

## **CHARGE(S) LAID re Laurie William Greenidge**

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

1. THAT the said Laurie Greenidge, in or about the period August 31, 1998 to August 31, 1999, while he was engaged to perform a review of the financial statements of Friends of the Kingston Blue Marlins Swim Club Incorporated for the year ended August 31, 1998, 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 of the rules of professional conduct, in that:
  - (a) he released a review engagement report dated May 4, 1999 without having performed sufficient enquiry, analytical procedures and discussion to enable him to assess whether the information being reported on was plausible in the circumstances; and
  - (b) he did not document matters that are important to support the content of his report.
2. THAT the said Laurie Greenidge, in or about the period August 31, 1998 to August 31, 1999, while he was engaged to perform a review of the financial statements of Friends of the Kingston Blue Marlins Swim Club Incorporated for the year ended August 31, 1998, failed to perform his professional services with integrity and due care, contrary to Rule 202 of the rules of professional conduct, in that:
  - (a) he issued four consecutive reports on the financial statements, dated May 4, 1999, June 2, 1999, August 7, 1999 and August 31, 1999 without withdrawing the previous reports so that there were four sets of financial statements in existence simultaneously;
  - (b) his reports state that he "compiled and reviewed" the financial statements;
  - (c) the individual amounts for Member's Surplus, Revenue and Expenses do not always add to the total given on the financial statements for those sections; and
  - (d) the financial statements with reports dated August 7 and August 31, 1999 contain notes indicating a treatment of capital assets that is different from the treatment in the financial statements with reports dated May 4 and June 2, 1999, but there was no change to the reporting of capital assets in the financial statements themselves.
3. THAT the said Laurie Greenidge, in or about the period March 1998 to May 1998, while engaged to perform an audit of the financial statements of Central Frontenac Community Services Corporation for the year ended March 31, 1998, 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 of the rules of professional conduct, in that:

- (a) he did not document matters that are important in providing evidence to support the content of his report; and
- (b) he improperly classified items as prior period adjustments when they were not.

Dated at Toronto this 18<sup>th</sup> day of July, 2000.

UWE MANSKI, FCA – DEPUTY CHAIR  
PROFESSIONAL CONDUCT COMMITTEE

**DISCIPLINE COMMITTEE re Laurie William Greenidge**

**DECISION AND ORDER IN THE MATTER OF:** Charges against **LAURIE WILLIAM GREENIDGE, CA**, a member of the Institute, under **Rules 202 and 206** of the Rules of Professional Conduct, as amended.

**DECISION AND ORDER MADE OCTOBER 26, 2000**

**DECISION**

THAT, having seen and considered the evidence, including the agreed statement of facts, filed, and having heard the plea of guilty to charges Nos. 1, 2 and 3, the Discipline Committee finds Laurie William Greenidge guilty of charges Nos. 1, 2 and 3.

**ORDER**

IT IS ORDERED in respect of the charges:

1. THAT Mr. Greenidge be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Greenidge be and he is hereby required to complete, by paying for and attending in their entirety, within six (6) months from the date this Decision and Order becomes final under the bylaws, the following professional development courses made available through the Institute:
  1. Income Tax Update; and
  2. Accounting, Auditing and Professional Practice Update,or, in the event a course listed above becomes unavailable, the successor course which takes its place.
3. THAT Mr. Greenidge be reinvestigated by the professional conduct committee, or by a person retained by the professional conduct committee, on one occasion, between September 1 and December 31, 2001, the cost of the reinvestigation, up to \$2,000, to be paid by Mr. Greenidge within thirty (30) days of receiving notification of the cost of the reinvestigation.

DATED AT TORONTO THIS 30TH DAY OF OCTOBER, 2000  
BY ORDER OF THE DISCIPLINE COMMITTEE

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

## **DISCIPLINE COMMITTEE re Laurie William Greenidge**

**DECISION AND ORDER IN THE MATTER OF:** Charges against **LAURIE WILLIAM GREENIDGE, CA**, a member of the Institute, under **Rules 202 and 206** of the Rules of Professional Conduct, as amended.

### **REASONS FOR THE DECISION AND ORDER MADE OCTOBER 26, 2000**

This panel of the discipline committee of the Institute of Chartered Accountants of Ontario met on October 26, 2000 to hear evidence concerning charges brought by the professional conduct committee against Laurie William Greenidge, CA.

Ms. Deborah McPhadden represented the professional conduct committee and was accompanied by the committee's investigator Mr. Bruce Armstrong. Mr. Greenidge, who attended without counsel, confirmed that he understood he had the right to be represented by counsel.

The hearing concluded on October 26, 2000 and the panel's decision and order was issued on October 30, 2000. These reasons, issued in writing pursuant to Bylaw 574, contain the panel's decision and order and the charges laid by the professional conduct committee, as well as the reasons of the panel.

### **THE CHARGES**

The charges dated July 18, 2000 were filed as an exhibit at the hearing and read as follows:

1. THAT the said Laurie Greenidge, in or about the period August 31, 1998 to August 31, 1999, while he was engaged to perform a review of the financial statements of Friends of the Kingston Blue Marlins Swim Club Incorporated for the year ended August 31, 1998, 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 of the rules of professional conduct, in that:
  - (a) he released a review engagement report dated May 4, 1999 without having performed sufficient enquiry, analytical procedures and discussion to enable him to assess whether the information being reported on was plausible in the circumstances; and
  - (b) he did not document matters that are important to support the content of his report.
2. THAT the said Laurie Greenidge, in or about the period August 31, 1998 to August 31, 1999, while he was engaged to perform a review of the financial statements of Friends of the Kingston Blue Marlins Swim Club Incorporated for the year ended August 31, 1998, failed to perform his professional services with integrity and due care, contrary to Rule 202 of the rules of professional conduct, in that:
  - (a) he issued four consecutive reports on the financial statements, dated May 4, 1999, June 2, 1999, August 7, 1999 and August 31, 1999 without withdrawing the previous reports so that there were four sets of financial statements in existence simultaneously;

- (b) his reports state that he “compiled and reviewed” the financial statements;
  - (c) the individual amounts for Member’s Surplus, Revenue and Expenses do not always add to the total given on the financial statements for those sections; and
  - (d) the financial statements with reports dated August 7 and August 31, 1999 contain notes indicating a treatment of capital assets that is different from the treatment in the financial statements with reports dated May 4 and June 2, 1999, but there was no change to the reporting of capital assets in the financial statements themselves.
3. THAT the said Laurie Greenidge, in or about the period March 1998 to May 1998, while engaged to perform an audit of the financial statements of Central Frontenac Community Services Corporation for the year ended March 31, 1998, 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 of the rules of professional conduct, in that:
- (a) he did not document matters that are important in providing evidence to support the content of his report; and
  - (b) he improperly classified items as prior period adjustments when they were not.

Mr. Greenidge entered a plea of guilty to all three charges, and confirmed that he was aware that on the basis of his plea of guilty, and on that basis alone, he could be found guilty.

### **DECISION ON THE CHARGES**

Neither Ms. McPhadden nor Mr. Greenidge called oral evidence.

In presenting the case for the professional conduct committee, counsel filed an agreed statement of facts and a document brief, which together were the only evidence presented. Ms. McPhadden reviewed the agreed statement of facts and the document brief in some detail, and drew the attention of the panel to the facts set out below.

#### **Charges Nos. 1 and 2**

Mr. Greenidge, while acting as accountant for the Friends of the Kingston Blue Marlins Swim Club Incorporated (“Blue Marlins”) for the year ended August 31, 1998, issued four separate review engagement reports, the last three without withdrawing the report previously issued. In addition, Mr. Greenidge did not perform sufficient enquiry, analytical procedures and discussion to enable him to assess whether the information in the financial statements was plausible. In particular, the accounts receivable included an amount of \$693, which had already been written off as uncollectible, and no continuity schedule was prepared with respect to short-term investments, which comprised two-thirds of Blue Marlins’ assets.

In addition, the first two review engagement reports did not contain the standard wording used by chartered accountants issuing such reports. There were numerous minor addition rounding errors in the financial statements, indicating a lack of due care by Mr. Greenidge in the preparation of the financial statements. Also, a note to the third and fourth revisions of the financial statements referred to club equipment being recorded as capital assets when there were no capital assets listed on the balance sheet, thus demonstrating a lack of due care on the part of Mr. Greenidge in the performance of his professional services.

### Charge No. 3

Mr. Greenidge's working paper file relating to the audit of the financial statements of Central Frontenac Community Services Corporation for the year ended March 31, 1998 indicated that a bank confirmation had been obtained, although there was none in the file. The checklists in the file indicated that certain testing had been performed on the accounts payable and accrued liabilities when there was no documentation in the file to support that assertion.

A note to the financial statements of Central Frontenac Community Services Corporation for the year ended March 31, 1998 referred to a prior period adjustment when such treatment was not in accordance with *CICA Handbook* Section 1506.31 and should have been treated prospectively.

On the evidence before the panel, it was clear that Mr. Greenidge was guilty of the charges, and was accordingly found guilty. The decision read:

### DECISION

THAT, having seen and considered the evidence, including the agreed statement of facts, filed, and having heard the plea of guilty to charges Nos. 1, 2 and 3, the Discipline Committee finds Laurie William Greenidge guilty of charges Nos. 1, 2 and 3.

### **ORDER AS TO SANCTION**

The panel then proceeded to a determination of the appropriate sanction. Neither party called evidence with respect to sanction, but both made submissions.

On behalf of the professional conduct committee, Ms. McPhadden requested a sanction that included a reprimand in writing from the chair of this panel, publication in *CheckMark* without disclosing Mr. Greenidge's name, and reinvestigation of Mr. Greenidge's practice by the professional conduct committee within twelve to eighteen months.

Ms. McPhadden submitted that rehabilitation was the prime principle to be considered in determining the appropriate sanction in this case, with specific deterrence being of secondary importance, and general deterrence being of least importance. She referred to several mitigating factors, including the facts that Mr. Greenidge had quit his full-time employment to deal with his practice, had taken a considerable number of professional development courses, and was treating this matter very seriously.

In reply to a question from discipline committee counsel, Ms. McPhadden stated that had the professional conduct committee thought it had the right to reinvestigate Mr. Greenidge's practice, then no charges would have been laid. She also agreed that rather than requesting a somewhat open timeframe for reinvestigation, a specific period of September to December 2001 would be acceptable to the professional conduct committee.

Mr. Greenidge, in his submissions, agreed with the sanctions requested except for that of publication, which he felt would adversely affect his practice. He had cooperated fully with the professional conduct committee, had taken considerable steps to rehabilitate himself, and had voluntarily agreed to a reinspection of his practice.

Mr. Greenidge told the panel that in the preparation of the Blue Marlins' financial statements, he was initially dealing with a non-accountant before the position of treasurer was taken over by Ms. Gail Harvey, CA, who then requested a number of corrections to the financial statements. Mr. Greenidge presumed that, since Ms. Harvey was a chartered accountant, she would destroy the previous versions of the financial statements when she received the revised statements.

In addition, Mr. Greenidge was experiencing professional problems in his dealings with Ms. Harvey. In a letter to him dated June 11, 1999, she advised Mr. Greenidge that the Institute had been advised of the deficiencies in the financial statements. She then followed this up by filing a formal complaint in August, 1999 while she was still corresponding with Mr. Greenidge regarding the financial statements.

Upon deliberation the panel made the following order:

#### ORDER

IT IS ORDERED in respect of the charges:

1. THAT Mr. Greenidge be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Greenidge be and he is hereby required to complete, by paying for and attending in their entirety, within six (6) months from the date this Decision and Order becomes final under the bylaws, the following professional development courses made available through the Institute:

1. Income Tax Update; and
2. Accounting, Auditing and Professional Practice Update,

or, in the event a course listed above becomes unavailable, the successor course which takes its place.

3. THAT Mr. Greenidge be reinvestigated by the professional conduct committee, or by a person retained by the professional conduct committee, on one occasion, between September 1 and December 31, 2001, the cost of the reinvestigation, up to \$2,000, to be paid by Mr. Greenidge within thirty (30) days of receiving notification of the cost of the reinvestigation.

In considering the appropriate sanction, the panel considered the three general principles of sentencing, namely rehabilitation, general deterrence and specific deterrence, and concluded that all three principles applied in this case. However, the panel agreed with Ms. McPhadden's submission that the principle of rehabilitation was the most important principle to be considered.

### **Reprimand**

The panel believes that a reprimand in writing from the chair of the hearing stresses to Mr. Greenidge the unacceptability of his conduct as a chartered accountant.

### **Professional Development Courses**

The panel was impressed by the efforts of Mr. Greenidge to rehabilitate himself, and noted that he had already taken a number of professional development courses. In order to complete the rehabilitation, the panel ordered that he further complete the two courses referred to in the order.

### **Reinvestigation**

The panel noted that Mr. Greenidge had voluntarily agreed to submit to a reinvestigation, and ordered that his practice be reinvestigated by the professional conduct committee between September 1 and December 31, 2001, which was a time period convenient to him.

### **Notice**

Bylaw 575 sets out the requirements with respect to notice of decisions and orders of the discipline committee. The panel has the discretion not to order publication of this decision, or to order publication without disclosing the name of the member. The relevant provisions of the bylaw provide:

- (1) Notice of any decision and/or order made by the discipline committee may be given in such form and manner as the committee may from time to time determine.
- (4) Notice given under this bylaw shall disclose the name of the person disciplined unless the discipline committee otherwise orders.

There have been decisions of the discipline committee and the appeal committee which address the issue of whether or not a member's name should be disclosed. In the case of Mr. Granatstein, the appeal committee reviewed decisions in three other cases, and quoted with approval the following from the appeal committee reasons in the cases of Messrs. Finkelman and Solmon:

In light of the principle of general deterrence and the importance of confidence in the openness of the Institute's disciplinary process, this committee is of the view that circumstances which could persuade an appeal committee or the discipline committee not to publish a disciplined member's name will be rare and unusual.



In the case of Mr. Greenidge, there were a number of unusual circumstances which persuaded us that the member's name should not be disclosed and that, in the circumstances, no publication of the order was appropriate.

The professional conduct committee would not have charged Mr. Greenidge had it thought it had the right to reinvestigate his practice. This panel is not in a position to second guess the professional conduct committee's opinion on whether or not it had the right under the bylaws to reinvestigate Mr. Greenidge's practice before deciding whether or not to lay charges, but like that committee, we think a reinvestigation would have been preferable to the laying of charges.

We found that the member's conduct fell short of the required standard, and that this warranted a finding of professional misconduct. But the misconduct did not fall so far short of the required standard as to make this an obvious case where the laying of charges was required. Further, this was not a case involving moral turpitude, a false statement or questionable ethical conduct.

The conduct of the complainant, Ms. Harvey, both surprised and troubled this panel. She reported Mr. Greenidge to the Institute, and then seemed to expect that the two of them could continue to have a normal working relationship. While Mr. Greenidge should have withdrawn his previous review engagement reports, we had some sympathy with the assumption he made that Ms. Harvey would automatically destroy a previous version of a report upon receiving a revised version.

Mr. Greenidge cooperated fully with the professional conduct committee, immediately acknowledged his errors, and took significant steps to improve his standard of practice and to begin rehabilitating himself. We were satisfied that he needed no specific deterrent to prompt him to continue his rehabilitation, which we want to facilitate, and that giving notice of the decision, in Mr. Greenidge's particular circumstances, would make his rehabilitation more difficult.

In these rare and unusual circumstances, we concluded that not publishing notice of the decision and order would put Mr. Greenidge as close as possible to the position he would have been in had the professional conduct committee reinvestigated before deciding whether or not to lay charges. Accordingly, we determined that notice of the order would not be given.

DATED AT TORONTO THIS 16TH DAY OF FEBRUARY, 2001  
BY ORDER OF THE DISCIPLINE COMMITTEE

P.B.A. CLARKSON, CA - DEPUTY CHAIR  
THE DISCIPLINE COMMITTEE

MEMBERS OF THE PANEL:

E.R. ARCHIBALD, CA  
D.W. DAFOE, FCA  
N.A. MACDONALD-EXEL, CA  
D.O. STIER, CA  
G. BECK (Public representative)