

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

**DISCIPLINE COMMITTEE**

**IN THE MATTER OF:** Allegations against **JOHN RYAN, CPA, CGA**, a member of the Chartered Professional Accountants of Ontario, under **Rules 104.2, 201.1, and 202.1** of the CPA Ontario Code of Professional Conduct.

**BETWEEN:**

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

**-and-**

**John Ryan**

**APPEARANCES:**

<b>For the Professional Conduct Committee:</b>	Jonathan Smith, Counsel
<b>For John Ryan:</b>	Not Present and Not Represented
Heard:	August 15, 2024 November 20, 2024
Order effective:	November 20, 2024
Release of written reasons:	February 5, 2025

**REASONS FOR THE DECISION DATED AUGUST 15, 2024 AND ORDER MADE NOVEMBER 20, 2024**

**I. OVERVIEW**

- [1] The Professional Conduct Committee (PCC) of the Chartered Professional Accountants of Ontario (CPA Ontario) made the Allegations that John Ryan (the Member), while CEO, President, and *de facto* CFO of the publicly-traded company SRR, converted approximately \$660,000 of SRR's funds for his own use and thereby failed to act in a manner which maintained the good reputation of the profession, contrary to Rule 201.1 of the CPA Ontario Code of Professional Conduct ("the Code"). The PCC also Alleged that the Member failed to perform professional services for SRR with integrity and due care, contrary to Rule 202.1 of the Code, and that he failed to cooperate with the regulatory process of CPA Ontario, contrary to Rule 104.2 of the Code.

- [2] The Member had been a member of CPA Ontario since 2014, admitted through the Certified General Accountants Association of Ontario (CGAO) Legacy program. During the relevant time period SRR was a junior mining company, listed on the TSX Venture Exchange. The Member was a Director, President and CEO of SRR from December 2000 until August 4, 2022.
- [3] The onus was on the PCC to show on a balance of probabilities that the Member's conduct breached Rules 201.1, 202.1, and 104.2 of the Code and constituted professional misconduct.
- [4] The hearing was initially scheduled for one day on August 15, 2024. One member of the Panel was unwell and was not able to continue to participate in the hearing. Pursuant to Rule 18.01 of the *Rules of Practice and Procedure*, the remaining four Panel members constituted quorum and presided over the hearing.
- [5] The Member did not attend or participate on August 15, 2024, but did send an email to the Tribunals Office during the course of the hearing in which he confirmed his intention to not attend, and in which he made allegations against the complainant. The conduct portion of the hearing was completed on August 15, 2024, and after deliberation the Panel found, on a balance of probabilities, that the Allegations were established and constituted professional misconduct.
- [6] An additional hearing day was scheduled to address sanctions, which, due to scheduling issues, did not occur until November 20, 2024. The Member did not attend or participate on this second hearing date. After hearing submissions from the PCC and deliberating, the Panel ordered that the Member's membership with CPA Ontario be revoked, that he be fined \$60,000, reprimanded, and that notice of the decision and order be published in the *Globe and Mail* newspaper.

## **II. PRELIMINARY ISSUES**

### *Proceeding in the Absence of the Member*

- [7] The Member did not attend the hearing nor did he have a representative attend on his behalf. In order to proceed in the absence of the Member, the Panel had to be satisfied that he had received proper notice of the Allegations and the hearing. The Affidavit of Taylor Jessica Levick, affirmed August 14, 2024, established that the Member was served with the Allegations of Professional Misconduct on April 16, 2024 (Exhibit 1). The Affidavit also established that the Member was served with a Notice of Hearing for this matter on June 21, 2024, confirming the hearing was scheduled to proceed on August 15, 2024 by videoconference. The Notice of Hearing also advised that if the Member did not attend the hearing, the Discipline Committee may proceed in his absence. Based on the above evidence, the Panel was satisfied that the Member had been served with proper notice of the Allegations and the hearing and determined that it would proceed in his absence.
- [8] At the resumption of the hearing on November 20, 2024, the Panel received evidence that the Member was served with a Notice of Hearing for the matter proceeding on November 20, 2024 (Exhibit 5), and accordingly determined to proceed in his absence.

### *Documents sent to the Tribunal by the Member during the Hearing*

- [9] During the course of the first day of the hearing, the Member sent a letter via email to the PCC and the Tribunals Office, which was forwarded to the Panel at the Panel's request. The letter set out the Member's position on the three Allegations, made assertions respecting SB, and attached documentation in relation to the assertions.
- [10] The PCC opposed the admission of this letter and the attachments as evidence.
- [11] The Panel did not admit the letter as evidence. The Panel considered that the Member had been given proper notice of the hearing and had the opportunity to submit documentation he wished to rely upon, in compliance with Rule 10 of the *Rules of Practice and Procedure*, 10 days in advance of the hearing. The Member chose not to provide any documents in advance of the hearing, and chose not to attend the hearing in person to present evidence by way of testimony or through seeking the admission of documents as exhibits. The Panel further found that the assertions made in the email respecting the complainant, and the attachments to the email, were not relevant to the issues before the Panel. Accordingly, the Panel did not accept the email into evidence.

### **III. ISSUES**

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

### **IV. DECISION**

- [13] The Panel found that the evidence established, on a balance of probabilities, the facts on which the Allegations by the PCC were based.
- [14] The Panel was satisfied that the facts as alleged constituted breaches of Rules 104.2, 201.1, and 202.1 of the Code, and having breached these Rules, the Member had committed professional misconduct.

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

#### *1. Findings Regarding the Allegation that the Member Converted SRR funds for his own Use*

#### Evidence before the Panel in Relation to this Allegation

- [15] The Panel heard evidence from SB, who became CEO of SRR after the departure of the Member in August 2022. SB testified that he was approached by disgruntled shareholders of SRR in July 2022 who wanted him to act as interim CEO in place of the Member, with the initial plan that the Member would continue on in an executive role to SRR so that there would be an orderly change in the management of the company. The plan was that the Member would stay on, as CFO, and that a more permanent CEO would come on board at a later date. SB testified that the Member did not accept this plan, and that at

the Annual General Meeting (AGM) on August 4, 2022, the shareholders did not re-elect the Member as a director of SRR and the Member subsequently resigned as President and CEO. SB testified that because the Member did not accept the plan to stay on at SRR as CFO, he had to recruit a new CFO. SB testified that shortly after the August 4, 2022 AGM at which he became CEO, he learned that the Member had been acting as the *de facto* CFO, notwithstanding there was another named CFO.

- [16] SB testified that in attempting to prepare the financial statements, the new CFO, AN, discovered that over the previous years the Member appeared to have transferred and withdrawn significant funds from the corporate account into his personal account. The new CFO eventually determined that approximately \$1.8M had been diverted from SRR into the Member's personal bank account, and that while a substantial amount had been repaid over time, there was a deficit of approximately \$700,000. SB testified that the documentation showed the transfers coming in and going out, but did not include the reason or the documentation to support the transfers. SB testified that through his discussions with a board member who had previously served while the Member was CEO, he learned that the Member had borrowed funds from the company in the form of advanced salary and prepaid expenses. He testified that the Member confirmed that he had borrowed \$400,000 from the company in August 2021 pursuant to a promissory note, and that this amount had grown to more than \$600,000.
- [17] SB testified that SRR eventually sued the Member to recover the amounts owed to SRR, which resulted in a settlement between the parties.
- [18] The Panel also heard from Leigh Beijer, who was one of the two investigators assigned to the matter. Exhibit 3, the PCC Document Brief, was admitted into evidence through Beijer.
- [19] Beijer testified that while he was CEO of SRR, the Member owned a stable that provided horse-riding lessons, trail rides, as well as other activities, and which included a barn. She testified that the Member acknowledged to her that the money that he transferred from SRR to his personal account were used in part to fund the construction of the barn. Beijer testified that she was not able to trace the funds to corroborate this evidence due to the Member's refusal to provide access to all his personal banking information.
- [20] Beijer explained that she created Exhibit 4, a schedule of consolidated transactions from April 30, 2019 to April 30, 2022, which references the source documents in Exhibit 3 which provide the bases for the figures she used in the consolidated schedule. With reference to Exhibit 4, Beijer testified that during the period from May 1, 2019 through August 31, 2022, there were multiple bank transfers both from the Member's personal account to SRR, and from SRR to the Member's personal account. For year ended April 30, 2019 and April 30, 2020, SRR owed the Member funds. For year ended April 30, 2021 the Member owed SSR \$416,185, and for year ended April 30, 2022 the Member owed SSR \$666,729. Beijer testified that the time period when the Member began to transfer more significant funds to his personal account from SRR coincided with an influx of funds into SRR from a transaction involving the company CNC, and coincided with the start of construction of his barn.
- [21] SRR's auditor raised concerns with the transactions between the Member and SRR in the Notes to the year ended April 30, 2021 financial statements. During this period there were

bank transfers from SRR to the Member in the amount of \$2,303,207, and bank transfers from the Member to SRR in the amount of \$1,504,325. A letter from the auditors to the audit committee dated August 30, 2021 [Exhibit 3, Tab 24] identified several issues of concern, including the lack of documentation and agreement regarding the management fees charged by the Member, with the auditor recommending that proper documentation be used going forward. The auditor's letter identified a number of internal control concerns which had been addressed in the auditor's meeting with the audit committee that the auditors strongly recommended be improved. These included:

- Third Party Payments/Receipts – the auditor identified that some payments were paid directly to the Member and the Member in turn paid them to SRR, relating to rental income and payroll payments. The auditor wrote that “[t]his situation should not recur” as all payments, receipts, and direct expenses, should always be paid/received directly by SRR and not by a third party.
- Bank Transfers – the auditor noted that SRR has two signing officers for all cheques, but that transfers out of the bank do not have this control. The auditor strongly recommended that all bank transactions whether cheques or transfers require a two-person authorization.
- Year End Timing – the auditor noted the delay in receiving the year end audit package from management, which created unnecessary stress, increased workloads, and required overtime for the audit to be completed in a timely manner. The auditor strongly suggested that for the coming year the audit package be received at least 30 days prior to the filing deadline.

- [22] Notes from the auditor of the meeting with the audit committee on August 30, 2021 are at Tab 25 of Exhibit 3. These notes include reference to the Member having many “unusual adjustments,” and funds transferred to the Member on a regular and recurring basis totaling \$2.3M, with funds transferred back to SRR in the amount of \$1.5M. The notes state that the audit committee was made aware of the controls issue and the withdrawals, and that the audit committee believed that moving forward better controls would be implemented.
- [23] Beijer testified that an audit committee member advised her that he had had a discussion with the Member in which he advised him that the audit committee did not want the large transfers of funds from SRR to the Member to continue to occur.
- [24] Beijer testified that the audit committee's concerns over the \$416,185 owed by the Member to SRR led the Member to draft a promissory note dated August 30, 2021 in which he acknowledged his indebtedness to SRR in that amount and pledged shares in a corporation in consideration for the “advance”. [Exhibit 3, Tab 22]
- [25] The following year, the bank transfers from SRR to the Member amounted to \$2,326,265 and bank transfers from the Member to SRR amounted to \$1,609,765. [Exhibit 3, Tab 37; Exhibit 4].

- [26] Beijer testified that the audit committee members never approved the Member to use SRR funds for the building of his barn. She testified that one audit committee member told her that he felt that the Member had been treating the company like his own personal bank account.

#### Panel Finding in relation to Allegation 1

- [27] This Panel finds that the Member, at his own initiative, transferred funds to himself from SRR, without approval from or notice to the board of directors, and without proper documentation justifying the transfers. There is no explanation for the vast majority of these transfers.
- [28] Even if the Member was merely borrowing funds from SRR, it is not acceptable conduct for a CPA who is president, a Director, CEO, and *de facto* CFO to take money from a publicly traded corporation at will. This action puts at risk the state of the business, impacting shareholders and other directors.
- [29] The Member acknowledged that at least a significant portion of the funds transferred from SRR was used to build the barn on his property, for his own private business. There is no evidence that SRR knew that its funds were being used by the Member for this purpose, let alone approved the use of these funds for this purpose, which is completely unrelated to the business of SRR.
- [30] The Member took advantage of his fiduciary relationship with SRR to use its funds for his own interest. It was after SRR received an influx of money from the CNC deal that his transfers to himself increased to such large amounts. He took advantage of his positions within the company and his knowledge of the company's finances for his own benefit.
- [31] The Panel finds, as the Member admits, that SRR was deprived of over \$660,000 as a result of these transfers to his own account for his own benefit. These transfers were not approved by the board of directors or disclosed to shareholders in a transparent fashion. The unilateral transfers continued to happen even after the audit committee in August 2021 warned it was not appropriate and should not happen again.
- [32] The Discipline Committee has found, per paragraph 21 in the [Quick](#) decision, that "the conversion of a client's assets to his own use... clearly involves moral turpitude." The good reputation of the profession is undermined by acts of moral turpitude.
- [33] The Panel finds that the Member's taking of money from SRR, depositing it into his own bank account for his own benefit and use, constituted a breach of Rule 201.1 of the Code in that he failed to act in a manner which will maintain the good reputation of the profession and serve the public interest.

#### *2. Findings Regarding the Allegation that the Member Failed to Perform Professional Services with Integrity and Due Care*

##### 2(a) Failure to keep adequate minute books and corporate records

- [34] Beijer testified that the Member told her that he had not kept minutes. This was also reflected in the Member's written response to CPA Ontario investigators [Exhibit 3, Tab

3]. Beijer testified that of all the material obtained in relation to the investigation, there were no minutes for SRR past 2002.

2(b) Payment of unauthorized management fees to the Member's own corporation

- [35] SB testified that the Member had been using a company, NE Ltd., to provide services to SRR, but that there was no engagement letter between the Member's company and SRR. SB testified that the Member told him that the amount of money he paid himself through NE Ltd. varied from year to year, depending on how much money SRR had raised that year. In the later years, he was paying himself \$15,000 per month as CEO. He also testified that the Member told him that he explained the money he had borrowed from SRR as being an advance payment of his salary for a calendar year, plus what he anticipated to be expenses that he would incur personally on behalf of the company.
- [36] Beijer testified that the Member confirmed in his interview that he never prepared a contract in relation to his management fees paid by SRR through NE Ltd. The Member could not provide documentation to support the amount that SRR paid him in management fees, and acknowledged in his interview that the amounts varied depending on circumstances, including the funds available to SRR. She testified that the Member himself set the management fees that he was paid in a given year

2(c) Failure to prepare the financial statements of SRR in a timely manner

- [37] SB testified that shortly after the August 4, 2022 AGM at which he became CEO, he learned that the audited financial statements of SRR were due August 30, 2022. He testified that the Member told him that he had been preparing the financial statements himself, as de facto CFO, notwithstanding there was another named CFO. He testified that the Member told him the financial statements were almost ready, that the financial statements would be prepared in time, and that he had an auditor lined up. Exhibit 3, Tab 50 is an email from the Member to SB advising that "[f]inancials are almost complete" and that he should call a named partner at the firm the Member was purportedly in contact with regarding the audit engagement. SB testified that upon contacting the partner at the firm, he learned that in fact no auditor had been retained by SRR for the year ended April 30, 2022 financial statements.
- [38] Beijer testified that the former CFO was of the understanding that he was not actually the CFO, but was rather the treasurer of the board of directors. He did not keep any books or write any cheques, but left that role to the Member. Beijer testified that the Member confirmed that he maintained all of the books and records for SRR and its subsidiary.
- [39] SB testified that SRR was facing a 'cease-trade' order because the audited financial statements for the year ended April 30, 2022 would not be produced by August 30, 2022. He testified to the difficulties of finding a new CFO given the threat of a 'cease-trade' order, and to the difficulty in accessing the company's bank accounts, having to rely only on whatever paper copies of statements the Member provided to him. SB testified that he and his new CFO also did not have access to SRR's CRA account. He testified that it took several months to obtain from the Member the documentation required to produce SRR's financial statements, with the result that the Ontario Securities Commission (OSC)

imposed a 'cease-trade' order halting the trading of the company's stock on September 2, 2022 for failing to meet the August 30, 2022 deadline. The 'cease-trade' order on SRR was not lifted until August 4, 2023.

- [40] SB testified that the financial statements for the year ended April 30, 2022 that had been prepared by the Member were incomplete and did not balance, so they had to be essentially prepared from scratch by the new CFO.
- [41] Beijer in her testimony also stated that the financial statements prepared by the Member were not in a position to be provided to the auditor or filed with the System for Electronic Document Analysis and Retrieval (SEDAR). She testified that the financial transactions for SRR and its subsidiary were improperly combined and had to be separated; that the warranties balance did not reconcile; and that the notes to the financial statements had not been prepared.
- [42] Beijer testified that the Member had been told after the August 2021 audit committee meeting that he was required to have the audit package put together in a timely fashion with the recommendation that be at least 30 days in advance of the August general meeting, or 120 days after year end.
- [43] The Panel found that the Member had been involved in SRR in an executive position for many years and would have known that two tasks had to be completed by August 30, 2022 to avoid the cease-trade order: the financial statements had to be completed properly, and an auditor had to be retained to audit them. The Member had not finished the financial statements when he said he had. He did not provide them until October 2, and they still were not properly done. The Panel found that the Member failed to prepare the financial statements for SRR for the year ended April 30, 2022 in a timely manner.
- [44] Considering the three particulars of Allegation 2 as a whole, the Panel had no difficulty finding that the Member failed to perform professional services with integrity and due care, contrary to Rule 202.1 of the CPA Code.

### *3. Findings Regarding the Allegation that the Member Failed to Co-operate with the Regulatory Process of CPA Ontario*

- [45] Beijer in her testimony addressed the interactions between the Investigations and Prosecutions department of CPA Ontario and the Member during the course of the investigation, with reference to the correspondence in Exhibit 2 (the affidavit of Taylor Jessica Levick affirmed August 1, 2024), and in Exhibit 3.
- [46] The Member was advised of his duty to cooperate under Rule 104 by way of letter dated November 17, 2023, when he was notified of the appointment of the investigators [Exhibit 2, Tab B]. On November 24, 2023, the Member was advised of the list of documents that he was to provide by December 1, 2023 and was again reminded of his duty to cooperate [Exhibit 3, Tab 82]. There were nine items on the list of documents to be provided, including copies of personal bank statements from the period January 1, 2020 to August 31, 2022, and a listing of all entities for which he was a shareholder, director, board member, president, CEO or CFO from the period of January 2015 to the date of the letter.

- [47] The Member requested an extension to December 15 based on medical reasons. He was granted a one-week extension, and advised that a longer extension could be granted if he provided medical documentation in support of his extension request [Exhibit 3, Tab 84].
- [48] On December 13, 2023 the Member was advised that he had missed the deadline, which was extended to December 15, 2023 [Exhibit 3, Tab 85]. The following day the Member wrote an email to the investigator in which he acknowledged that he borrowed money from the company for fiscal years ending 2021 and 2022 and asked to end the investigation [Exhibit 3, Tab 86]. On December 15, 2023 the Member was advised by email that the investigation could not be closed, and he was reminded of his duty to cooperate and the consequences of failing to cooperate [Exhibit 3, Tab 86].
- [49] The Member responded on December 20, 2023 asking whether a complaint could be withdrawn as a result of a legal settlement, and offering to resign from membership in CPA Ontario and to not use the CPA designation [Exhibit 2, Tab C]. In response, on January 4, 2024 the Member was advised that the complaint could not be withdrawn and that resignation from CPA Ontario was not possible when there was an open investigation. The Member was again reminded of the duty to cooperate and the consequences for not doing so. The new deadline for providing all requested documents was set as January 8, 2024, and the Member was requested to confirm the date for an interview on either January 16 or 17, 2024 [Exhibit 3, Tab 87].
- [50] As the Member did not respond by January 8, 2024, on January 10, 2024 the investigator wrote to the Member repeating the deadlines that had been set, and asking the Member whether he intended to cooperate with the investigation [Exhibit 3, Tab 88]. By email dated January 11, 2024, the Member agreed to attend an interview on January 16, 2024 [Exhibit 2, Tab E]. On January 16, 2024 the Member was interviewed by CPA Ontario investigators, but had not provided any of the requested documents by the date of the interview. Beijer testified that during the interview, the Member questioned why he had to produce certain of the documents requested of him, asserting that his personal banking records were not relevant to the investigation.
- [51] Following the interview, CPA Ontario investigators wrote to the Member by email dated January 26, 2024, again requesting the documents that they had been seeking since November 24, 2023, as well as additional documents arising from the interview. The Member was given a deadline of February 8, 2024, and was advised that if he maintained his position that he would not produce his personal banking records, he could be subject to allegations of non-cooperation [Exhibit 3, Tab 89].
- [52] On February 8, 2024, the Member provided a response to CPA Ontario investigators which addressed all but two items of documentation requested of him [Exhibit 3, Tabs 91, 92]. Next to the request for personal bank statements from January 1, 2020 to August 31, 2022, and next to the request of a list of all entities for which he was a shareholder, director, board member, president, CEO or CFO from the period of January 2015 to the date of the letter, the Member wrote: "Relevance?"
- [53] On February 9, 2024, counsel for the PCC wrote to the Member confirming receipt of his responses and documentation the previous day, and noting the two areas of documents which he had not provided. The Member was advised again of his obligation pursuant to

Rule 104 to cooperate with the regulatory process of CPA Ontario and to promptly provide the investigators with the information they requested of him. The letter from counsel for the PCC provided excerpts of Rule 104 and the powers of investigators under the *Chartered Professional Accountants of Ontario Act, 2017*, emphasized that the investigators had determined that the requested information was relevant to their investigation, and provided a final deadline of February 13, 2024 for the Member to provide all outstanding documents. The Member was advised that failure to cooperate by that date would be referred to the PCC and may result in an allegation of professional misconduct [Exhibit 3, Tab 93].

- [54] On February 13, 2024 the Member sent an email to the investigators advising that he was going to retain legal counsel [Exhibit 3, Tab 94].
- [55] Beijer testified that the Member never subsequently responded to the investigators or provided the outstanding documents.
- [56] Beijer testified that the Member's failure to provide the outstanding documents impacted the length of the investigation, in that it was necessary to seek the information from alternative sources, including from the CFO who took over in August 2022. Beijer testified that the Member's failure to provide the outstanding documents also impeded the investigation in that it was more difficult to ascertain if there were any additional funds sent from SRR to the Member, by methods such as wire transfers, or transfers to numbered companies controlled by the Member.
- [57] The case law is clear that the duty to cooperate is not negotiable. It is not for the Member to decide which requests for information to comply with and which to refuse. It is not for the Member to decide what is a relevant document and what is the proper scope of the investigation.
- [58] The Panel found that in refusing to provide his personal banking records, and a listing of all entities for which he was a shareholder, director, board member, president, CEO or CFO, the Member failed to cooperate with the regulatory process of CPA Ontario, contrary to Rule 104.2 of the Code.

#### *Finding of Professional Misconduct*

- [59] The Panel found that the Allegations, having been proven on the evidence, constituted breaches of Rule 104.1, Rule 201.1, and Rule 202.1 of the Code, and amounted to professional misconduct.

#### **VI. DECISION AS TO SANCTION**

- [60] After considering the evidence, the law, and the submissions of the PCC, the Panel accepted the position of the PCC and ordered that the Member's membership in CPA Ontario be revoked, that the Member pay a fine of \$60,000 to CPA Ontario within one year, the Member be reprimanded in writing, and that notice of the decision be given to all members of CPA Ontario, all provincial bodies, be made available to the public, and be published in the *Globe and Mail* newspaper in the Kitchener-Waterloo region.

## VII. REASONS FOR THE DECISION AS TO SANCTION

- [61] Pursuant to [Regulation 6-2](#), in determining appropriate sanctions the Panel shall consider aggravating and mitigating factors, and may consider the relevant principles of sanction, including protecting members of the public, promoting public confidence in the profession, denouncing the misconduct, achieving specific and general deterrence, maintaining high ethical standards of the profession, and facilitating rehabilitation.
- [62] In determining the appropriate sanction, the Panel considered the nature of the misconduct, as well as aggravating and mitigating circumstances, and the relevant case law cited by the PCC.
- [63] Considering the nature of the misconduct in this case, withdrawing funds from the corporate account of SRR to use for the Member's own benefit is among the most serious forms of misconduct. It is akin to theft. It involves moral turpitude. The Panel found that the Member took advantage of his position as CEO and *de facto* CFO of SRR to transfer corporate funds to his own account, without justification, including for the purpose of building a horse barn on his property. In the face of advice from the audit committee that it was inappropriate to unilaterally make unsupported transfers from the SRR account to his personal bank account, the Member did not stop but increased the amount of the transfers. The fact that SRR was a publicly traded company raises concerns about the protection of the public and the maintenance of public confidence in the profession. The misconduct did not constitute a singular occurrence but continued for over two years. The fact that the Member eventually reached a settlement in the civil lawsuit launched by SRR to recoup the funds does not lessen the seriousness of the misconduct.
- [64] The misconduct of failing to cooperate with the regulatory process of CPA Ontario is also serious misconduct, as it undermines the profession's ability to regulate itself and thereby undermines the public's confidence in the profession. A failure to cooperate with the regulator reflects badly on a member's integrity and character as it represents a refusal to accept accountability to one's peers and the public: [Hamatej 2022](#) para. 49. Prompt and complete responses are essential for moving investigations forward; failure to respond jeopardizes the collection of information that is required to address a complaint: [D'Orazio 2020](#) para. 41. The investigator in this matter testified to the negative impact on the investigation of the Member's continued refusal to provide, among other things, access to his personal bank accounts so that the transfers to him from SRR could be properly traced and cross referenced.
- [65] The misconduct of failing to perform professional services with integrity and due care goes to the heart of the professionalism requirement of members. It is the minimum expectation of the public for any CPA. If the public loses faith that Chartered Professional Accountants can be relied upon to perform their professional services with integrity and due care, then the profession's self-regulating status could be in jeopardy.
- [66] Aggravating factors include the Member's selfish motivation to benefit only himself through the transfers of funds from SRR to build a barn on his property. As a result of the Member's failure to acknowledge his wrongdoing, show insight into his misconduct or express remorse, he does not benefit from any leniency that he might otherwise have received. Given the Member's decision to not participate in the hearing, the only mitigating factor

identified by the Panel was the absence of a prior disciplinary history.

- [67] Considering the specific sanctions, revocation is reserved for the most serious of offences, including misappropriation and theft. The taking of funds for one's personal use without lawful justification is tantamount to theft. It involves a high degree of impropriety and moral turpitude. The Panel determined that revocation was necessary to deter this serious misconduct. Public confidence in the profession is maintained by the revocation of membership for those whose actions display such a failure of integrity and a breach of trust. Revocation of membership is warranted in this case where the protection of the public interest and reputation of the profession requires the member be removed from the profession.
- [68] Fines are routinely imposed in cases of theft and misappropriation. The fact that the Member reached a settlement with SRR in respect of SRR's lawsuit to recoup its funds does not eliminate the need for the Member to pay a financial penalty for his misconduct. To deter conversion and theft, members must know that they will face a significant regulatory fine in addition to whatever civil remedy may be obtained. The fine of \$60,000 is within the range of comparable cases of misappropriation of a significant amount of funds.
- [69] A written reprimand will impress upon the Member the seriousness of his misconduct.
- [70] Taking into consideration the additional findings of misconduct, the Panel finds that these sanctions constitute an appropriate and reasonable global remedy in this case.
- [71] Publication of the sanction was necessary in order that the deterrent message be conveyed to other members, and to ensure the public is aware, through notice in the *Globe and Mail* newspaper in the Kitchener-Waterloo region where the Member practiced. This notice is consistent with paragraphs 45 and 48 of [Regulation 6-2](#).

## **VIII. COSTS**

- [72] The law is settled that an order for costs against the Member with respect to the disciplinary proceeding is not a penalty. Costs are intended to indemnify the PCC, based on the underlying principle that the profession as a whole should not bear all of the costs of the investigation, prosecution and hearing arising from the Member's misconduct.
- [73] Costs are ordered at the discretion of the Discipline Committee. It has become customary for the PCC to file a Costs Outline in the same form as used in civil proceedings, and to seek two-thirds of the costs incurred in the investigation and prosecution of the matter.

[74] The PCC's Costs Outline is Exhibit 6. The total costs were \$82,815.18, two-thirds of which is just over \$55,000, the amount sought by the PCC. The Panel found that this amount for costs was reasonable and found that it was appropriate for the Member to pay two-thirds of those costs, as is the standard practice of the Discipline Committee. Accordingly, costs were set at \$55,000, payable within one year.

**DATED** this 5<sup>th</sup> day of February, 2025

A handwritten signature in dark ink, appearing to be 'John Love', with a stylized loop at the end.

John Love, CPA, CMA  
Discipline Committee – Deputy Chair

Members of the Panel

Jim Huang, CPA, CGA  
Nancy Tran, Public Representative  
John Wilkinson, Public Representative

Independent Legal Counsel

John Dent, Barrister & Solicitor