

### **Paul Guerard Grossi: Summary, as Published in *CheckMark***

**Paul Guerard Grossi**, of Toronto, was found guilty of three charges 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*. The charges relate to insufficient work done by Mr. Grossi to support two successive year-end audit reports for one client, and a review engagement report for another client. The deficiencies included failure to appropriately address materiality, failure to obtain sufficient appropriate audit evidence to support various balance sheet items, and failure to properly disclose information in the notes to financial statements. Mr. Grossi was charged costs of \$10,000, and was ordered to complete five professional development courses, a period of supervised practice, and a reinvestigation by the professional conduct committee. As a result of his failure to file a plan for the supervision of his practice within the time period stipulated by the discipline committee, Mr. Grossi was suspended from membership. Continued failure to comply with the discipline committee's order for a specified period of time following his suspension will result in Mr. Grossi's expulsion from the Institute.

## CHARGE(S) LAID re Paul Guerard Grossi

The Professional Conduct Committee hereby makes the following charges against Paul G. Grossi, CA, a member of the Institute:

1. THAT, the said Paul G. Grossi, in or about the period November 1, 2001 through March 31, 2002, while engaged to perform an audit of the financial statements of Hawley Pontiac Buick Cadillac (1983) Limited as at December 31, 2001, 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 failed to appropriately assess materiality;
  - (b) He failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Accounts Receivable (note 2) \$2,234,719";
  - (c) He failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Inventories (note 3) \$10,676,423";
  - (d) He failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Lease vehicles (note 4) \$3,164,861";
  - ~~(e) He failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Accounts payable and accrued charges (note 7) \$1,089,293";~~ WITHDRAWN BY PCC
  - (f) He failed to ensure the proper calculation of the balance sheet item "Deferred income taxes (note 9) \$398,884";
  - (g) He failed to perform sufficient appropriate audit tests of the company's revenue
  - (h) He failed to adequately document items necessary to support the content of his report.
2. THAT, the said Paul G. Grossi, in or about the period November 1, 2002 through March 31, 2003, while engaged to perform an audit of the financial statements of Hawley Pontiac Buick Cadillac (1983) Limited as at December 31, 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 of the rules of professional conduct, in that;
  - (a) He failed to appropriately assess materiality;
  - (b) He failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Bank \$1,987,949";
  - (c) He failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Accounts Receivable (note 2) \$4,300,274";

- (d) ~~He failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Receivable from finance company \$1,618,061";~~  
*WITHDRAWN BY PCC*
  - (e) He failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Inventories (note 3) \$20,740,893";
  - (f) He failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Lease vehicles (note 4) \$3,820,377";
  - (g) He failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Notes payable (note 8) \$26,086,454";
  - (h) He failed to perform sufficient appropriate audit tests of the company's revenue;
  - (i) He failed to properly disclose in the notes to the financial statements the reporting for income taxes for the 2002 taxation year;
  - (j) He failed to properly disclose the fair value information for financial instruments required by section 3860.78 of the *CICA Handbook*;
  - (k) He failed to adequately document items necessary to support the content of his report.
3. THAT, the said Paul G. Grossi, in or about the period June 1, 2003 through July 31, 2003, while engaged to perform a review of the financial statements of Column Graphics Limited as at April 30, 2003, 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 failed to ensure that related party transactions were disclosed;
  - (b) ~~he failed to ensure proper disclosure of currency risks since the company held bank funds in U.S. funds in a material amount which were converted to Canadian dollars on the financial statements; WITHDRAWN BY PCC~~
  - (c) he failed to ensure proper disclosure of interest rate risk on a demand loan;
  - (d) he failed to ensure the disclosure required by *CICA Handbook section 3465.106* with respect to providing a reconciliation of the income tax expense to the statutory income tax rate;
  - (e) he improperly disclosed the balance sheet item "Due to shareholders (note 3) \$282,781" in the shareholder's equity section.

Dated at London, this 18th day of December, 2003.

G.W. MILLS, CA, CHAIR  
PROFESSIONAL CONDUCT COMMITTEE

## **DISCIPLINE COMMITTEE re Paul Guerard Grossi**

**DECISION AND ORDER IN THE MATTER OF:** Charges against **PAUL GUERARD GROSSI, CA**, a member of the Institute, under **Rule 206** of the Rules of Professional Conduct, as amended.

**DECISION AND ORDER MADE MARCH 11, 2004**

### **DECISION**

THAT, having seen and considered the evidence, including the agreed statement of facts, filed; particular (e) of charge No. 1, particular (d) of charge No. 2, and particular (b) of charge No. 3 having been withdrawn by the professional conduct committee; and having heard the plea of guilty to charges Nos. 1, 2 and 3, as amended; the Discipline Committee finds Paul Guerard Grossi guilty of charges Nos. 1, 2 and 3, as amended.

### **ORDER**

IT IS ORDERED in respect of the charges:

1. THAT Mr. Grossi be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Grossi be and he is hereby charged costs fixed at \$10,000, to be remitted to the Institute within thirty (30) days from the date this Decision and Order becomes final under the bylaws.
3. THAT Mr. Grossi be and he is hereby required to complete, by paying for and attending in their entirety, on or before June 30, 2005, the following professional development courses made available through the Institute, or, in the event a course listed below becomes unavailable, the successor course which takes its place:
  - (a) *Accounting, Auditing & Professional Practice Update;*
  - (b) *Accounting Refresher;*
  - (c) *Auditing Refresher;*
  - (d) *Differential Reporting;* and
  - (e) *Review & Compilation Engagements.*
4. THAT Mr. Grossi be and he is hereby required to have his practice supervised for a period of twelve (12) months, in that all audit and review engagements for year-ends which fall within the twelve (12) month period shall be approved by a supervisor. In particular:
  - (a) Mr. Grossi shall, within thirty (30) days from the date this Decision and Order becomes final under the bylaws, file with the secretary of the discipline committee a supervised practice plan, which has been reviewed and approved by the director of standards enforcement, and which sets out the name and the detailed responsibilities of the supervisor.
  - (b) The responsibilities of the supervisor shall include, at a minimum, the review and approval of Mr. Grossi's working papers and financial statements prior to Mr. Grossi's issuance of audit and review reports.

- (c) In the event the professional conduct committee finds Mr. Grossi's choice of supervisor unacceptable, or there is any other issue relating to the supervised practice plan about which Mr. Grossi and the professional conduct committee cannot agree, either may apply to the chair of the discipline committee at an assignment hearing for directions.
  - (d) The twelve (12) month period of supervised practice shall commence on the day that Mr. Grossi files the approved supervised practice plan in accordance with paragraph 4(a) above, or on the day the supervised practice plan is settled by the chair pursuant to paragraph 4(c) above, whichever day is later.
5. THAT Mr. Grossi be reinvestigated by the professional conduct committee, or by a person retained by the professional conduct committee, on one occasion, within six (6) months from the expiry of the period of supervised practice ordered in paragraph 4, the cost of the reinvestigation, up to \$2,000, to be paid by Mr. Grossi within thirty (30) days of receiving notification of the cost of the reinvestigation.
6. THAT notice of this Decision and Order, disclosing Mr. Grossi'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*.
7. THAT in the event Mr. Grossi fails to comply with any of the requirements 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 this three 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 a newspaper distributed in the geographic area of Mr. Grossi's practice or employment.

DATED AT TORONTO THIS 18TH DAY OF MARCH, 2004.  
BY ORDER OF THE DISCIPLINE COMMITTEE

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

## **DISCIPLINE COMMITTEE re Paul Guerard Grossi**

**DECISION AND ORDER IN THE MATTER OF:** Charges against **PAUL GUERARD GROSSI, CA**, a member of the Institute, under **Rule 206** of the Rules of Professional Conduct, as amended.

### **REASONS FOR THE DECISION AND ORDER MADE MARCH 11, 2004**

1. This panel of the discipline committee of the Institute of Chartered Accountants of Ontario met on March 11, 2004 to hear charges brought by the professional conduct committee against Paul G. Grossi, a member of the Institute.
2. The professional conduct committee was represented by Mr. Paul Farley. He was accompanied by Mr. Paul Gibel, the investigator appointment by the professional conduct committee.
3. Mr. Grossi was present at the hearing and was represented by Mr. Brian Foster.
4. The decision and order of the panel were made known at the hearing. The formal, written decision and order was signed by the secretary to the discipline committee and sent to the parties on March 18, 2004. These reasons, given in writing pursuant to Bylaw 574, set out the charges, the decision and the order, as well as the reasons of the discipline committee.

### **DECISION ON THE CHARGES**

5. The Notice of Assignment Hearing dated December 23, 2003, the Notice of Hearing dated January 23, 2004, and the charges dated December 18, 2003, were entered as Exhibits 1, 2 and 3, respectively.
6. Before Mr. Grossi pled to the charges, the professional conduct committee withdrew particular (e) of charge No. 1, particular (d) of charge No. 2, and particular (b) of charge No. 3. The amended charges read as follows:
  1. THAT, the said Paul G. Grossi, in or about the period November 1, 2001 through March 31, 2002, while engaged to perform an audit of the financial statements of Hawley Pontiac Buick Cadillac (1983) Limited as at December 31, 2001, 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 failed to appropriately assess materiality;
    - (b) He failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Accounts Receivable (note 2) \$2,234,719";
    - (c) He failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Inventories (note 3) \$10,676,423";

- (d) He failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Lease vehicles (note 4) \$3,164,861";
  - (f) He failed to ensure the proper calculation of the balance sheet item "Deferred income taxes (note 9) \$398,884";
  - (g) He failed to perform sufficient appropriate audit tests of the company's revenue
  - (h) He failed to adequately document items necessary to support the content of his report.
2. THAT, the said Paul G. Grossi, in or about the period November 1, 2002 through March 31, 2003, while engaged to perform an audit of the financial statements of Hawley Pontiac Buick Cadillac (1983) Limited as at December 31, 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 of the rules of professional conduct, in that;
- (a) He failed to appropriately assess materiality;
  - (b) He failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Bank \$1,987,949";
  - (c) He failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Accounts Receivable (note 2) \$4,300,274";
  - (e) He failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Inventories (note 3) \$20,740,893";
  - (f) He failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Lease vehicles (note 4) \$3,820,377";
  - (g) He failed to obtain sufficient appropriate audit evidence to support the balance sheet item "Notes payable (note 8) \$26,086,454";
  - (h) He failed to perform sufficient appropriate audit tests of the company's revenue;
  - (i) He failed to properly disclose in the notes to the financial statements the reporting for income taxes for the 2002 taxation year;
  - (j) He failed to properly disclose the fair value information for financial instruments required by section 3860.78 of the CICA Handbook;
  - (k) He failed to adequately document items necessary to support the content of his report.

3. THAT, the said Paul G. Grossi, in or about the period June 1, 2003 through July 31, 2003, while engaged to perform a review of the financial statements of Column Graphics Limited as at April 30, 2003, 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 failed to ensure that related party transactions were disclosed;

(c) he failed to ensure proper disclosure of interest rate risk on a demand loan;

(d) he failed to ensure the disclosure required by CICA Handbook section 3465.106 with respect to providing a reconciliation of the income tax expense to the statutory income tax rate;

(e) he improperly disclosed the balance sheet item "Due to shareholders (note 3) \$282,781" in the shareholder's equity section.

7. Mr. Grossi entered a plea of guilty to each of the charges as amended and acknowledged that he could be found guilty on the basis of his plea alone.

#### Evidence on the Charges

8. The professional conduct committee filed an agreed statement of facts, together with a supporting document brief. The panel adjourned to review these documents.

9. Mr. Grossi was admitted to membership in 1978. He currently practises in a partnership with three other chartered accountants. His client base consists of one larger audit, a condominium corporation audit, and a few smaller non-profit audits. He prepares review engagement reports for the largest portion of his clients, although he has been moving a number of these to compilations over the past year.

10. The charges relate to two clients – an audit client and a review client. All of the charges relate to insufficient work being done to support the reports provided, including:

- failure to appropriately address materiality;
- failure to obtain sufficient appropriate audit evidence to support various balance sheet items, including accounts receivable, inventory, and notes payable; and
- failure to properly disclose information in the notes to the financial statements, etc.

11. Counsel for the professional conduct committee submitted that the facts set out in the agreed statement of facts and the supporting document brief established that Mr. Grossi was guilty of the charges.



## The Decision

12. Upon deliberation, the panel concluded that all of the allegations set out in the charges had been proven and that the failures to adhere to the standards of the profession, which are apparent from the particulars of the charges, constituted professional misconduct. Upon resuming the hearing, the chair read the following decision into the record:

### DECISION

THAT, having seen and considered the evidence, including the agreed statement of facts, filed; particular (e) of charge No. 1, particular (d) of charge No. 2, and particular (b) of charge No. 3 having been withdrawn by the professional conduct committee; and having heard the plea of guilty to charges Nos. 1, 2 and 3, as amended; the Discipline Committee finds Paul Guerard Grossi guilty of charges Nos. 1, 2 and 3, as amended.

### ORDER AS TO SANCTION

#### Submissions of the Professional Conduct Committee

13. The professional conduct committee submitted that the most important sanctioning principle in this case was rehabilitation, and that the penalty being suggested was intended to balance the member's rehabilitation with the risk to the public. The professional conduct committee was convinced that Mr. Grossi was a prime candidate for rehabilitation. As a result, it recommended a sanction consisting of a reprimand, specified professional development courses, supervised practice for 12 months, a reinvestigation of the member's practice following the period of supervised practice, normal publicity, and costs. Mr. Farley argued that the components of the recommended order, taken as a whole, provided an appropriate sanction for Mr. Grossi's misconduct.

14. The professional development courses recommended by the professional conduct committee were:

- Accounting, Auditing & Professional Practice Update;
- Accounting Refresher;
- Auditing Refresher;
- Differential Reporting; and
- Review and Compilation Engagements.

15. The professional conduct committee argued that Mr. Grossi's practice should be supervised for a period of 12 months following the filing of an approved supervised practice plan. It was submitted that all review engagements and audit engagements with year ends falling within the period of supervised practice should be approved by a supervisor. As well, Mr. Grossi should be required to file a supervised practice plan within a defined period of time, which sets out the name and detailed responsibilities of the supervisor. The responsibilities of the supervisor should include a review and approval of Mr. Grossi's working papers and financial statements prior to Mr. Grossi's issuance of the audit and review reports.

16. It was recommended that within three months of the conclusion of the supervised practice period there be a reinvestigation of Mr. Grossi's practice as a measurement of his rehabilitation.

17. The professional conduct committee recommended an order for costs in the amount of \$10,000. The amount of costs requested represents a significant portion of the costs incurred in the case, including costs of the investigation; hearing costs of the investigator, counsel for the professional conduct committee, and counsel for the discipline committee; and court reporter costs. The request for costs in this case did not include costs for hearing preparation by counsel for the professional conduct committee, although these costs may be requested in other cases. Mr. Farley argued that the level of costs requested was appropriate given the facts of this case, which included the following:

- the member signed an agreed statement of facts prior to the hearing;
- the member entered a guilty plea to all charges;
- the member cooperated with the professional conduct committee throughout;
- the member did not advise the professional conduct committee that he would plead guilty until a week before the scheduled hearing dates.

18. During his submissions Mr. Farley referred us to several precedent cases, including Arlen, Hyun, and Parisi.

#### The Member's Submissions

19. Mr. Foster advised the panel that the audit work for Hawley Pontiac set out in the first two charges was performed by a certified general accountant who had worked with Mr. Grossi for the past 17 or so years. He further advised that Mr. Grossi did not review the audit engagement files before the related reports were issued, and that Mr. Grossi was sorry for this.

20. With respect to the requirement to take the Institute's professional development courses as listed above, Mr. Foster argued that the member should be allowed instead to continue to take educational courses offered by an educational consortium run independently by an Institute member. We were advised that the consortium offers 10 half-day seminars on a variety of topics on an annual basis and that Mr. Grossi had been taking these courses for the past 10 years or so.

21. Mr. Foster also argued for a shorter period of supervised practice. He advised the panel that a more appropriate period would be six months, given that Mr. Grossi had cooperated with the professional conduct committee throughout the process.

22. Lastly, Mr. Foster argued that an award of costs in the range of \$5,000 to \$6,000 would be more appropriate than the \$10,000 requested by Mr. Farley, given that Mr. Grossi facilitated the hearing process, pled guilty to the charges laid, and signed an agreed statement of facts. He referred the panel to the Weisbrod case in which the member was charged costs of \$10,000. In that case the member opposed the charges, the hearing took three days, and the member only acknowledged his wrongdoing after two days of hearing and a finding of guilty. He argued that a lower award of costs would be fairer in the circumstances of this case.

23. The panel also heard the submissions of Mr. Grossi directly on the changes his firm had made to respond to the matters raised by the charges. He advised us that his firm wants to move on and does not want this hanging over its head.

#### The Order

24. After deliberation, the hearing reconvened and the chair summarized the order. The formal order was sent to the parties on March 18, 2004, and reads as follows:

#### ORDER

IT IS ORDERED in respect of the charges:

1. THAT Mr. Grossi be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Grossi be and he is hereby charged costs fixed at \$10,000, to be remitted to the Institute within thirty (30) days from the date this Decision and Order becomes final under the bylaws.
3. THAT Mr. Grossi be and he is hereby required to complete, by paying for and attending in their entirety, on or before June 30, 2005, the following professional development courses made available through the Institute, or, in the event a course listed below becomes unavailable, the successor course which takes its place:
  - (a) Accounting, Auditing & Professional Practice Update;
  - (b) Accounting Refresher;
  - (c) Auditing Refresher;
  - (d) Differential Reporting; and
  - (e) Review & Compilation Engagements.
4. THAT Mr. Grossi be and he is hereby required to have his practice supervised for a period of twelve (12) months, in that all audit and review engagements for year-ends which fall within the twelve (12) month period shall be approved by a supervisor. In particular:
  - (a) Mr. Grossi shall, within thirty (30) days from the date this Decision and Order becomes final under the bylaws, file with the secretary of the discipline committee a supervised practice plan, which has been reviewed and approved by the director of standards enforcement, and which sets out the name and the detailed responsibilities of the supervisor.

- (b) The responsibilities of the supervisor shall include, at a minimum, the review and approval of Mr. Grossi's working papers and financial statements prior to Mr. Grossi's issuance of audit and review reports.
  - (c) In the event the professional conduct committee finds Mr. Grossi's choice of supervisor unacceptable, or there is any other issue relating to the supervised practice plan about which Mr. Grossi and the professional conduct committee cannot agree, either may apply to the chair of the discipline committee at an assignment hearing for directions.
  - (d) The twelve (12) month period of supervised practice shall commence on the day that Mr. Grossi files the approved supervised practice plan in accordance with paragraph 4(a) above, or on the day the supervised practice plan is settled by the chair pursuant to paragraph 4(c) above, whichever day is later.
5. THAT Mr. Grossi be reinvestigated by the professional conduct committee, or by a person retained by the professional conduct committee, on one occasion, within six (6) months from the expiry of the period of supervised practice ordered in paragraph 4, the cost of the reinvestigation, up to \$2,000, to be paid by Mr. Grossi within thirty (30) days of receiving notification of the cost of the reinvestigation.
6. THAT notice of this Decision and Order, disclosing Mr. Grossi'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.
7. THAT in the event Mr. Grossi fails to comply with any of the requirements 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 this three 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 a newspaper distributed in the geographic area of Mr. Grossi's practice or employment.

#### Reprimand

25. The panel was of the view that a reprimand is necessary as a specific deterrent to Mr. Grossi, to stress to him the importance of maintaining the standards of the profession, and the unacceptability of his conduct as a chartered accountant. The panel would like to stress to Mr. Grossi that it is imperative for him to properly supervise others that perform work for him, and that it is unacceptable for him or any other member to sign financial statement reports without reviewing the underlying work performed to support them.

## Professional Development Courses

26. The panel ordered that Mr. Grossi complete the professional development courses specified by June 30, 2005. In the panel's view, these courses will assist in Mr. Grossi's rehabilitation by providing him with the technical information to enable him to upgrade his audit and review skills to the level required of a chartered accountant. The panel encourages Mr. Grossi to take as many of the courses as possible before his period of supervised practice commences.

27. The panel considered Mr. Foster's argument that Mr. Grossi be permitted to take alternative professional development courses. The panel did not accede to this argument for two reasons. First, we were advised that Mr. Grossi had been taking courses offered by the alternative service provider for approximately 10 years. Given that Mr. Grossi's misconduct occurred during this period, we were not convinced that these courses were providing the training Mr. Grossi required to update his practice to an acceptable level. Secondly, we did not think it necessary or appropriate to try to determine whether the courses provided by the alternative service provider were equivalent to those provided by the Institute. As a result, we ordered that the courses recommended by the professional conduct committee be completed by Mr. Grossi.

## Supervised Practice

28. The panel decided that Mr. Grossi's practice was deficient in both auditing standards and financial statement disclosure. As a result, we determined that Mr. Grossi would benefit from a defined period of supervised practice, and that such supervision was appropriate for the protection of the public.

29. In light of the number of deficiencies identified during the two audits and one review engagement, the panel ordered that Mr. Grossi's practice be supervised for a period of 12 months. The panel thought it was important for the period of supervised practice to be long enough to include one financial year-end for all of Mr. Grossi's audit and review clients, and thus rejected Mr. Foster's argument that a shorter period of supervised practice was appropriate. The panel also determined that it was appropriate to require the filing of a supervised practice plan, and to have that plan approved by the Institute's director of standards enforcement. The plan is to clearly set out the duties of the supervisor, which shall include, as a minimum, the review and approval of Mr. Grossi's working papers, financial statements, and reports prior to the issuance of the reports. In order to encourage Mr. Grossi's speedy rehabilitation, we ordered that the supervised practice plan be filed within 30 days of our decision and order becoming final.

30. Our order also provides that in the event the professional conduct committee finds Mr. Grossi's choice of supervisor unacceptable, or there is any other issue relating to the supervised practice plan upon which Mr. Grossi and the professional conduct committee cannot agree, then either of them may apply to the chair of the discipline committee for directions.

## Reinvestigation

31. In order to measure Mr. Grossi's rehabilitation, the panel ordered a reinvestigation of his practice within six months following the end of the period of supervised practice. Costs of the reinvestigation up to \$2,000 are to be paid by Mr. Grossi.

32. The expectation of the discipline committee is that the reinvestigation will demonstrate that Mr. Grossi's rehabilitation is complete.

## Notice

33. The panel ordered notice of its decision and order in the manner described above, including disclosure of the member's name. The notice provides both specific deterrence to the member and general deterrence to the membership at large. The panel also considers notice necessary to demonstrate to the public that the profession is regulating itself so as to retain public confidence in the profession's ability to self govern.

## Costs

34. The panel determined that it was appropriate for Mr. Grossi to indemnify the Institute, in part, for the costs incurred. In this case, the panel ordered that substantially all of the costs incurred, on a partial indemnity basis, should be recovered from Mr. Grossi. The panel concluded that Mr. Grossi should be required to pay \$10,000 on account of the cost of this hearing and the related investigation.

35. Mr. Foster submitted that based on the order in Weisbrod, the appropriate order for costs in this case would be in the neighbourhood of \$5,000 to \$6,000. Weisbrod was one of the first cases in which costs were ordered. It is clear from paragraph 70 of the reasons in that case that the panel deciding the case did not intend its order to become a binding precedent on the issue of the appropriate quantum of costs to be ordered, and it is also clear from orders made since that the case has not become a binding precedent.

## Rehabilitation And The Order Proposed By The Professional Conduct Committee

36. The panel was somewhat surprised and troubled by the fact that the sanction recommended by the professional conduct committee did not include a fine. While this case was prosecuted as a standards case, not a conduct case, the failure to review work done by staff, and particularly a member of the staff who is not a member of the Institute, is a significant and unacceptable breach of the standards of the profession.

37. The panel accepted both the rationale for and the terms of the sanction proposed by the professional conduct committee. In our view, the sanction imposed will provide an opportunity for Mr. Grossi to rehabilitate himself while at the same time protecting the public. But, as we have stated above, the panel was not prepared to vary the proposed sanction as suggested by Mr. Grossi's counsel, with respect to either the professional development courses or the length of time Mr. Grossi must practise under supervision, because we did not think these proposals would serve either the interests of Mr. Grossi's rehabilitation or the protection of the public.

## Suspension/Expulsion For Failure To Comply

38. As with all orders of the discipline committee, this order provides for expulsion in the event that the member does not comply with its terms. In setting the time within which a disciplined member must comply, a panel weighs the importance of the provisions of its order with the possible consequences of non-compliance. In this case, the panel determined that it was appropriate to provide that if Mr. Grossi does not comply with the terms of the order he will be suspended for three months, and that if he has not complied with the terms of the order before the three month suspension expires, he be expelled, with notice of his expulsion being published in The Globe and Mail.

DATED AT TORONTO THIS 4TH DAY OF MAY, 2004  
BY ORDER OF THE DISCIPLINE COMMITTEE

M. BRIDGE, CA – CHAIR  
THE DISCIPLINE COMMITTEE

### MEMBERS OF THE PANEL:

H.B. BERNSTEIN, CA  
R.I. COWAN, CA  
R.D. WHEELER, FCA  
N.C. AGARWAL (Public representative)