



CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF
ONTARIO

FOUNDED 1879

THE CHARTERED ACCOUNTANTS ACT, 2010

TO: JOHN M. GRANELLI, CPA, CA
AND TO: The Discipline Committee of CPA Ontario

The Professional Conduct Committee hereby makes the following Allegation of professional misconduct against John M. Granelli, a member of CPA Ontario:

1. THAT the said John M. Granelli, on or about the 5th day of May, 2016, was convicted of the criminal offences of making child pornography available to others and possession of child pornography, contrary to subsections 163.1(3) and (4) of the *Criminal Code*, as set out in Schedule "A" attached, and did thereby fail to act in a manner which will 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.

Dated at Mississauga, Ontario this 15th day of September, 2016

E.D.M. HUFTON, CPA, CA, DEPUTY CHAIR
PROFESSIONAL CONDUCT COMMITTEE

CANADA
PROVINCE OF ONTARIO
PROVINCE DE L'ONTARIO
CENTRAL EAST
(Region: Région)

Information of S. Oerlemans #1935
Dénonciation de :
of REGION OF DURHAM
de

PEACE OFFICER
(occupation / profession)

The informant says that he/she believes on reasonable grounds that
Le dénonciateur déclare qu'il a des motifs raisonnables de croire que

15-A35138

(i) GRANELLI, John Michael DOB: 03 Aug. 1952
59 DAISEYFIELD AV, CLARINGTON, ONT L1E3B3

COUNT 1

John Michael GRANELLI

between the 5th day of September in the year 2015 and the 6th day of September in the year 2015 at the Municipality of Clarington in the Central East Region did, without lawful excuse, access child pornography, contrary to Section 163.1, subsection (4.1) of the Criminal Code of Canada.

COUNT 2 AND FURTHER THAT

John Michael GRANELLI

between the 5th day of September in the year 2015 and the 23rd day of October in the year 2015 at the Municipality of Clarington in the Central East Region did, without lawful excuse, possess child pornography, contrary to Section 163.1, subsection (4) of the Criminal Code of Canada.

COUNT 3 AND FURTHER THAT

John Michael GRANELLI

between the 5th day of September in the year 2015 and the 6th day of September in the year 2015 at the Municipality of Clarington in the Central East Region did, without lawful excuse, make available child pornography, contrary to Section 163.1, subsection (3) of the Criminal Code of Canada.

Locked Down Date: October 23, 2015 01:29 PM

(Long Form - One or More Accused. / Formule Intégrale - Un ou plusieurs acc.)

CCO-2-000-4 (rev. 09/13) CSD

- Language Notification Issued / Langue de notification
 interpreter / Interprète

**APPEARANCES - ADJOURNMENTS
 COMPARUTIONS - AJOURNEMENTS**

Page "A"

Date Date	Accused Accusé(e)	Adjournment Ajournement	Parties Consent Consentement des parties	Appearance Details Détails de la comparution	Reason for Adjournment Raison de l'ajournement	Counsel as Agent Avocat(e) mandataire	Fails to Appear Omet de comparaître	Bench Warrant Mandat du tribunal	Discretion Discretion	Certificate of Default Certificat de défaut
CT 23 2015	Granelli			to B2						
CT 23 2015	Granelli	26 Oct 15	✓	B1 9:30 am BH (IP)	(APN)					
OCT 26 2015	GRANELLI	28 OCT 15	✓	B2 9:30 BH IP						
CT 28 2015	Granelli	29 OCT 2015	✓	VRB1 9:30 bh vi	APN					
OCT 29 2015	Granelli	03 Nov 2015	✓	B1 9:30 BH IP (ACP)						
NOV 03 2015	Granelli	- to B2 -								
NOV 03 2015	Granelli	16 Nov. 15	✓	108 1130 ST. IP (ACP)						
										Detained plus. to s. 515(9) Chr

Date Date	Clerk Greffier	Reporter Sténographe	For Crown Pour la Couronne	For Accused Pour l'accusé(e)	Justice's Initials Initiales du Juge
CT 23 2015	AJ HE	L Butts	T Mulligan	aa BH (vi) DC	JP/CA
OCT 26 2015	SC WR	J. Montgomery	K. Polley	aa bh (ip) S. Khehra	JP/RF
OCT 28 2015	nc ce	B MIOGLEY	K Polley	aa bh (vi) T. Baulke	JP/RF
OCT 29 2015	WR SB	Y. Fiala	M. Malleson	aa BH (vi) S. Khehra	JP/RF
NOV 03 2015	KB Sm	J Sabiston	M Malleson	aa BH (ip) S. Khehra	JP/

Accused / Accusé(e) _____ Notice Given Under H.T.A. Suspension Impoundment
 Avis en vertu du Code de la route Suspension Mise en fourrière

Accused / Accusé(e): _____

515(9.1) Detained in custody primarily because of a previous conviction Yes No Date: _____
 Détention sous garde fondée principalement sur une condamnation antérieure Oui Non Date: _____

Confirmed and initialed by the Judge/Justice of the Peace in the appropriate box above /
 Confirmé et paraphé par un(e) juge/juge de paix dans la case appropriée ci-haut

At the Bail Review dated: _____, 515(9.1) was confirmed rescinded made (see application)
 Au moment de la révision du cautionnement, le : _____, 515 (9.1) a été confirmé révoqué exécuté (voir la requête)

Accused / Accusé(e): _____

515(9.1) Detained in custody primarily because of a previous conviction Yes No Date: _____
 Détention sous garde fondée principalement sur une condamnation antérieure Oui Non Date: _____

Confirmed and initialed by the Judge/Justice of the Peace in the appropriate box above /
 Confirmé et paraphé par un(e) juge/juge de paix dans la case appropriée ci-haut

At the Bail Review dated: _____, 515(9.1) was confirmed rescinded made (see application)
 Au moment de la révision du cautionnement, le : _____, 515 (9.1) a été confirmé révoqué exécuté (voir la requête)

Accused / Accusé(e): _____

515(9.1) Detained in custody primarily because of a previous conviction Yes No Date: _____
 Détention sous garde fondée principalement sur une condamnation antérieure Oui Non Date: _____

Confirmed and initialed by the Judge/Justice of the Peace in the appropriate box above /
 Confirmé et paraphé par un(e) juge/juge de paix dans la case appropriée ci-haut

At the Bail Review dated: _____, 515(9.1) was confirmed rescinded made (see application)
 Au moment de la révision du cautionnement, le : _____, 515 (9.1) a été confirmé révoqué exécuté (voir la requête)

APPEARANCES - ADJOURNMENTS
COMPARUTIONS - AJOURNEMENTS

Page "A"

RJR

Date Date	Accused Accusé(e)	Appears Adjournment (Remand to) Comparution Ajournement (Renvoi)	Parties Consent Consentement des parties	Bail and/or other Action Cautionnement et/ou autre mesure	Reason for Adjournment Raison de l'ajournement	Counsel as agent Avocat(e) mandataire Fails to Appear Omet de comparaitre Bench Warrant Mandat du tribunal Discretion Discretion Estreat
NOV 16 2015	Granelli	01 Dec 2015	✓	V108 10:30	ST VI (ACCP)	
DEC 01 2015	Granelli	04 Dec 2015	✓	VR108 10:30	ST VI (ACP)	
DEC 04 2015	Granelli	Jan-22 2016	✓	V107 9a.m	ST IP APN PT	
		Dec-11 2015	✓	VR108 10:30a.m	ST VI APN	
DEC 11 2015	Granelli	18 Dec 2015	✓	VR108 10:30am	ST VI (ACP)	
DEC 18 2015	Granelli	22 Jan 2016	-	107 900	ST IP (ACP) PT	
DEC 18 2015	Granelli	2 Jan 2016	-	VR108 1030	ST VI (ACP)	
JAN 07 2016	Granelli	08 Jan 2016	✓	V108 1030	ST VI (APN)	
JAN 08 2016	Granelli	19 Jan 2016	✓	V108 1030	ST VI (ACP)	
JAN 19 2016	Granelli	22 Jan 2016	✓	VR107 2:15pm	ST VI (ACP)	
JAN 22 2016	Granelli	4 MAR 16	✓	107 930	ST IP (ACP)	
MAR 04 2016	GRANELLI	21 Mar 16	-	106 900	ST IP (ACP)	
MAR 21 2016	GRANELLI	05 May '16	-	103 930	TP IP (ACP)	

pre trial to be held @ 9am in 107 in chambers

Date Date	Clerk Greffier	Reporter Sténographe	For Crown pour la Couronne	For Accused pour l'accusé(e)
NOV 16 2015	AL AJ	C. Halloway	M. Flagg	aa (ip) T. Balka JP/MI
DEC 01 2015	MC RC	B. Sykes	P. Murray	aa (vi) T. Balka JP/MP
DEC 04 2015	JAP JW	B. Van Alstyne	A. Trbojevic	aa (vi) T. Balka MC
DEC 11 2015	CA AJ	J. Sabiston	T. Hewitt	aa (vi) T. Balka JP/MI
DEC 18 2015	SM MC	B. Van Alstyne	K. Kennedy	aa (ip) T. Balka JP/MI
JAN 07 2016	RC SB	LIVNES	N. MacDonald	aa (vi) JP/KI
JAN 08 2016	DB PH	M. Ferdurbar	M. Hill	aa (vi) J. Guile JP/KF
JAN 19 2016	JAP RC	L. Whitehead	M. Flagg	aa (vi) T. Balka JP/MC
JAN 22 2016	AJ SS	Amadore	M. Flagg	aa (vi) T. Balka RJR
MAR 04 2016	MC FH	CHOLOIDAY	K. Kennedy	aa (ip) T. Balka RJR
MAR 21 2016	F. Haldorson	A. Studt	K. Kennedy	aa (ip) T. Balka RJR

CERTIFIED TO BE A TRUE AND CORRECT COPY OF THE ORIGINAL
COPIE AUTHENTIQUE CERTIFIÉE ET CONFORME À L'ORIGINAL

Suspension / Prohibitions
 Impounded / Mis en fourrière

Clerk of the Court / Greffier de la Cour: [Signature] No [] Date: []
Confirmed and initialed by the Judge / Justice of the Peace in appropriate box above / Confirmé et paraphé par un(e) juge/juge de paix dans la case appropriée ci-haut

Accused/Accusé(e) _____ Notice Given Under H.T.A. / Avis en vertu du Code de la mutité: Suspension / Prohibitions Impounded / Mis en fourrière

515(9.1) Detained in custody primarily because of a previous conviction / Détention sous garde fondée principalement sur une condamnation antérieure: confirmed / confirmé rescinded / révoqué Made (see application) / exécuté (voir la requête)

At the Bail Review dated: _____, 515(9.1) was _____ / Au moment de la révision du cautionnement, le: _____, 515(9.1) a été _____

**APPEARANCES - ADJOURNMENTS
COMPARUTIONS - AJOURNEMENTS**

Page "A"

Date Date	Accused Accusé(e)	Appears Adjournment (Remand to) Comparution Ajournement (Renvoi)	Parties Consent Consentement des parties	Bail and/or other Action Cautionnement et/ou autre mesure	Reason for Adjournment Raison de l'ajournement	Counsel as agent Avocat(e) mandataire Fails to Appear Onref de comparative Bench Warrant Mandat du tribunal Discretion Discretion Estreat
MAY 05 2016	GRANELLI	6 July 2016	✓	103 93-5510 (A.C.)		ENTREED
JUL 05 2016	Granelli	to 10/1				
JUL 06 2016	GRANELLI			DISPOSED		

Date Date	Clerk Greffier	Reporter Sténographe	For Crown pour la Couronne	For Accused pour l'accusé(e)
MAY 05 2016	M Campbell	M Newell	D Slessor	AA (IP) T Balka JAD
JUL 06 2016	SSmith	LVAUNES		SCJ
JUL 06 2016	R Brown	L. Whitewolf	R Saliwondyk	aa (IP) T. Balka JAD

CERTIFIED TO BE A TRUE AND CORRECT
COPY OF THE ORIGINAL
COPIE AUTHENTIQUE CERTIFIEE ET
CONFORME A L'ORIGINAL

[Signature] 21 July 16
Date

Clerk of the Court
Ontario Court
Greffier de la Cour
Cour de l'Ontario

Accused/Accusé(e) Notice Given Under H.T.A. / Avis en vertu du Code de la route Suspension / Prohibitions / Suspension / Interdictions Impounded / Mis en fourrière

515(9.1) Detained in custody primarily because of a previous conviction Yes No Date: _____
 Détention sous garde fondée principalement sur une condamnation antérieure Oui Non Date: _____

Confirmed and initialed by the Judge/ Justice of the Peace in appropriate box above
 Confirmé et paraphé par un(e) juge/juge de paix dans la case appropriée ci-haut

At the Bail Review dated: _____, 515(9.1) was confirmed rescinded Made (see application)
 Au moment de la révision du cautionnement, le: _____, 515 (9.1) a été confirmé révoqué exécuté (voir la requête)

Sworn before me at the CITY
 déclaré sous serment devant moi à (au)
 de GSHAWA
 the Province of Ontario / dans la province de l'Ontario
 this 23rd day of OCTOBER, 20 15
 ce jour de

Shawn Coleman
 Informant / Dénonciateur
Callison
 Justice of the Peace / Juge de paix

Appearance Notice / Citation à comparaître
 Promise to Appear / Promesse de comparaître
 Recognizance / Engagement
 for: _____, 20____
 pour le (day, month / jour, mois)

CHECK ONE OF THE FOLLOWING / COCHEZ LA CASE QUI DÉCRIT VOTRE SITUATION

Cancelled - Police to notify defendant / Annulé(e) - La police informera la partie défenderesse
 Cancelled - Summons / Annulé(e) - Sommation
 Confirmed on / Confirmé(e) le _____, 20____
 (day, month / jour, mois)
 Cancelled - Warrant issued / Annulé(e) - Mandat délivré

Justice of the Peace / Juge de paix _____, 20____
 (day, month / jour, mois)
 Publication ban pursuant to / Interdiction de publication en vertu de MAY 05 2016
(2) (3)

Date / Date: May 05 2016
 Crown Elects to Proceed / Choix de la Couronne
 Summarily / Procédure sommaire
 By Indictment / Acte d'accusation
 Summary Conviction Offence(s) / infraction(s) punissable(s) sur déclaration de culpabilité par procédure sommaire
 Indictable Offence(s) / infraction(s) punissable(s) par mise en accusation

Date / Date	Accused / Accusé(e)	Elects Trial by / Choix d'un procès devant		Preliminary Hearing Requested / Enquête préliminaire demandée		Justice's Initials / Initiales du juge	Abs. Juris. Comp. absolue	Pleads / Plaidoyer			
		Superior Court / Cour supérieure		Ontario Court / Cour de l'Ontario				Yes / Oui	No / Non	Guilty to Counts / Coupable pour les chefs d'accusation	Not Guilty to Counts / Non coupable pour les chefs d'accusation
		Judge / Juge	Judge & Jury / Juge et jury	Judge On Counts / Juge pour les chefs d'accusation							
<u>MAY 05 2016</u>	<u>GRANELLI</u>							<u>(2) (3)</u>			

Date / Date	Accused / Accusé(e)	Committed (or) Ord. Std. Trial *On Counts / Interné(e) (ou) renvoyé(e) à son procès * pour les chefs d'accusation	Discharged on Counts / Libéré(e) pour les chefs d'accusation	Found Guilty on Counts / Reconnu(e) coupable pour les chefs d'accusation	Not Guilty on Counts / Non coupable pour les chefs d'accusation
<u>MAY 05 2016</u>	<u>GRANELLI</u>			<u>(2) (3)</u>	

JUL 06 2016 #101

With consent of accused and prosecutor, without taking or recording / Avec le consentement de l'accusé(e) et du poursuivant sans recueillir ou consigner
 (a) any evidence / a) de preuve (or) (ou) (b) further evidence / b) de preuve supplémentaire
E. M. P. 2. Under 17 Post 2005 Child Pornography
child pornography

1 year custody (259^{days} pt custody 1.5-1 = 389 days)
Probation 3 years (reporting)
5.104(2) Forfeiture Order
SOIRA - Life
5.109 Weapons Prohibition - 10 years
 Victim Surcharge \$ 200.00 / Time to Pay 3 years / DNP
Suramende compensatoire per count
or 2 days jail
ALL OTHER COURTS
Justice J. A. DeAliparis

CCO-2-000-4 (rev. 09/13) CSD
5.109 Weapon Prohibition - 10 years
Withdrawn R/C
\$200.00 VFS on 2 days jail
TTP - 3 years

id. / nation / N° de la dénonciation
 15-35138
 Return Date / Date à laquelle le document est rapporté
 23 October, 2015

No. of Information / N° de la dénonciation
 15-35138
 EXHIBITS ENTERED
 MAY 05 2015
 Return Date / Date à laquelle le document est rapporté
 , 20

EXHIBITS ENTERED

Return Date / Date à laquelle le document est rapporté
 , 20

INFORMATION Against / DENONCIATION visant
 GRANELLI, John Michael

INFORMATION Against / DENONCIATION visant

INFORMATION Against / DENONCIATION visant

Address / Adresse
 [Redacted]

Address / Adresse
 PUBLICATION BAN SEC. 517(1)

Address / Adresse

CHARGE / ACCUSATION

CHARGE / ACCUSATION

CHARGE / ACCUSATION

UNLAWFULLY ACCESS CHILD PORNOGRAPHY
 UNLAWFULLY POSSESS CHILD PORNOGRAPHY
 IMPORT/SELL/DISTRIBUTE, ETC. CHILD PORNOGRAPHY

OCT 26 2015 R. Prostagie
 DATE JUSTICE OF THE PEACE

Occ#: 15-178128

FOR ADMINISTRATIVE PURPOSES ONLY À DES FINS ADMINISTRATIVES SEULEMENT				
<input type="checkbox"/> Summons Sommission	<input type="checkbox"/> Show Cause Audience de justification	<input type="checkbox"/> Warrant 1 st Mandat en 1 ^{re} instance	<input type="checkbox"/> Re-Init Information Dénonciation déposée de nouveau	
Reportable M.V. Offence (H.T.A. 199) <input type="checkbox"/> Infraction V.M. à déclarer (Code de la route 199)		C.V.O.R. No (Commercial Vehicles Only) Numéro C.E.C.V.U. (véhicules utilitaires seulement)		
Sex Sexe	Birth Date / Date de naissance Day / Jour Month / Mois Year / Année	Was defendant owner? La partie défenderesse était-elle propriétaire? <input type="checkbox"/> Yes / Oui <input type="checkbox"/> No / Non		
Driver's License Number / Numéro du permis de conduire				
Plate No. / Numéro de plaque		<input type="checkbox"/> Involves a Collision Infraction reliée à un accident		
Informant Dénoncateur S. Oerlemans #1955				
Date Sworn Date d'assementation OCT. 23rd, 2015				
Officer / Agent de police HOARD, MICHELLE		No. / N° 437		
Div.		Dist.		
Courtroom / Salle d'audience Room: B2				
At / À(Au) BAIL COURT B2 150 BOND STREET EAST, OSHAWA, ONTARIO				

FOR ADMINISTRATIVE PURPOSES ONLY À DES FINS ADMINISTRATIVES SEULEMENT				
<input type="checkbox"/> Summons Sommission	<input type="checkbox"/> Show Cause Audience de justification	<input type="checkbox"/> Warrant 1 st Mandat en 1 ^{re} instance	<input type="checkbox"/> Re-Init Information Dénonciation déposée de nouveau	
Reportable M.V. Offence (H.T.A. 199) <input type="checkbox"/> Infraction V.M. à déclarer (Code de la route 199)		C.V.O.R. No (Commercial Vehicles Only) Numéro C.E.C.V.U. (véhicules utilitaires seulement)		
Sex Sexe	Birth Date / Date de naissance Day / Jour Month / Mois Year / Année	Was defendant owner? La partie défenderesse était-elle propriétaire? <input type="checkbox"/> Yes / Oui <input type="checkbox"/> No / Non		
Driver's License Number / Numéro du permis de conduire				
Plate No. / Numéro de plaque		<input type="checkbox"/> Involves a Collision Infraction reliée à un accident		
Informant Dénoncateur				
Date Sworn Date d'assementation				
Officer / Agent de police		No. / N°		
Div.		Dist.		
Courtroom / Salle d'audience				
At / À(Au)				

FOR ADMINISTRATIVE PURPOSES ONLY À DES FINS ADMINISTRATIVES SEULEMENT				
<input type="checkbox"/> Summons Sommission	<input type="checkbox"/> Show Cause Audience de justification	<input type="checkbox"/> Warrant 1 st Mandat en 1 ^{re} instance	<input type="checkbox"/> Re-Init Information Dénonciation déposée de nouveau	
Reportable M.V. Offence (H.T.A. 199) <input type="checkbox"/> Infraction V.M. à déclarer (Code de la route 199)		C.V.O.R. No (Commercial Vehicles Only) Numéro C.E.C.V.U. (véhicules utilitaires seulement)		
Sex Sexe	Birth Date / Date de naissance Day / Jour Month / Mois Year / Année	Was defendant owner? La partie défenderesse était-elle propriétaire? <input type="checkbox"/> Yes / Oui <input type="checkbox"/> No / Non		
Driver's License Number / Numéro du permis de conduire				
Plate No. / Numéro de plaque		<input type="checkbox"/> Involves a Collision Infraction reliée à un accident		
Informant Dénoncateur				
Date Sworn Date d'assementation				
Officer / Agent de police		No. / N°		
Div.		Dist.		
Courtroom / Salle d'audience				
At / À(Au)				

TO BE A TRUE AND CORRECT
 COPY OF THE ORIGINAL
 C'EST UNE COPIE FIDÈLE
 DE L'ORIGINAL
 27 July 2015

OCT 23 2015

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO
CHARTERED ACCOUNTANTS ACT, 2010

DISCIPLINE COMMITTEE

IN THE MATTER OF: An Allegation against **JOHN MICHAEL GRANELLI, CPA, CA**, under **Rule 201.1** of the CPA Code of Professional Conduct.

TO: Mr. John M. Granelli
Ontario Correctional Institute
109 McLaughlin Road South
Brampton, Ontario, L6Y 2C8

AND TO: The Professional Conduct Committee

DECISION AND ORDER MADE DECEMBER 8, 2016

DECISION

THAT Allegation No. 1 having been amended at the hearing, and having determined to proceed with the hearing in the absence of Mr. Granelli, being satisfied that he had proper notice of the hearing, and having entered on his behalf a plea of not guilty to the Allegation, and having seen and considered the evidence, the Discipline Committee finds John Michael Granelli guilty of Allegation No. 1 and guilty of professional misconduct.

ORDER

IT IS ORDERED in respect of the Allegation:

1. THAT Mr. Granelli be reprimanded in writing by the Chair of the hearing.
2. THAT Mr. Granelli be and he is hereby fined the sum of \$60,000, to be remitted to the Chartered Professional Accountants of Ontario ("CPA Ontario") within five (5) years from the date this Decision and Order is made.
3. THAT Mr. Granelli's membership in CPA Ontario be and it is hereby revoked and he shall not ever be entitled to reapply for membership in CPA Ontario.
4. THAT notice of this Decision and Order, disclosing Mr. Granelli'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.
5. THAT notice of the revocation of membership, disclosing Mr. Granelli's name, be given by

publication on the CPA Ontario website and in *The Globe and Mail* and in a local Durham region newspaper. All costs associated with the publications shall be borne by Mr. Granelli and shall be in addition to any other costs ordered by the committee.

6. THAT Mr. Granelli surrender all certificates issued by CPA Ontario or its predecessor, including any membership certificate granting the Chartered Accountant (CA) and Chartered Professional Accountant (CPA) designation, to the Adjudicative Tribunals Secretary within ten (10) days from the date this Decision and Order is made.

IT IS FURTHER ORDERED:

7. THAT Mr. Granelli be and he is hereby charged costs fixed at \$5,000, to be remitted to CPA Ontario within five (5) years from the date this Decision and Order is made.

DATED AT TORONTO THIS 13th DAY OF DECEMBER, 2016
BY ORDER OF THE DISCIPLINE COMMITTEE



DIANE WILLIAMSON
ADJUDICATIVE TRIBUNALS SECRETARY

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO
(THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO)
THE CHARTERED ACCOUNTANTS ACT, 2010

DISCIPLINE COMMITTEE

IN THE MATTER OF: An Allegation against **JOHN MICHAEL GRANELLI, CPA, CA**, under **Rule 201.1** of the CPA Code of Professional Conduct.

TO: Mr. John M. Granelli

AND TO: The Professional Conduct Committee

REASONS

(Decision and Order made December 8, 2016)

1. This tribunal of the Discipline Committee met on December 8, 2016, to hear an allegation of professional misconduct brought by the Professional Conduct Committee against John Michael Granelli, a member.

2. Ms. Alexandra Hersak appeared on behalf of the Professional Conduct Committee (PCC). Mr. Granelli was not represented by counsel and did not attend. Mr. Robert Peck attended the hearing as counsel to the Discipline Committee.

Proceeding in Mr. Granelli's absence

3. Ms. Hersak filed the Affidavit of Service of Mervyn Archdall, sworn October 14, 2016, (Exhibit 1) wherein he deposed that he served the Allegation on Mr. Granelli at the Ontario Correctional Institute on October 13, 2016.

4. Ms. Hersak filed an acknowledgement of notice of hearing (Exhibit 2), signed by Mr. Granelli on November 4, 2016, which indicated he would not be attending the hearing and would not be represented by counsel.

5. The tribunal determined on the basis of this evidence that Mr. Granelli had received proper notice of the hearing and decided to proceed in his absence.

6. The decision of the tribunal was made known at the conclusion of the hearing on December 8, 2016, and the written Decision and Order was sent to the parties on December 13, 2016. These reasons, given pursuant to Rule 20.04 of the Rules of Practice and Procedure, include the allegation, the decision, the order, and the reasons of the tribunal for its decision and order.

Allegation

7. The following allegation, as amended at the hearing, was made against Mr. Granelli by the Professional Conduct Committee on September 15, 2016:

THAT the said John M. Granelli, on or about the 5th day of May, 2016, was convicted of the criminal offences of making child pornography available to others and possession of child pornography, contrary to subsections 163.1(3) and (4) of the *Criminal Code*, as set out in Schedule "A" attached*, and did thereby fail to act in a

manner which will maintain the good reputation of the profession and its ability to serve the public interest contrary to Rule 201.1 of the CPA Code of Professional Conduct.

(*document not attached)

Plea

8. A plea of not guilty to the Allegation was entered on Mr. Granelli's behalf.

The case for the PCC

9. Ms. Hersak referred to three preliminary matters and provided an overview of the case. She filed a handwritten letter dated October 15, 2016, from Mr. Granelli (Exhibit 3) that was received after service of the Allegation on Mr. Granelli. The letter indicates that Mr. Granelli does not "intend to dispute the charges of which I am guilty". Ms. Hersak noted that despite Mr. Granelli's admission of guilt, the PCC must still prove its case before the tribunal that Rule 201.1 has been breached.

10. In his letter to Ms. Hersak Mr. Granelli had referred to a publication ban made during his criminal hearing. Ms. Hersak filed her letter dated October 21, 2016, to Mr. Granelli (Exhibit 4) which addressed the publication ban.

11. Ms. Hersak advised that under Section 5.17(1) of the *Criminal Code* a temporary publication ban can be ordered for a specified period. In the criminal case before the courts involving Mr. Granelli a ban was ordered to protect the evidence while the trial was ongoing. Since the criminal trial had concluded, the ban is no longer in effect. No further order was made by the courts to prohibit publication although the judge did seal some of the evidence tendered at the trial.

12. In providing the overview of the case, Ms. Hersak said the evidence would consist of a Document Brief and a series of emails initiating the complaint. The matter had come to the attention of the PCC through a lawyer who advised that Mr. Granelli, a professional development author and course instructor for CPA Ontario, would not be able to teach an upcoming course. Standards Enforcement became aware that Mr. Granelli had been charged with three charges relating to child pornography pursuant to subsections 163.1 (3) and (4) of the *Criminal Code* (Exhibit 5, Tab 1).

The evidence

13. The Document Brief and the series of emails were filed as Exhibit 5 and Exhibit 6 respectively. During Mr. Granelli's hearing on May 5, 2016 concerning Plea and Submissions on Sentence the facts of the case were read into the court record and Mr. Granelli agreed to these facts (Exhibit 5, Tab 2).

14. The police investigation had turned up a large collection of disturbing materials on Mr. Granelli's home computer available to others by file sharing. Mr. Granelli pleaded guilty to and was found guilty of two of the three charges of possession of child pornography and making it available to others. Mr. Granelli had a prior conviction for possession of child pornography in Manitoba in 2006 where he received an 18 month suspended sentence and conditions (Exhibit 5, Tab 2).

15. At the sentencing hearing and in the reasons for judgment, Mr. Granelli is identified as a Chartered Accountant. The judge, after weighing the aggravating and mitigating circumstances,

ordered that in addition to the one and a half-years spent in custody, Mr. Granelli serve an additional jail term of two years less one day, along with prohibitions including compliance with the *Sex Offender Information Registry Act*.

16. Also in Exhibit 5, there is a news release (Tab 5) concerning Mr. Granelli's arrest, and LinkedIn and Google internet searches (Tabs 6 and 7) which identify Mr. Granelli as a CPA.

17. Ms. Hersak submitted that the documents before the tribunal provide clear, cogent and compelling evidence to prove the allegation that Mr. Granelli failed to maintain the good reputation of the profession and its ability to serve the public interest, contrary to Rule 201.1. In light of the plea and conviction in the courts and the clear association with the profession, he must be found guilty of the allegation of professional misconduct. Mr. Granelli's actions involved a breach of trust of children and a clear breach of principles valued by the profession.

The Decision

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

THAT Allegation No. 1 having been amended at the hearing, and having determined to proceed with the hearing in the absence of Mr. Granelli, being satisfied that he had proper notice of the hearing, and having entered on his behalf a plea of not guilty to the Allegation, and having seen and considered the evidence, the Discipline Committee finds John Michael Granelli guilty of Allegation No. 1 and guilty of professional misconduct.

Reasons for Decision

19. The transcript of the proceedings before Mr. Justice Filippis, of the Ontario Court of Justice on May 5, 2016 and the transcript of the proceedings when sentence was imposed on July 6, 2016 (Exhibit 5, Tabs 2 & 3) were both admissible under Rules 18.05 and 18.08 of CPA Ontario's Rules of Practice and Procedure. The tribunal concluded the evidence proved that Mr. Granelli had not acted in a manner which would maintain the good reputation of the profession and its ability to serve the public interest.

20. Mr. Granelli had pleaded guilty to his criminal charges in both 2006 and 2016. Mr. Granelli is a repeat offender regarding the possession of child pornography. In his letter to Ms. Hersak dated October 15, 2016 he states that he is guilty of the charge by CPA Ontario and that he is "not fit to carry the 'CPA' designation".

21. Mr. Granelli had been convicted twice under the *Criminal Code* of possessing child pornography (2006 and 2016) and in his 2016 conviction of making child pornography available to others. The contents of the Transcript and Submission on Sentence dated May 5, 2016 provide graphic details as to the nature of the approximately 4,100 images found on Mr. Granelli's computer. The child pornography included images of sexual violation of very young children which the tribunal found to be repugnant. The criminal conduct was the antithesis of the conduct expected of a CPA, CA by the public and by the members of CPA Ontario.

22. The tribunal determined that Mr. Granelli repugnant conduct failed to maintain the good reputation of the profession and constitutes professional misconduct.

Sanction

23. Ms. Hersak filed a Sanction Evidence Brief (Exhibit 7) containing documents pertaining to Mr. Granelli's readmission to membership in the Institute of Chartered Accountants of Ontario (ICAO). Mr. Granelli, a member of the Manitoba Institute applied and became an Ontario member in 1984 but subsequently resigned in 1991. He applied for and was granted readmission in 2009 by the ICAO, following a hearing before the Applications Committee (AC). Mr. Granelli had disclosed his conditional suspended sentence in Manitoba in 2006 for possession of child pornography. Mr. Granelli felt he no longer lived a double life and had been rehabilitated after having completed a course of therapy. The AC took into consideration the fact that he had been and still was a member of the Manitoba Institute for over 35 years, his contributions to the profession teaching courses, chairing the Manitoba Institute Professional Conduct Committee and community volunteer work. Mr. Granelli had provided the AC with recommendation letters from professional colleagues. Ms. Hersak noted that the letters did not acknowledge that the referees were aware of his criminal behavior.

24. Ms. Hersak, outlined the sanction sought by the PCC: a written reprimand from the chair of the tribunal; a fine in the amount of \$50,000; revocation of membership with no entitlement to ever reapply for membership, and full publicity including publication in *The Globe and Mail*. The PCC also sought an order for costs fixed at \$5,000, being approximately two-thirds of the costs incurred in the prosecution of this allegation. Ms. Hersak stated that the PCC had no objection to a reasonable period of time which could be up to three years to pay the fine and costs.

25. Ms. Hersak submitted that Mr. Granelli has been found guilty of the Allegation under Rule 201.1. His behaviour is serious and his lack of Integrity should be denounced by the profession. Mr. Hersak stated that Mr. Granelli has devalued the reputation of the profession as a whole.

26. Ms. Hersak submitted that the aggravating factors included: the nature of the criminal charges; Mr. Granelli's acknowledgement that he had been found guilty of criminal charges on two occasions; he led a double life as a respected professional while engaged in clandestine activities; his abhorrent behavior was cloaked in respectability, including acting as Chair of the Professional Conduct Committee in Manitoba while committing horrendous crimes; and breach of trust with respect to vulnerable children. Ms. Hersak stated that the AC accepted that Mr. Granelli was rehabilitated and were very generous in readmitting him to membership. Mr. Granelli had an opportunity to prove rehabilitation since his readmission and has now been convicted for the second time of the same criminal behavior.

27. Ms. Hersak stated that the mitigating factors were that Mr. Granelli cooperated with the PCC, acknowledged his guilt and communicated early on that he did not intend to dispute the allegation as he feels he is not fit to carry the CPA designation. Mr. Granelli had no prior history before the CPA Ontario Discipline Committee. Mr. Granelli has acknowledged the seriousness of his crime and has been dealt with by the Ontario Court of Justice. Mr. Granelli's actions have resulted in the breakup of his family.

28. Ms. Hersak submitted that the aggravating factors far outweigh any mitigating circumstances in this matter.

29. Ms. Hersak submitted it is clear that there should be revocation of Mr. Granelli's membership along with a provision that he not be permitted to reapply in the future. Under the provisions of Regulation 7-3, section 10.16, the tribunal may make any other order appropriate

in the circumstances. Ms. Hersak submitted that this member had been given the opportunity to apply for readmission in the past but should not be allowed to do so again.

30. As part of her presentation on behalf of the PCC, Ms. Hersak stated that the PCC had originally considered recommending a fine of \$100,000 as this was the highest fine to date levied against a member of CPA Ontario. Ms. Hersak then advised the tribunal that on reconsideration, the PCC felt that a fine of \$50,000 would be appropriate.

31. Ms. Hersak stated that there are no rare or unusual circumstances to be considered for non-publication and newspaper publicity of the revocation should be made in the *Globe and Mail*. There has already been publicity surrounding Mr. Granelli's criminal conviction and it is important that the membership and the public be made aware of his revocation.

32. Ms. Hersak filed a Costs Outline (Exhibit 8) showing the costs of the review to be just under \$7,600, which is the usual cost when there is no investigation. The PCC was seeking approximately two-thirds in the amount of \$5,000.

33. Ms. Hersak referred to the case brief containing *Roy, Vos, Minetto, Burron and A Member*, noting that the *Roy* case concerned a member who was charged before the Discipline Committee for misappropriation of funds and was expelled. Mr. Roy had applied for and was granted readmission by the Applications Committee. He subsequently appeared before the Discipline Committee again for misappropriation of funds whereby his membership was revoked. Ms. Hersak stated that Mr. Granelli has had two criminal convictions and has been readmitted to membership in the past.

34. Ms. Hersak submitted that the actions of Mr. Granelli support a high fine and revocation. The fines ordered in the precedent cases are in the \$30,000 to \$50,000 range in matters dealing with breach of trust and/or criminal convictions.

35. Ms. Hersak stated that Mr. Granelli's name has already been made public in the local press and there are no rare or unusual circumstances to prevent disclosure of his name.

Order

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

IT IS ORDERED in respect of the Allegation:

1. THAT Mr. Granelli be reprimanded in writing by the Chair of the hearing.
2. THAT Mr. Granelli be and he is hereby fined the sum of \$60,000, to be remitted to the Chartered Professional Accountants of Ontario ("CPA Ontario") within five (5) years from the date this Decision and Order is made.
3. THAT Mr. Granelli's membership in CPA Ontario be and it is hereby revoked and he shall not ever be entitled to reapply for membership in CPA Ontario.
4. THAT notice of this Decision and Order, disclosing Mr. Granelli'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.

5. THAT notice of the revocation of membership, disclosing Mr. Granelli's name, be given by publication on the CPA Ontario website and in *The Globe and Mail* and in a local Durham region newspaper. All costs associated with the publications shall be borne by Mr. Granelli and shall be in addition to any other costs ordered by the committee.
6. THAT Mr. Granelli surrender all certificates issued by CPA Ontario or its predecessor, including any membership certificate granting the Chartered Accountant (CA) and Chartered Professional Accountant (CPA) designation, to the Adjudicative Tribunals Secretary within ten (10) days from the date this Decision and Order is made.

IT IS FURTHER ORDERED:

7. THAT Mr. Granelli be and he is hereby charged costs fixed at \$5,000, to be remitted to CPA Ontario within five (5) years from the date this Decision and Order is made.

Reasons for Sanctions

37. In its deliberations regarding sanctions, the tribunal took into consideration the trusted position that Mr. Granelli would have as a member of CPA Ontario and the expectations of the public and fellow members. The expectation is that he would behave in a manner that would be acceptable to the public at large. Mr. Granelli's behaviour violated the privacy and trust of young children and the family and friends associated with these children. Mr. Granelli's actions were immoral and repugnant.

38. The written reprimand by the Chair of the hearing is to reinforce to Mr. Granelli that his behavior is unacceptable by CPA Ontario, by its members and by the public. CPA Ontario will not tolerate such behavior and his behavior is further exacerbated by his being a repeat offender for the same crime. The written reprimand serves as a specific deterrent to Mr. Granelli, emphasizes the seriousness of his misconduct and reinforces the high standard of conduct expected by a member.

39. Given the implications of his conduct for the children and their families, the invasiveness, gravity and exposure of the privacy of these children and other implications that may arise from Mr. Granelli's use of the child pornography images, and the fact that Mr. Granelli is a repeat offender, the tribunal determined that not only should Mr. Granelli's membership in CPA Ontario be revoked but also, as he abused the privilege of re-admission, that he shall not ever be entitled to reapply for membership in CPA Ontario.

40. The question of the appropriate fine raised difficult issues. The tribunal felt that there was no amount large enough to express the abhorrence of the behavior exhibited by Mr. Granelli. The primary purpose of a fine in this case is general deterrence to other members who might be tempted to similar misconduct. If caught and prosecuted under the Criminal Code they would go to jail. In this tribunal's view, they should also know that they will have to pay a significant fine to the profession whose reputation they have tarnished.

41. The tribunal was presented with a case brief which included four cases with a range of fines of \$30,000 to \$50,000. These cases involved financial improprieties (theft) which the tribunal agrees are egregious but the nature of the misconduct here, involving vulnerable children, is even more egregious. As Mr. Justice Filippis, quoting from another decision, noted when sentencing Mr. Granelli, the victimization of children captured in picture and video never ends. Time passes but the images remain. A fifth case in the brief dated back to the turn of the century; it did involve child pornography, but was held "in camera" with few details and in the view of this tribunal was determined to not be helpful in assessing an appropriate fine for Mr. Granelli.

42. The tribunal considered a fine of \$100,000. The majority of the tribunal agreed that the behaviour of Mr. Granelli warranted a fine greater than the amounts that were levied against the members that were guilty of financial misconduct as presented in the case brief. The majority therefore determined that an amount of \$60,000 was appropriate. One member of the tribunal, Ms. Green-Dimitroff, felt that at least \$100,000, the maximum amount that had been levied to date for professional misconduct, was more appropriate.

43. The basis for the time to pay being five years from the date of the Decision and Order reflects a time period of three years after Mr. Granelli completes his remaining period of incarceration. The PCC stated that they could accept a suitable period of time of up to three years and the tribunal used this time period as appropriate and factored in this time from his completion of Mr. Granelli's jail sentence.

44. Full publicity including notice of Mr. Granelli's revocation of membership disclosing Mr. Granelli's name, by publication on CPA Ontario's website and in the *Globe and Mail* and a local Durham region newspaper is appropriate to protect the interest of the public. Publication of the conduct of a member serves as notice to members and the public that CPA Ontario is vigilant in maintaining its reputation of integrity and the notice is also in keeping with the transparent process of CPA Ontario.

Costs

45. The costs of the preparation for and attendance at the hearing were approximately \$7,600. The PCC was seeking \$5,000. The tribunal agreed that \$5,000 on a two-thirds indemnity basis to be reasonable and appropriate. As with the fine, the tribunal determined that a period to pay of up to five years from the date of the Decision and Order would be appropriate.

DATED AT TORONTO THIS 4TH DAY OF MAY 2017
BY ORDER OF THE DISCIPLINE COMMITTEE



S.M. DOUGLAS, FCPA, FCA – DEPUTY CHAIR
DISCIPLINE COMMITTEE

MEMBERS OF THE TRIBUNAL:

V. GREEN-DIMITROFF, CPA, CMA
G.G. IRELAND, CPA, CA
V. CORBETT (PUBLIC REPRESENTATIVE)