

George H. Strohyj: Summary, as Published in *CheckMark*

George H. Strohyj, of Toronto, was found guilty of one charge under Rule 101 of contravening the provisions of Bylaw 106(5) by practising or holding himself out as a chartered accountant when his rights and privileges as a member were suspended, one charge under Rule 201.1 of failing to maintain the good reputation of the profession and its ability to serve the public interest, and one charge under Rule 203.2 of failing to cooperate in a professional conduct committee investigation. While under suspension from membership in the Institute on account of bankruptcy, and after being advised by the Public Accountants Council that his licence to practise public accounting had been revoked, Mr. Strohyj continued to hold himself out as a chartered accountant and a public accountant. He acted as auditor of a credit union, and signed the auditor's report and a management letter as a chartered accountant. Upon withdrawal by the Crown of Income Tax Act charges which it had laid against him, Mr. Strohyj stopped cooperating in the professional conduct committee investigation into the matter. He refused to provide information relating to a tax reassessment and an addition of \$194,000 to his income as a result of an alleged misappropriation scheme involving one of his clients. He failed to attend his discipline hearing. Mr. Strohyj was judged to be an ungovernable member, and was fined \$3,500 and expelled from the Institute.

CHARGE(S) LAID re George H. Strohyj

The Professional Conduct Committee hereby makes the following charges against George H. Strohyj, a suspended member of the Institute:

1. THAT the said George H. Strohyj, in or about the period November 2, 1998 through to June 19, 2001, failed to co-operate with officers, servants or agents of the Institute who have been appointed to arrange or conduct an investigation on behalf of the professional conduct committee, contrary to Rule 203.2 of the rules of professional conduct.
2. THAT the said George H. Strohyj, during the period March 8, 2001 to March 24, 2001, failed to conduct himself in a manner that will maintain the good reputation of the profession and its ability to serve the public interest, in that he acted as a public accountant and signed an audit report at a time when he knew that he was not licenced to do so, contrary to Rule 201.1 of the rules of professional conduct.
3. THAT the said George H. Strohyj, during the period August 7, 1999 to March 24, 2001, practiced or held himself out as a chartered accountant when his rights and privileges as a member were suspended, and did thereby contravene the provisions of Bylaw 106(5), contrary to Rule 101 of the rules of professional conduct.

Dated at Ottawa, Ontario this 27th day of June, 2001.

M.T. CONNOLLY, FCA - DEPUTY CHAIR
PROFESSIONAL CONDUCT COMMITTEE

DISCIPLINE COMMITTEE re George H. Strohyj

DECISION AND ORDER IN THE MATTER OF: Charges against **GEORGE H. STROHYJ**, a suspended member of the Institute, under **Rules 101, 201.1 and 203.2** of the Rules of Professional Conduct, as amended.

DECISION AND ORDER MADE SEPTEMBER 28, 2001

DECISION

THAT, having seen, heard and considered the evidence, and having determined to proceed with the hearing in the absence of Mr. Strohyj pursuant to Institute Bylaw 560, being satisfied that he had proper notice of the hearing, and having entered on his behalf a plea of not guilty to each of the charges, the Discipline Committee finds George H. Strohyj guilty of charges Nos. 1, 2 and 3.

ORDER

IT IS ORDERED in respect of the charges:

1. THAT Mr. Strohyj be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Strohyj be and he is hereby fined the sum of \$3,500, to be remitted to the Institute within six (6) months from the date this Decision and Order becomes final under the bylaws.
3. THAT Mr. Strohyj be and he is hereby expelled from membership in the Institute.
4. THAT notice of this Decision and Order, disclosing Mr. Strohyj's name, be given after this Decision and Order becomes final under the bylaws:
 - (a) to the Public Accountants Council for the Province of Ontario;
 - (b) to the Canadian Institute of Chartered Accountants;
 - (c) by publication in *CheckMark*; and
 - (d) by publication in *The Globe and Mail* and *The Toronto Star*.
5. THAT Mr. Strohyj surrender his certificate of membership in the Institute to the discipline committee secretary within ten (10) days from the date this Decision and Order becomes final under the bylaws.

DATED AT TORONTO THIS 2ND DAY OF OCTOBER, 2001
BY ORDER OF THE DISCIPLINE COMMITTEE

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

DISCIPLINE COMMITTEE re George H. Strohyj

REASONS FOR THE DECISION AND ORDER IN THE MATTER OF: Charges against **GEORGE H. STROHYJ**, a suspended member of the Institute, under **Rules 101, 201.1 and 203.2** of the Rules of Professional Conduct, as amended.

REASONS FOR THE DECISION AND ORDER MADE SEPTEMBER 28, 2001

1. This panel of the discipline committee of the Institute of Chartered Accountants of Ontario was convened on September 28, 2001 to hear charges laid by the professional conduct committee against suspended member George H. Strohyj.
2. The professional conduct committee was represented by Ms. Barbara Glendinning, who was accompanied by Ms. Elizabeth Noonan, associate director of standards enforcement. Mr. Strohyj was not present at the hearing and was not represented by counsel.
3. The hearing concluded on September 28 after the panel's decision and order was made known. The formal decision and order was issued in writing on October 2, 2001, and was sent to Mr. Strohyj that day. These reasons, issued in writing pursuant to Bylaw 574, contain the charges as well as the decision and order.

DECISION TO PROCEED IN THE ABSENCE OF THE MEMBER

4. Mr. Strohyj was not present in the hearing room when the hearing was scheduled to commence at 10:00 a.m. The discipline committee secretary advised the committee that Mr. Strohyj was not in the areas adjacent to the hearing room.
5. The chair reviewed the Affidavit of Service of the Notice of Assignment Hearing, charges and related documents, which had been marked as Exhibit No. 1 to these proceedings at the assignment hearing of July 25, 2001.
6. Ms. Glendinning then filed with the committee the Affidavit of Service of a number of documents including the Notice of Hearing which were served personally on Mr. Strohyj. This affidavit was marked as Exhibit No. 2 to the proceedings.
7. The chair advised the committee that upon reviewing the file it was clear that the chair of the assignment hearing had ordered that Mr. Strohyj be served personally with the Notice of Hearing, and that the affidavit of Mr. Lombardi deposed that Mr. Strohyj had been personally served.
8. Ms. Glendinning was then asked whether she had any more evidence or information for the committee before it determined, as required by Bylaw 560, whether or not the hearing should proceed in the absence of the member. Ms. Glendinning indicated that she had spoken with Mr. Strohyj by telephone, and had received a letter from him by facsimile on September 27, 2001 in which he indicated that he would not be attending the hearing. Ms. Glendinning said that as the letter referred to other matters, it was inappropriate to file it as an exhibit at this stage of the hearing.

9. The committee concluded that Mr. Strohyj had been properly served and decided the hearing would proceed in the absence of the member.

THE CHARGES

10. The chair then marked as Exhibit No. 3 the three charges dated June 27, 2001, and directed that an order of not guilty be entered to the charges, which read:
 1. THAT the said George H. Strohyj, in or about the period November 2, 1998 through to June 19, 2001, failed to co-operate with officers, servants or agents of the Institute who have been appointed to arrange or conduct an investigation on behalf of the professional conduct committee, contrary to Rule 203.2 of the rules of professional conduct.
 2. THAT the said George H. Strohyj, during the period March 8, 2001 to March 24, 2001, failed to conduct himself in a manner that will maintain the good reputation of the profession and its ability to serve the public interest, in that he acted as a public accountant and signed an audit report at a time when he knew that he was not licenced to do so, contrary to Rule 201.1 of the rules of professional conduct.
 3. THAT the said George H. Strohyj, during the period August 7, 1999 to March 24, 2001, practiced or held himself out as a chartered accountant when his rights and privileges as a member were suspended, and did thereby contravene the provisions of Bylaw 106(5), contrary to Rule 101 of the rules of professional conduct.

CASE FOR THE PROFESSIONAL CONDUCT COMMITTEE

11. Counsel for the professional conduct committee filed as Exhibit Nos. 4, 5, and 6, respectively, the affidavit of Paul Gibel, CA, the investigator appointed by the professional conduct committee; the affidavit of Marc Sirard, chief executive officer of So-Use Credit Union in Toronto; and a document brief. Counsel also called Ms. Noonan as a witness.

DECISION ON THE CHARGES

Charge No. 1

12. Mr. Gibel was appointed as an investigator by the professional conduct committee to investigate the facts and circumstances leading to the charge of fraud and tax evasion made against Mr. Strohyj by the Crown under the *Income Tax Act*.
13. Mr. Strohyj, through his lawyer, cooperated until the *Income Tax Act* charges were withdrawn by the Crown. Thereafter, Mr. Strohyj refused to provide the information which the investigator requested relating to a tax reassessment and an addition of \$194,000 to his income as a result of an alleged misappropriation scheme involving a client of the member. The committee was satisfied that his repeated refusal to cooperate constituted professional misconduct, and Mr. Strohyj was found guilty of charge No. 1.

Charges Nos. 2 and 3

14. Mr. Strohyj had for many years been the auditor of the So-Use Credit Union. In April 1999 he was present at the annual meeting of the members and accepted the appointment as auditor for the fiscal year ending December 31, 1999. His auditor's

report was dated March 24, 2000 and was signed by him as a chartered accountant. Mr. Strohyj attended the annual meeting of the members of the So-Use Credit Union in April 2000, and accepted the appointment as auditor for the year ending December 31, 2000. On March 24, 2000, Mr. Strohyj issued a management letter on his chartered accountant letterhead and signed it "George H. Strohyj, CA".

15. Mr. Strohyj advised the Institute in August 1999 that he had made an assignment in bankruptcy, and was advised by the Institute that, as a result, he was suspended from the rights and privileges of membership and was not permitted to use the designation "chartered accountant" or the initials "CA". On March 3, 2000, Mr. Strohyj was sent a letter by the registrar of the Public Accountants Council (PAC), enclosing the written reasons for the decision and order made by the PAC on December 8, 1999 revoking Mr. Strohyj's licence pursuant to Section 18 of the *Public Accountancy Act* on account of his bankruptcy.
16. The committee concluded that the allegations set out in charges Nos. 2 and 3 had been proven. Mr. Strohyj's conduct of holding himself out as a chartered accountant when he knew his membership in the Institute had been suspended, and of delivering an audit report and accepting an auditor appointment when he knew his licence to practise public accounting had been revoked, was conduct that amounted to professional misconduct. Accordingly, Mr. Strohyj was found guilty of charges Nos. 2 and 3.

SANCTION

17. Ms. Glendinning did not call evidence with respect to sanction, but did make submissions in which she suggested the appropriate sanction should include a reprimand, a fine of \$2,500, expulsion from membership in the Institute, notice including publication in *The Globe and Mail* and *The Toronto Star*, and a nominal award of costs in the amount of \$500.
18. Ms. Glendinning submitted that while a fine of \$2,500 might be considered low in light of the deliberate and repeated misconduct in this case, Mr. Strohyj was under suspension on account of bankruptcy, and the professional conduct committee had considered his reduced financial circumstances when deciding to suggest a fine in this amount.
19. Ms. Glendinning submitted that expulsion was warranted on two grounds:
 - the facts which led to charge No.1 showed that Mr. Strohyj was unwilling to be governed by the Institute, and this was further demonstrated by his failure to attend the assignment hearing and the hearing;
 - the facts which led to charges Nos. 2 and 3 showed a deliberate and conscious disregard for the rules of professional conduct, and a willingness by Mr. Strohyj to misrepresent his status to the obvious prejudice of his clients.
20. Ms. Glendinning filed Mr. Strohyj's letter of September 27, 2001 which she had not wanted to file earlier in the hearing, as it was relevant to the issue of sanction. Mr. Strohyj asked in the letter that the committee give consideration to his financial position when determining a fine, and that it give consideration to the embarrassment and shame his family has suffered and will suffer when deciding on the issue of publication of notice of its decision and order.
21. The committee considered the misconduct and appropriate sanction in light of the three general principals which apply when imposing a sanction, namely general deterrence,

specific deterrence and rehabilitation. When the committee had concluded its deliberations, the hearing resumed and the terms of the order were made known.

22. The formal order issued on October 2, 2001 reads as follows:

ORDER

IT IS ORDERED in respect of the charges:

1. THAT Mr. Strohyj be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Strohyj be and he is hereby fined the sum of \$3,500, to be remitted to the Institute within six (6) months from the date this Decision and Order becomes final under the bylaws.
3. THAT Mr. Strohyj be and he is hereby expelled from membership in the Institute.
4. THAT notice of this Decision and Order, disclosing Mr. Strohyj's name, be given after this Decision and Order becomes final under the bylaws:
 - (a) to the Public Accountants Council for the Province of Ontario;
 - (b) to the Canadian Institute of Chartered Accountants;
 - (c) by publication in *CheckMark*; and
 - (d) by publication in *The Globe and Mail* and *The Toronto Star*.
5. THAT Mr. Strohyj surrender his certificate of membership in the Institute to the discipline committee secretary within ten (10) days from the date this Decision and Order becomes final under the bylaws.

Reprimand

23. The purpose of a reprimand is to stress to Mr. Strohyj the unacceptable nature of his actions.

Fine of \$3,500

24. The purpose of the fine of \$3,500 is to serve as both a general deterrent and a specific deterrent.
25. The committee felt, even given Mr. Strohyj's financial circumstances, that the suggested fine of \$2,500 did not take sufficiently into account the ongoing nature of Mr. Strohyj's offences. He continued not to cooperate with the professional conduct committee despite repeated requests to do so, and not only signed an audit report but accepted an auditor reappointment when he was not licenced and knew he was not licenced to practise public accounting.

Expulsion

26. Mr. Strohyj was not only disrespectful of the Institute's processes, he also ignored his client's interests. In particular, as stated above:
 - despite repeated requests, he took no steps to provide information to the professional conduct committee's investigator;

- knowing he was a suspended member and that his public accounting licence had been revoked, he signed an audit report and accepted a reappointment as auditor of a client; and
 - he chose not to attend either his assignment hearing or the discipline hearing in respect of the charges brought against him.
27. There was no evidence which suggested that Mr. Strohyj could or was willing to rehabilitate himself. He had proven himself to be ungovernable. The principles of general and specific deterrence required Mr. Strohyj's expulsion from membership.

Notice

28. The purpose of publishing notice is to ensure that the public is advised of Mr. Strohyj's expulsion.
29. According to his letter of September 27, 2001, Mr. Strohyj only removed the sign in his window identifying himself as a chartered accountant in July 2001, despite having been advised by the Institute as early as August 1999 that he was no longer entitled to use the chartered accountant designation or initials on account of his suspension for bankruptcy. This combined with the fact that he allowed himself to be reappointed as auditor of his client when he knew he was a suspended member without a public accounting licence persuaded the committee that Mr. Strohyj cannot be relied upon to inform the public or his clients of his professional status.
30. There is no evidence of extenuating circumstances which would justify withholding publicity in this case. The possibility of embarrassment to a member's family is not a rare and unusual circumstance, and does not warrant withholding Mr. Strohyj's name from publication or override the need to inform the public that Mr. Strohyj is no longer a chartered accountant.
31. Publishing in both *The Globe and Mail* and *The Toronto Star* is intended to provide broad notice in the geographic area of Mr. Strohyj's practice.

DATED AT TORONTO THIS 24TH DAY OF OCTOBER, 2001
BY ORDER OF THE DISCIPLINE COMMITTEE

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

MEMBERS OF THE PANEL:

L.G. BOURGON, CA
N.J. DIRENZO, FCA
D.O. STIER, CA
B. RAMSAY (Public representative)