

### **Edward Marlin Reiterowski: Summary, as Published in *CheckMark***

**Edward Marlin Reiterowski**, of Toronto, was found guilty of one charge under Rule 202 of failing to perform his professional services with due care, and one charge under Rule 206 of failing to perform his professional services in accordance with generally accepted standards of practice of the profession, including the Recommendations set out in the *CICA Handbook*. While engaged to prepare financial projections for a client, Mr. Reiterowski indicated in a report attached to the financial projections that the examination of the projections had been made in accordance with the applicable auditing guideline issued by the CICA when he had not carried out the procedures set out in the guideline. He misdescribed in the report the period of time covered by the projections, and failed to follow his firm's policy for review of such work. Mr. Reiterowski was fined \$5,000.

## **CHARGE(S) LAID re Edward Marlin Reiterowski**

The Professional Conduct Committee hereby makes the following charges against Edward Reiterowski, CA, a member of the Institute:

1. THAT the said Edward Reiterowski, in or about the period from March 31, 2000 to April 7, 2000, while he was engaged to prepare financial projections for Olympia Business Machines Canada Ltd. for the years ending December 31, 2000, 2001 and 2002, failed to perform his professional services with due care, contrary to Rule 202 of the rules of professional conduct, in that:
  - a) **having been engaged to prepare a compilation of financial projections**, he attached a report to the financial projections which indicated that "Our examination was made in accordance with the applicable Auditing Guideline issued by the Canadian Institute of Chartered Accountants" when he had not carried out the procedures set out in the guideline;
  - b) he attached a report to the financial projections which indicated that the projections were for "... each month in the period from March 2000 up to and including December 31, 2000..." when the projections included January and February of 2000 and each month for the period January 2001 through December 2002;
  - c) he failed to follow his firm's policy for ~~second partner reviews and instead signed off on the review himself.~~
2. THAT the said Edward Reiterowski, in or about the period from March 31, 2000 to April 7, 2000, while he was engaged to prepare financial projections for Olympia Business Machines Canada Ltd. for the years ending December 31, 2000, 2001 and 2002, failed to perform his professional services in accordance with generally accepted standards of practice of the profession, including the Recommendations set out in the CICA Handbook, contrary to Rule 206.1 of the rules of professional conduct, in that he failed to consider whether the financial projection obviously appeared not to be prepared in accordance with the standards in FUTURE-ORIENTED FINANCIAL INFORMATION, Section 4250, as required by AuG 16 of the CICA Handbook.

Dated at Toronto, Ontario this 26th day of July, 2002.

RICHARD JOHNSTON, FCA - DEPUTY CHAIR  
PROFESSIONAL CONDUCT COMMITTEE

*AMENDMENTS TO CHARGES MADE AT DISCIPLINE HEARING ON OCTOBER 23, 2002*

**DISCIPLINE COMMITTEE re Edward Marlin Reiterowski**

**DECISION AND ORDER IN THE MATTER OF:** Charges against **EDWARD MARLIN REITEROWSKI, CA**, a member of the Institute, under **Rules 202 and 206.1** of the Rules of Professional Conduct, as amended.

**DECISION AND ORDER MADE OCTOBER 23, 2002**

**DECISION**

THAT, having seen, heard and considered the evidence, including the agreed statement of facts, filed, and having heard the plea of guilty to charge No. 1, the Discipline Committee finds Edward Marlin Reiterowski guilty of charges Nos. 1 and 2.

**ORDER**

IT IS ORDERED in respect of the charges:

1. THAT Mr. Reiterowski be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Reiterowski be and he is hereby fined the sum of \$5,000, to be remitted to the Institute within three (3) months from the date this Decision and Order becomes final under the bylaws.
3. THAT notice of this Decision and Order, disclosing Mr. Reiterowski's name, be given after this Decision and Order becomes final under the bylaws, in the form and manner determined by the Discipline Committee:
  - (a) to the Public Accountants Council for the Province of Ontario;
  - (b) to the Canadian Institute of Chartered Accountants; and
  - (c) by publication in *CheckMark*.
4. THAT in the event Mr. Reiterowski fails to comply with paragraph 2 of this Order, he shall thereupon be suspended from the rights and privileges of membership in the Institute until such time as he does comply, provided that he complies within three (3) months from the date of his suspension, and in the event he does not comply within the three (3) month period, he shall thereupon be expelled from membership in the Institute, and notice of his expulsion, disclosing his name, shall be given in the manner specified above, and in *The Globe and Mail*.

DATED AT TORONTO THIS 31ST DAY OF OCTOBER, 2002  
BY ORDER OF THE DISCIPLINE COMMITTEE

BRYAN W. STEPHENSON, BA, LLB  
SECRETARY – DISCIPLINE COMMITTEE

## **DISCIPLINE COMMITTEE re Edward Marlin Reiterowski**

**REASONS FOR THE DECISION AND ORDER IN THE MATTER OF:** Charges against **EDWARD MARLIN REITEROWSKI, CA**, a member of the Institute, under **Rules 202 and 206.1** of the Rules of Professional Conduct, as amended.

### **REASONS FOR THE DECISION AND ORDER MADE OCTOBER 23, 2002**

1. This panel of the discipline committee of the Institute of Chartered Accountants of Ontario convened on October 23, 2002 to hear the charges brought by the professional conduct committee against Mr. Edward Reiterowski, a member of the Institute.
2. The professional conduct committee was represented by Ms. Barbara Glendinning. Mr. Ray Harris, FCA, the investigator appointed by the professional conduct committee, attended with Ms. Glendinning. Mr. Reiterowski attended the hearing, and was represented by his counsel, Mr. James Thompson.
3. The panel's formal decision and order was signed by the discipline committee secretary on October 31, 2002, and sent to Mr. Reiterowski that day. These reasons, given in writing pursuant to Bylaw 574, include the charges, and the decision and order, as well as the reasons of the discipline committee.

### **DECISION ON THE CHARGES**

4. After the hearing had been called to order, and the notice of assignment hearing, notice of hearing and charges had been marked as Exhibits 1, 2 and 3, respectively, Ms. Glendinning advised that there was a preliminary matter to deal with, namely the amending of charge No. 1. On consent, particulars (a) and (c) of charge No. 1 were amended.
5. The charges, as amended, read as follows:
  1. THAT the said Edward Reiterowski, in or about the period from March 31, 2000 to April 7, 2000, while he was engaged to prepare financial projections for Olympia Business Machines Canada Ltd. for the years ending December 31, 2000, 2001 and 2002, failed to perform his professional services with due care, contrary to Rule 202 of the rules of professional conduct, in that:
    - a) having been engaged to prepare a compilation of financial projections, he attached a report to the financial projections which indicated that "Our examination was made in accordance with the applicable Auditing Guideline issued by the Canadian Institute of Chartered Accountants" when he had not carried out the procedures set out in the guideline;
    - b) he attached a report to the financial projections which indicated that the projections were for "... each month in the period from March 2000 up to and including December 31, 2000..." when the projections included January and February of 2000 and each month for the period January 2001 through December 2002;

c) he failed to follow his firm's policy for reviews.

2. THAT the said Edward Reiterowski, in or about the period from March 31, 2000 to April 7, 2000, while he was engaged to prepare financial projections for Olympia Business Machines Canada Ltd. for the years ending December 31, 2000, 2001 and 2002, failed to perform his professional services in accordance with generally accepted standards of practice of the profession, including the Recommendations set out in the CICA Handbook, contrary to Rule 206.1 of the rules of professional conduct, in that he failed to consider whether the financial projection obviously appeared not to be prepared in accordance with the standards in FUTURE-ORIENTED FINANCIAL INFORMATION, Section 4250, as required by AuG 16 of the CICA Handbook.

6. Mr. Reiterowski entered a plea of guilty to charge No. 1, as amended, and pled not guilty to charge No. 2. He confirmed that he understood that on the basis of his plea of guilty, and on that basis alone, he could be found guilty of professional misconduct under the first charge.

7. Ms. Glendinning gave a brief overview of the case for the professional conduct committee. She filed as Exhibits 4 and 5, respectively, an agreed statement of facts and a document brief. The latter contained:

- the financial projections referred to in the charges, together with accompanying reports;
- BDO Dunwoody LLP reference materials indicating the firm's standards with respect to projections;
- correspondence from Olympia Business Machines Canada Ltd. (Olympia) dated April 3, 2000, setting out the figures to be used in the projections; and
- correspondence from Mr. Reiterowski to Olympia dated April 5, 2000, containing the projection statement he prepared, along with comments.

8. Copies of auditing and related services guideline AuG-16, and *CICA Handbook* Section 4250 dealing with future-oriented financial information, were filed as Exhibit 6.

9. The essence of the misconduct alleged against Mr. Reiterowski was that, having been engaged to complete a compilation of financial projections for Olympia, he

- attached an audit report to the projections, with the heading *Notice to Reader*;
- attached a report which indicated a period of projections which was different from the period actually covered in the projections;
- carried out no audit procedures, and failed to consider whether CICA standards for compilation of such financial projections were met; and
- failed to follow his firm's policy for review of such work.

10. Ms. Glendinning called Mr. Harris as a witness. Mr. Harris was cross-examined by Mr. Thompson. Subsequent to his re-examination, there were some questions from the panel. At the conclusion of Mr. Harris' evidence, Ms. Glendinning closed her case.

11. Mr. Thompson did not call evidence on behalf of the member. Both counsel made submissions, after which the panel deliberated.

12. Upon deliberation, the panel concluded that the charges had been proven and that Mr. Reiterowski was guilty of professional misconduct.

13. With respect to charge No. 1, Mr. Reiterowski pled guilty, and the evidence clearly demonstrated his carelessness in using the wrong report with his projections, showing the wrong dates for the periods covered, and failing to have his work reviewed in contravention to his firm's policy.

14. With respect to charge No. 2, the panel was persuaded by the testimony of Mr. Harris, and a review of the *CICA Handbook* material, that Mr. Reiterowski had not met the following required standards in preparing his financial projections:

- he did not follow BDO's manual with respect to projections, nor *CICA Handbook* Section 4250;
- he did not query the basis for the substantial increase in sales from \$500,000 per month in January, February, and March 2000, to more than \$1.7 million for the month of April 2000;
- he did not ask for the actual financial statements for the period just prior to the beginning period of his projections;
- overall, he did not do the work necessary to properly conclude that the projected sales were plausible, as required by *Handbook* Section 4250.

15. When the hearing reconvened, the chair read the following decision into the record:

#### DECISION

THAT, having seen, heard and considered the evidence, including the agreed statement of facts, filed, and having heard the plea of guilty to charge No. 1, the Discipline Committee finds Edward Marlin Reiterowski guilty of charges Nos. 1 and 2.

#### **ORDER AS TO SANCTION**

16. On behalf of the professional conduct committee, Ms. Glendinning submitted that the appropriate order would include a reprimand, a fine of between \$5,000 and \$8,000, and notice to the CICA and the Public Accountants Council, as well as by way of publication in *CheckMark* disclosing the member's name.

17. Ms. Glendinning submitted that there was no need for rehabilitation, as it was clear Mr. Reiterowski was a competent chartered accountant, as this was an isolated incident in an otherwise unblemished career of 22 years, and as the discipline process itself, the fine and the *CheckMark* publication would be sufficient specific deterrence to ensure that Mr. Reiterowski did not repeat his misconduct.

18. Mr. Thompson, on behalf of the member, submitted that a fine was not needed to specifically deter Mr. Reiterowski from similar behaviour in the future, and he emphasized the fact that his client had cooperated fully throughout the investigation.

19. After hearing submissions from both parties, the panel deliberated and made the following order:

### ORDER

IT IS ORDERED in respect of the charges:

1. THAT Mr. Reiterowski be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Reiterowski be and he is hereby fined the sum of \$5,000, to be remitted to the Institute within three (3) months from the date this Decision and Order becomes final under the bylaws.
3. THAT notice of this Decision and Order, disclosing Mr. Reiterowski's name, be given after this Decision and Order becomes final under the bylaws, in the form and manner determined by the Discipline Committee:
  - (a) to the Public Accountants Council for the Province of Ontario;
  - (b) to the Canadian Institute of Chartered Accountants; and
  - (c) by publication in *CheckMark*.
4. THAT in the event Mr. Reiterowski fails to comply with paragraph 2 of this Order, he shall thereupon be suspended from the rights and privileges of membership in the Institute until such time as he does comply, provided that he complies within three (3) months from the date of his suspension, and in the event he does not comply within the three (3) month period, he shall thereupon be expelled from membership in the Institute, and notice of his expulsion, disclosing his name, shall be given in the manner specified above, and in *The Globe and Mail*.

### **Reprimand**

20. The panel ordered that Mr. Reiterowski be reprimanded in writing by the chair of the hearing in order to emphasize to him the necessity of using appropriate care in carrying on his professional practice.

### **Fine**

21. The fine of \$5,000 is at the lower end of the range suggested by Ms. Glendinning on behalf of the professional conduct committee. Although Mr. Thompson suggested that there was no need for a fine at all, given Mr. Reiterowski's remorsefulness and total cooperation in the case, the panel was of the view that a fine was necessary to serve as both a specific and a general deterrent, and determined that the quantum ordered was in keeping with fines levied in prior similar cases.

## **Notice**

22. Notice is appropriate in that it addresses the individual issue of specific deterrence and the wider needs of general deterrence and education of the profession at large.

## **Expulsion For Failure To Comply**

23. The panel did not doubt that Mr. Reiterowski would comply with the one term of the order which required him to do something, namely pay the fine. Nevertheless, in order not to be meaningless, orders of the discipline committee must specify consequences for failure to comply with their terms.

DATED AT TORONTO THIS 8TH DAY OF JANUARY, 2003  
BY ORDER OF THE DISCIPLINE COMMITTEE

H.B. BERNSTEIN, CA – DEPUTY CHAIR  
THE DISCIPLINE COMMITTEE

### MEMBERS OF THE PANEL:

J.A. CULLEMORE, CA  
N.A. MACDONALD EXEL, CA  
R.D. WHEELER, FCA  
B.A. YOUNG (Public representative)