CPA Canada: *Professional ethics: Current challenges, underlying values* (Parts 1 and 2) and *Ethical principles and the accounting profession: Code decoded*, which would assist in Mr. Postrado's rehabilitation.

37. Ms. Center submitted that Mr. Postrado does not take issue with the proposed publicity, noting that the PCC would prefer publication in both the *Financial Post* and *The Globe and Mail*, but leaves this up to the discretion of the tribunal. Mr. Postrado indicated that he does not take issue with publicity in both newspapers.

38. Ms. Center filed a Costs Outline (Exhibit 5) showing the costs were approximately $7,900 as an investigation had not been necessary in this case. The PCC was seeking $5,000 in costs, approximately two-thirds of this amount.

39. Ms. Center distributed a Case Brief containing the *Chapman* and *Bovos* cases which involved insider trading. The *Giannantonio, Lorusso* and *Sivakumaran* cases involved students. The students in the *Giannantonio* and *Lorusso* cases were suspended, and given a second chance, while in the case of *Sivakumaran*, the student was struck off the register without opposition.

40. Mr. Postrado filed a letter with the tribunal which was dated March 28, 2017 and addressed to the Discipline Committee (Exhibit 6) apologizing for his misconduct which has caused damage to the reputation of his employer and the accounting profession. In his letter, which was read into the record, it outlined Mr. Postrado's actions in purchasing the securities with material non-public information and in sharing this information with his father. Mr. Postrado stated that at the time he purchased the securities, he did not fully understand securities law or his employer's policies. Mr. Postrado stated that he fully cooperated throughout the OSC investigation, agreed to a settlement and remitted the entire amount of his profit to the OSC.

41. Mr. Postrado submitted that he is extremely remorseful for his actions which have had severe consequences on his career and personal life. Mr. Postrado stated that his employment was terminated by KPMG on March 4, 2016. Since his employment termination, he has had difficulty finding work. Mr. Postrado requested that he be allowed to continue in the CPA program and still wants to become a CPA.

42. Mr. Postrado requested that the fine and costs be no more than $1,000 each to be paid over one year. He still owes money to the OSC and is currently unemployed. Mr. Postrado

stated that he has sent out one hundred resumes and has been truthful about his circumstances in all 20 interviews.

43. Mr. Postrado requested that the suspension be retroactive to March 4, 2016, when his employment was terminated since he has been unemployed since that time. Alternatively, Mr. Postrado requested that his suspension be for a three-month period. In reply, Ms. Center stated that a three-month suspension was not sufficient in the circumstances of this case.

Order

44. After deliberating, the tribunal made the following order:

1. THAT Mr. Postrado be reprimanded in writing by the Chair of the hearing.

2. THAT Mr. Postrado be and he is hereby fined the sum of $10,000, to be remitted to the Chartered Professional Accountants of Ontario ("CPA Ontario") within three (3) years from the date this Decision and Order is made.

3. THAT Mr. Postrado's rights and privileges as a student of CPA Ontario be suspended for a period of nine (9) months from the date this Decision and Order is made.

4. THAT Mr. Postrado be and he is hereby required to complete, pay for and attend, within twelve (12) months from the date this Decision and Order is made, the following professional development courses made available through CPA Canada:
   - *Professional Ethics: Current challenges, underlying values Part 1 and 2*
   - *Ethical Principles and the accounting profession: Code decoded*

   or, in the event the course(s) listed above becomes unavailable, the successor course(s) which takes its place.

5. THAT notice of this Decision and Order, disclosing Mr. Postrado's name, be given in the form and manner determined by the Discipline Committee:
   (a) to all members of CPA Ontario; and
   (b) to all provincial bodies;
   and shall be made available to the public.

6. THAT notice of the suspension, disclosing Mr. Postrado's name, be given by publication on the CPA Ontario website and in *The Globe and Mail.* All costs associated with the publication shall be borne by Mr. Postrado and shall be in addition to any other costs ordered by the Discipline Committee.

7. THAT in the event Mr. Postrado fails to comply with the requirements of this Order, he shall thereupon be struck off the register of students, and notice of such striking off, disclosing his name, shall be given in the manner specified above.

IT IS FURTHER ORDERED:

8. THAT Mr. Postrado be and he is hereby charged costs fixed at $3,000, to be remitted to CPA Ontario within three (3) years from the date this Decision and Order is made.

Reasons for Sanctions

45. Ms. Center had asked that a written reprimand from the Chair of the hearing should be issued, and that Mr. Postrado should take two (2) online courses in ethics from CPA Canada within the next 12 months. Mr. Postrado did not take issue with the reprimand or the courses. The tribunal agreed, and so ordered.

46. Publicity to all members of CPA Ontario, the provincial bodies and the public is generally ordered by the Discipline Committee, and was accepted by the parties. The tribunal agreed, and so ordered.

47. Ms. Center had asked for publication in *The Globe and Mail* and/or the *Financial Post* and Mr. Postrado did not take issue with this publicity. The tribunal was mindful that there has already been publicity associated with the student's activities in *The Globe and Mail*, and the *Financial Post*, and therefore publication on the CPA Ontario website and in *The Globe and Mail* was considered by the tribunal to be sufficient and appropriate in the circumstances.

48. This hearing took place approximately nine and a half months after the OSC Settlement Agreement and Order referenced above had been signed. While the PCC suggested that the fine and costs orders be paid within two years, the tribunal determined that three years was more appropriate so that Mr. Postrado could pay the OSC administrative penalty and costs orders first, and then focus on our fine and costs orders.

49. The tribunal accepted the PCC's submission that a $10,000 fine was appropriate. Anything less would have failed to send the appropriate message to the student and others about the seriousness of the misconduct, and the dim view the tribunal takes of it. While we are mindful of Mr. Postrado's present inability to pay, we believe that extending the time for payment of the fine is reasonable, while the amount of the fine is appropriate to achieve specific and general deterrence. The tribunal considered Mr. Postrado's submission of a $1,000 fine but found a $1,000 fine to be inappropriate in light of the seriousness of the misconduct involved. The tribunal determined that a $10,000 fine was appropriate in this case.

50. The tribunal spent a great deal of time deliberating over the length of the suspension. As part of its global view of sanctions, the tribunal considered the seriousness of the misconduct involved, that more than one incident was involved, and the need to deter Mr. Postrado and others from such misconduct. The PCC impressed upon the tribunal that this was an unprecedented case, and that a nine-month suspension would suffice in the circumstances. The PCC emphasized the following mitigating factors in Mr. Postrado's case: he was remorseful; he had not immediately disposed of the funds once they had been earned and full disgorgement of the profits had been made; he had pleaded guilty before the tribunal; he had cooperated with the OSC and CPA Ontario; and, although unemployed and of limited resources, he was undeterred from ultimately becoming a Chartered Professional Accountant.

51. Mr. Postrado's request that the nine-month suspension be retroactive from the date of his termination by KPMG was rejected. For practical purposes, if the tribunal had accepted this request, this would constitute no suspension at all for Mr. Postrado. Furthermore, Mr. Postrado's alternate request of a three-month suspension was rejected as a three-month suspension was inappropriate. The tribunal wants to be clear that it does not consider a nine-month suspension to be a "slap on the wrist", to use the common adage. The tribunal takes this case and the conduct in this case very seriously, and wants to ensure that Mr. Postrado, and others, get that message.

52. The tribunal therefore accepts the PCC's submission and ordered a nine-month suspension. In the circumstances, Mr. Postrado can serve the nine-month suspension, and has

approximately two and a half years to obtain the 18 months' practical work experience he needs to obtain his designation.

53. By the third anniversary of the Decision and Order in this case, Mr. Postrado should have paid all of his fine and costs orders. The tribunal hopes Mr. Postrado becomes a productive member of the profession. We hope Mr. Postrado makes full use of this opportunity he has been afforded by this tribunal.

Reasons for Costs

54. Ms. Center, on behalf of the PCC, filed a Costs Outline showing that costs were approximately $7,900 and sought $5,000 in costs which was approximately two-thirds of the costs incurred in this matter. The tribunal reduced the costs to $3,000 in light of the brevity of the hearing and the narrowing of the issues by the student and the PCC. The tribunal considered Mr. Postrado's request for a costs order of $1,000 but found $1,000 to be too low in the circumstances of this case. The tribunal determined that $3,000 was an appropriate amount for costs in this case. Given Mr. Postrado's present inability to pay, the tribunal decided to allow Mr. Postrado three years to pay the costs order.

DATED AT TORONTO THIS 14th DAY OF JUNE, 2017
BY ORDER OF THE DISCIPLINE COMMITTEE

David Debenham

D.B. DEBENHAM, CPA, CMA – DEPUTY CHAIR
DISCIPLINE COMMITTEE

<u>MEMBERS OF THE TRIBUNAL:</u>
S.R. LOWE, CPA, CA
B. SOLWAY (PUBLIC REPRESENTATIVE)
P.J. VAILLANCOURT, CPA, CGA