

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017

TO: Ann Riegling, (Suspended)

AND TO: The Discipline Committee of CPA Ontario

The Professional Conduct Committee of CPA Ontario hereby makes the following Allegations of professional misconduct against Ann Riegling a suspended member of CPA Ontario:

1. THAT the said Ann Riegling, in or about the period of February 4, 2009 through July 2, 2014, while providing accounting services to the private Ontario corporation XXX840 (the "Corporation"), engaged in misconduct of a reprehensible or serious nature which reflected adversely on her honesty, integrity or trustworthiness, in that she misappropriated approximately \$104,000 from the Corporation, contrary to Rule 108 of the Code of Ethical Principles and Rules of Conduct of CGA Ontario.
2. THAT the said Ann Riegling, in or about the period of July 2, 2014 through March 31, 2016, while providing accounting services to the Corporation, failed to conduct herself in a manner which would maintain the good reputation of the profession and its ability to serve the public interest, in that she misappropriated approximately \$76,000 from the Corporation, contrary to Rule 201.1 of the Rules of Professional Conduct of CPA Ontario, as amended from time to time.
3. THAT the said Ann Riegling, in or about the period of February 4, 2009 through July 2, 2014, while providing accounting services to the Corporation, performed her professional services in a manner that discredits profession in that she failed to file the corporate tax returns for the years ended 2009 to 2011 in a timely manner, incurring interest and penalties of approximately \$50,000 which the Corporation was required to pay, contrary to Rule 101 of the Code of Ethical Principles and Rules of Conduct of CGA Ontario;
4. THAT the said Ann Riegling, in or about the period of January 1, 2009 through July 2, 2014, while providing accounting services to the Corporation, owned by "AM" & "BM", failed to disclose an alleged borrowing relationship between herself and AM, and the amounts borrowed in the Notice to Reader Report or the accompanying financial statements and notes for the years

ended December 31, 2009, 2010, 2011, 2012, 2013 and 2014, contrary to Rule 202.4 of the Code of Ethical Principles and Rules of Conduct of CGA Ontario.

5. THAT the said Ann Riegling, in or about the period January 1, 2009 through July 2, 2014, while providing accounting services to the Corporation, knowingly associated herself with financial information which she knew or ought to have known was false or misleading, in that she recorded the funds she misappropriated as professional fee expenses on the income statements, contrary to Rule 402 of the Code of Ethical Principles and Rules of Conduct of CGA Ontario.

6. THAT the said Ann Riegling, in or about the period July 2, 2014 through March 31, 2016, while providing accounting services to the Corporation, associated herself with financial statements which she knew or should have known were false or misleading because she recorded funds she had misappropriated as professional fee expenses on the income statements, contrary to Rule 205 the CPA Rules of Professional Conduct, as amended from time to time.

Dated at Collingwood Ontario, this 11th day of February, 2018.



J.E. CURRIE, FCPA, FCA, FCMA, DEPUTY CHAIR
PROFESSIONAL CONDUCT COMMITTEE

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017

DISCIPLINE COMMITTEE

IN THE MATTER OF: Allegations against **ANN RIEGLING**, a suspended member of CPA Ontario, under **Rule 201.1** and **Rule 205** of the Rules of Professional Conduct, as amended, and **Rule 101**, **Rule 108**, **Rule 202.4** and **Rule 402** of the Code of Ethical Principles and Rules of Conduct of CGA Ontario.

TO: Ms. Ann Riegling

AND TO: The Professional Conduct Committee

DECISION AND ORDER MADE JULY 26, 2018

DECISION

This Tribunal was satisfied that the Allegations were proven and constituted a breach of Rule 201.1 and Rule 205 of the Rules of Professional Conduct, and Rule 101, Rule 108, Rule 202.4 and Rule 402 of the Code of Ethical Principles and Rules of Conduct of CGA Ontario. The Tribunal determined that, having breached these rules, Ann Riegling (“Ms. Riegling”) has committed professional misconduct.

ORDER

The Tribunal orders the following:

1. Ms. Riegling be reprimanded in writing by the Chair of the hearing.
2. Ms. Riegling shall pay a fine of \$20,000 to the Chartered Professional Accountants of Ontario (“CPA Ontario”) within 36 months from the date of this Order, by July 26, 2021.
3. Ms. Riegling’s membership with CPA Ontario is revoked.
4. Notice of this Decision and Order, disclosing Ms. Riegling’s name, is to be given in the form and manner determined by the Tribunal:
 - (a) to all members of CPA Ontario;
 - (b) to all provincial bodies;and shall be made available to the public.

5. Notice of the revocation of membership disclosing Ms. Riegling's name is to be given by publication on the CPA Ontario website and in a newspaper distributed in the geographic area of Ms. Riegling's practice, residence or employment. Ms. Riegling shall pay all costs associated with the publication and shall be in addition to any other costs ordered by the Tribunal.
6. Ms. Riegling shall pay costs of \$24,500 to CPA Ontario within 36 months from the date of this Order, by July 26, 2021.

DATED at Toronto this 26th day of July, 2018



A. Douglas Nichols, FCPA, FCA
Discipline Committee –Chair

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

DISCIPLINE COMMITTEE

IN THE MATTER OF: Allegations against **ANN RIEGLING**, CPA, CGA, a suspended member of CPA Ontario, under **Rules 108, 101, 202.4** and **402** of the Code of Ethical Principles and Rules of Conduct of CGA Ontario, and **Rules 201.1** and **205** of the CPA Ontario Rules of Professional Conduct, as amended

BETWEEN:

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

-and-

Ms. Ann Riegling

APPEARANCES:

For the Professional Conduct Committee: Swapna Chandra, Counsel

For Ms. Riegling: Present, Self-Represented

Heard: July 26, 2018

Decision and Order effective: July 26, 2018

Release of written reasons: February 12, 2019

REASONS FOR THE DECISION AND ORDER MADE JULY 26, 2018

I. OVERVIEW

[1] This hearing was held to determine whether the allegations made against Ann Riegling were established on the facts presented and, if so, whether the allegations amounted to professional misconduct.

[2] Ms. Riegling obtained her CGA designation in 1992 and she became a member with the Chartered Professional Accountants of Ontario (“CPA Ontario”) upon unification of the accounting designations in 2014. Ms. Riegling has been a sole proprietor since approximately 2000. Her practice consisted primarily of bookkeeping services, payroll

services, compiling Notice to Reader financial statements and preparing corporate and personal T1 income tax returns.

- [3] Ms. Riegling was administratively suspended from membership with CPA Ontario on September 29, 2017.
- [4] A complaint to CPA Ontario was made in August 2016 by the accountant who had taken carriage of Mrs. Riegling's clients in respect to whom the complaint was made. The clients did not submit a complaint to CPA Ontario.
- [5] It is alleged that between 2009 and 2014, Ms. Riegling engaged in conduct which reflected adversely on her when she misappropriated approximately \$104,000 from her client; that she failed to maintain the good reputation of the profession when she misappropriated approximately \$76,000; acted in a manner which brought discredit to the profession when she failed to file corporate tax returns for 3 years in a timely manner, incurring interest and penalties her client was required to pay; failed to disclose an alleged borrowing relationship and the amounts borrowed in the Notice to Reader or the accompanying financial statements for 6 reporting years; knowingly associated herself with financial information she knew or ought to have known was false or misleading between the periods of January 2009 and July 2, 2014, and July 2, 2014 to March 31, 2016.
- [6] The onus was on the Professional Conduct Committee ("PCC") to show on a balance of probabilities that Ms. Riegling's conduct breached Rules 108, 101, 202.4 and 402 of the Code of Ethical Principles and Rules of Conduct of CGA Ontario ("CGA Ontario Rules of Conduct"), and Rules 201.1 and 205 of the Rules of Professional Conduct of CPA Ontario ("Rules of Professional Conduct"), and constituted professional misconduct.

II. ISSUES

- [7] Ms. Riegling and the PCC presented the Panel with an Agreed Statement of Facts containing the facts upon which the PCC relied to prove that Ms. Riegling engaged in professional misconduct. Ms. Riegling agreed that the facts therein may be taken as proven evidence. Ms. Riegling called no evidence on conduct.
- [8] The Panel identified the following issues:
 - a) Did the evidence establish, on a balance of probabilities, the facts on which the particulars alleged by the PCC were based?
 - b) If the particulars alleged by the PCC were established on the evidence presented on a balance of probabilities, did the particulars constitute professional misconduct?

III. DECISION

- [9] The Panel found that the evidence presented by the PCC as set out in the Agreed

Statement of Facts and the accompanying Document Brief, established, on a balance of probabilities, the facts on which the allegations were based.

- [10] The Panel also considered the admissions of professional misconduct made by Ms. Riegling as set out in the Agreed Statement of Facts.
- [11] The Panel was satisfied that the conduct alleged constituted breaches of Rules 108, 101, 202.4 and 402 of the CGA Ontario Rules of Conduct, and Rules 201.1 and 205 of the Rules of Professional Conduct, and having admitted to breaching these provisions, the Panel found that Ms. Riegling had committed professional misconduct.

IV. REASONS FOR THE DECISION

Findings Regarding Conduct of Ms. Riegling

- [12] Ms. Riegling was the accountant for “AM”, “BM”, their family (the “M Family”) and their business (the “Business”) for approximately 20 years. BM had been suffering from progressive dementia for several years and had been in care since mid-2014.
- [13] Ms. Riegling prepared the personal tax returns for certain M Family members, and completed bookkeeping, payroll, HST, WSIB, financial statements and corporate tax returns for the Business. Ms. Riegling earned approximately \$2500 to \$3000 annually from the M Family.
- [14] For many years, Ms. Riegling’s point of contact was AM until more recently when she began to deal with one of the M Family’s sons. AM rarely reviewed the financial and bank statements. AM had given Ms. Riegling blank signed cheques so that she could pay the company’s taxes as needed.
- [15] According to Ms. Riegling, in the mid-2000’s she began to experience financial difficulties which she confided in AM. He agreed to help her financially. According to Riegling the discussion began again in 2012 when her financial difficulties became more serious. There is no record of these discussions.
- [16] In 2009, Ms. Riegling began to write cheques to herself using the Business’ cheques and proceeded to deposit the funds into her bank account. Over the period of 2004 to 2015, Ms. Riegling, as stated above, wrote cheques to herself approximating \$176,000. The majority of the cheques were withdrawn from 2012 to 2015, a time when the M Family was distracted by BM’s illness.
- [17] To the extent that a borrowing relationship existed between Ms. Riegling and AM or the Business, Ms. Riegling did not disclose the alleged borrowing relationship nor the amounts borrowed in the Notice to Reader report or any of the accompanying financial statements.
- [18] In early 2016, the M Family engaged the services of “H”, an accountant to assist the family in tax and financial planning services due to the ages and health issues of AM and

BM as Ms. Riegling felt she did not have the appropriate expertise. The M Family requested that H provide a second opinion on the most recent financial statements prepared by Ms. Riegling.

- [19] Shortly after H was retained, it was discovered that for the years 2009 through 2015, Ms. Riegling had failed to file the corporate tax returns on time resulting in late filing penalties and interest. H also identified a number of issues in the financial statements that he suggested be put to Ms. Riegling for clarification.
- [20] On April 9, 2016, two members of the M Family met with Ms. Riegling to review the issues identified by H. During the meeting, Ms. Riegling confessed that she had misappropriated funds from the M Family Business for several years by misuse of signed corporate cheques that had been left in her care by a member of the M Family.
- [21] Later that same day, Ms. Riegling provided a letter in which she itemized the cheques that had been inappropriately withdrawn between 2004 and 2015, the total of which exceeded \$176,000. Ms. Riegling advised that approximately \$40,000 of the funds was related to professional fees and approximately \$136,000 is related to authorized and unauthorized withdrawals. Ms. Riegling also provided a list of the cheques drawn from the M Family Business account which had been made payable to her.
- [22] To avoid detection, Ms. Riegling recorded funds she had misappropriated as professional fee expenses on the income statements for each of the years ended December 31, 2009 to 2014.
- [23] During the period where Ms. Riegling was performing accounting services for the M Family and the Business, she did not file the corporate tax returns for the years ended 2009 to 2011 on time. This resulted in interest penalties of approximately \$50,000 which the Corporation paid.
- [24] Ms. Riegling signed an acknowledgement of debt to the M Family and took out a \$200,000 mortgage against her personal residence pledging her house as security.

Finding of Professional Misconduct

- [25] The onus was on the PCC to show on a balance of probabilities that Ms. Riegling's conduct breached Rules 108, 101, 202.4 and 402 of the CGA Ontario Rules of Conduct, and Rules 201.1 and 205 of the Rules of Professional Conduct, and constituted professional misconduct.
- [26] The period of time during which Ms. Riegling misappropriated client monies occurred principally between February 4, 2009 and March 31, 2016. During the period February 4, 2009 to July 2, 2014 Ms. Riegling was governed by the CGA Ontario Rules of Conduct. On July 2, 2014 CGA Ontario unified with CPA Ontario and from that day forward, she was also governed by the Rules of Professional Conduct.
- [27] Based on the evidence before it, including the Agreed Statement of Facts and the

admissions made by Ms. Riegling therein, the Panel was satisfied that Ms. Riegling misappropriated approximately \$176,000 during the period of February 4, 2009 to March 31, 2016. Ms. Riegling's admission to this conduct was supported by a Document Brief which contained documents including a letter written by Ms. Riegling dated April 9, 2016 in which she confessed to taking unauthorized funds from the M family. With her letter, she included a schedule detailing the dates and amounts of monies which she took without authorization from the client's company. Ms. Riegling prepared the schedule itemizing the cheques that she had withdrawn without authorization. Ms. Riegling stated in the schedule that approximately \$40,000 of the \$176,000 was related to professional fees. By misappropriating funds from a client for a period spanning at least 7 years, Ms. Riegling engaged in misconduct of a reprehensible and serious nature which reflected adversely on her honesty, integrity and trustworthiness and she failed to conduct herself in a manner which would maintain the good reputation of the profession and its ability to serve the public interest. This dishonest conduct by Ms. Riegling, a person in a trusted position, unquestionably amounted to professional misconduct.

- [28] To avoid detection of her unauthorized withdrawals of her client's monies the Panel found that Ms. Riegling recorded unauthorized withdrawals as professional fees in the income statements of the company's financial statements during years of 2009 to 2016. Having prepared the annual financial statements during this period and falsely recording her misappropriations as professional fees, she associated herself with financial statements that she knew or ought to have known were false and misleading. This conduct breached Rule 402 of the CGA Ontario Rules of Conduct and Rule 205 of the Rules of Professional Conduct and necessarily constituted professional misconduct.
- [29] During the period from February 4, 2009 through July 2, 2014, while engaged as the accountant for the clients, the Panel found that Ms. Riegling performed her duties in a manner that discredited the profession in that she did not file income tax returns for the company on a timely basis for the years ending 2009 to 2011, resulting in levies of interest and penalties by CRA of approximately \$50,000. In so doing, Ms. Riegling committed professional misconduct in that she breached Rule 101 of the CGA Ontario Rules of Conduct.
- [30] The Panel found that Ms. Riegling, as the accountant for the family owned business, failed to disclose an alleged borrowing relationship between herself and one of the family members (AM) during the period January 1, 2009 through July 2, 2014. This relationship and amounts borrowed during this period were not reported in the Notice to Reader Report or the accompanying financial statements relating to the above noted time period. This breach violated Rule 202.4 of the CGA Ontario Rules of Conduct and undeniably amounted to professional misconduct.
- [31] Given Ms. Riegling's admissions in the Agreed Statement of Fact, the uncontested documents submitted as evidence, and based on the facts found in the Agreed Statement of Facts, the Panel found the evidence before it was clear, cogent and convincing. The Panel concluded that, on a balance of probabilities, Ms. Riegling engaged in conduct which breached Rules 108, 101, 202.4 and 402 of the CGA Ontario

Rules of Conduct, and Rules 201.1 and 205 of the Rules of Professional Conduct, and such breaches constituted professional misconduct.

V. SANCTIONS

Position of the PCC

- [32] The PCC submitted that appropriate sanctions in this matter should be: a) a written reprimand from the Chair of the Tribunal; b) a fine in the amount of \$20,000 to be remitted to CPA Ontario on a date specified by the Panel; c) revocation of Ms. Riegling's membership with CPA Ontario; d) that notice of the Decision and Order be given to all members of CPA Ontario, all provincial bodies, and made available to the public; and e) Notice of the revocation of membership disclosing Ms. Riegling's name is to be given by publication on the CPA Ontario website and in a newspaper distributed in the geographic area of Ms. Riegling's practice, residence or employment.
- [33] The prominent aggravating factor was that Ms. Riegling misappropriated \$176,000 over several years. She was put in a position of trust, having been the client family's accountant for about 20 years, and betrayed that trust during a period when the family was distracted by a family member's health issue.
- [34] In mitigation, the PCC noted that Ms. Riegling cooperated fully with CPA Ontario staff, reviewed and signed the Agreed Statement of Fact and she attended the Discipline Hearing. Ms. Riegling immediately confessed to the misappropriation found by the new accountant, and expressed her remorse for her actions going so far as to assist the new accountant in determining the amount of money taken and making restitution.

Position of Ms. Riegling

- [35] Ms. Riegling stated that she made an agreement with the subject family regarding her misappropriation, which involved taking out a mortgage for \$200,000 on her house as security to the M Family. Ms. Riegling said she would not shirk her financial obligations to the M Family and as a result, she was struggling financially.
- [36] Ms. Riegling stated that she had her own family and health issues which affected her. During this period, she went through a difficult divorce which caused her much stress, especially with regard to her teenaged child. She was also concerned about her mother's declining health.
- [37] Ms. Riegling expressed concern about publication of her name in a local newspaper in her small town and the effect it would have on her ability to find employment as well as the emotional impact publication would have on her aging mother.

Decision on Sanction

- [38] The Panel accepted the submissions of the PCC with respect to penalty to be imposed in this matter.

- [39] The Panel considered aggravating and mitigating factors regarding the sanction to be imposed on Ms. Riegling. The Panel also considered her personal financial situation.
- [40] The Panel ordered that Ms. Riegling be reprimanded in writing by the Chair of the hearing. This reprimand serves as a specific deterrent to emphasize the seriousness of her misconduct, and to emphasize the high standards expected of a professional. Her actions of moral turpitude are not to be tolerated.
- [41] Ms. Riegling was ordered to pay a fine of \$20,000 to CPA Ontario and to pay this fine within 36 months. The Panel determined that the quantum of the fine is within the range of fines imposed in similar cases. The fine is significant and serves as a specific deterrent to Ms. Riegling, and a general deterrent to members of CPA Ontario should they contemplate similar misconduct. It serves to convey to the public that CPA Ontario will not tolerate professional misconduct of this nature. The Panel considered Ms. Riegling's financial situation and ordered that she be given a period of 36 months in which to pay the fine.
- [42] The Panel ordered that Ms. Riegling's membership in CPA Ontario be revoked. She committed theft of monies from her longstanding clients. The Panel considered the evidence and concluded that her conduct of moral turpitude was such that revocation was an appropriate sanction. The revocation serves as a severe deterrent to CPA members that conduct involving moral turpitude will not be tolerated by the profession.
- [43] The notice of the Decision and Order and publication serves to inform the membership and public of Ms. Riegling's name and revocation of membership. In this situation the protection of the public interest must trump Ms. Riegling's concerns. The Panel concluded that only in rare or unusual circumstances should the member's name and circumstances be withheld from publication. This matter does not warrant withholding the member's name and circumstances from publication. Publication serves to inform the public of the transparency of CPA Ontario's disciplinary process and protects the public by informing Ms. Riegling's community of the revocation of her membership.
- [44] The Panel was satisfied that the sanctions imposed were appropriate and within the range of other sanctions in similar cases as submitted by the PCC.

VI. COSTS

- [45] Costs are imposed as an indemnity, not as an additional fine or a form of penalty. The PCC presented a Costs Outline. After having applied an adjustment to the Costs Outline, given that the hearing did not take a full day, the Panel ordered costs in the amount of \$24,500 to be paid within 36 months of the Order.
- [46] The Costs Outline submitted by the PCC totaled approximately \$46,000 and, as noted in the previous paragraph, was reduced by \$10,000 to account for a shorter hearing. The Costs Outline does not represent the full cost of the hearing. The "Partial Indemnity Rate" for the PCC's Counsel's time is less than it would be for the private bar. The Panel

determined that an appropriate indemnity for the costs submitted would be approximately 2/3 of the adjusted Costs Outline, rounded to \$24,500.

[47] Considering the submission by Ms. Riegling for a reduction in costs given her financial and personal situation, and as with the time to pay the fine, the Panel determined that a period of 36 months was appropriate to pay costs.

DATED at Toronto this 12th day of February, 2019



A. Douglas Nichols, FCPA, FCA
Discipline Committee –Chair

Members of the Tribunal

Paul Busch, CPA, CA
Rudy Duschek, CPA, CA
Mark Feldstein, CPA, CA
Soussanna Karas, Public Representative

Independent Legal Counsel

Nadia Liva, Barrister & Solicitor