

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF ONTARIO  
*THE CHARTERED ACCOUNTANTS ACT, 1956*

**DISCIPLINE COMMITTEE**

**IN THE MATTER OF:** Charges against **ROBERT JAMES HALL, CA**, a member of the Institute, under **Rules 204.1 and 204.3** of the Rules of Professional Conduct, as amended.

**TO:** Mr. Robert J. Hall, CA  
Farr & Hall LLP  
460 King St. E.  
Toronto, ON M5A 1L7

**AND TO:** The Professional Conduct Committee, ICAO

**REASONS**  
**(Decision and Order Made June 5, 2007)**

1. This panel of the Discipline Committee of the Institute of Chartered Accountants of Ontario met on June 5, 2007 to hear charges of professional misconduct brought by the Professional Conduct Committee against Robert James Hall, a member of the Institute.
2. Mr. Paul Farley appeared on behalf of the Professional Conduct Committee, and was accompanied by Mr. Paul Gibel, CA, the investigator appointed by the Professional Conduct Committee in this matter. Mr. Hall attended and was represented by counsel, Ms. Sudha (Shelly) Krishnan.
3. The decision of the panel was made known at the conclusion of the hearing and the written Decision and Order was sent to the parties on June 6, 2007. These reasons, given pursuant to Bylaw 573, contain the charges, the decision, the order and the panel's reasons for its decision and order.

**CHARGES**

4. The following charges were laid against Mr. Hall by the Professional Conduct Committee on January 3, 2007:
  1. THAT, the said Robert J. Hall, on or about October 2, 2002, while engaged to audit the financial statements of B View Motors Inc. for the year ended January 31, 2002, attached an Auditor's report dated October 2, 2002 to the financial statements and signed and issued same when he knew or should have known that there was an influence, interest or relationship which impaired his professional judgment or objectivity or which would be seen by a reasonable observer to impair his professional judgment or objectivity, to wit, he had arranged to have his spouse advance \$50,000 to B View Motors as a loan, contrary to Rule 204.1 of the rules of professional conduct.

2. THAT, the said Robert J. Hall, on or about August 29, 2003, while engaged in the practice of public accounting, attached Notice to Reader reports to the financial statements for B View Motors Inc. for the year ended January 31, 2003, when he knew or should have known that there was an influence, interest or relationship which, in respect of the engagement, would be seen by a reasonable observer to impair his professional judgment or objectivity, to wit, he had loaned to the company or to the owner's of the company, approximately \$225,000, and he did not disclose the influence, interest or relationship in the notice to reader accompanying the financial statements, contrary to Rule 204.3 of the rules of professional conduct.

## **PLEA**

5. Mr. Hall entered a plea of guilty to each of the charges and acknowledged that he understood that, on the basis of the plea of guilty and on that basis alone, he could be found guilty of the charges.

## **EVIDENCE**

6. The evidence for the Professional Conduct Committee was presented by way of an Agreed Statement of Facts (Exhibit 2) and an accompanying Document Brief (Exhibit 3). Mr. Hall did not dispute the evidence, although he did place two documents (Exhibits 4 & 5) into evidence to provide some background to the matter.

7. The evidence establishes that Mr. Hall had performed assurance services for the client named in the charges ("Motors") since 1994. Motors ran into financial difficulties in or around 2001. Mr. Hall assisted his client by attempting to find financing for it, without success. Around September 5, 2002, he caused his wife to loan \$50,000 to Motors, to pay arrears of taxes. At that time Mr. Hall was the auditor for Motors. Mr. Hall issued the audited financial statements for Motors for the year ending January 31, 2002 on October 2, 2002. He did not disclose his wife's financial interest in Motors in those financial statements.

8. Motors' financial difficulties did not abate and, on December 11, 2002, Mr. Hall wrote a cheque in the amount of \$175,000 to H Credit Union ("H"), to pay a financial obligation to H from Motors. This debt, as well as the previous one, were both secured by a second mortgage on the property of Motors in favour of Mr. Hall. For the year ending January 31, 2003, Mr. Hall prepared the financial statements for Motors on a compilation or "Notice to Reader" basis. He did not disclose the indebtedness of Motors to him in those financial statements.

9. Motors became insolvent, and the property was sold under power of sale. Mr. Hall realized approximately \$150,000 on his loan. One of the principals of Motors complained to the Institute about the conduct of Mr. Hall in September, 2005.

10. At the time of Mr. Hall's investment, the *Rules of Professional Conduct* permitted a member to hold a financial interest in an entity for which he was providing compilation services, provided that interest was disclosed. There was a prohibition against a member or his immediate family holding any interest in an assurance client.

## **DECISION**

11. The evidence is clear, cogent and uncontradicted, and establishes the misconduct as set out in the charges. After deliberating, the panel made the following decision:

THAT, having seen and considered the evidence, including the agreed statement of facts, filed, and having heard the plea of guilty to charge Nos. 1 and 2, the Discipline Committee finds Mr. Robert James Hall guilty of charge Nos. 1 and 2.

## **SANCTION**

12. Mr. Farley, on behalf of the Professional Conduct Committee, submitted that this was a clear breach of objectivity, and that Mr. Hall knew he should not have held an interest in the client because he changed his engagement from assurance to compilation. He further submitted that objectivity is one of the hallmarks of the profession, and that financial statements are given credibility by the public by the CA designation and all that the designation imports. He submitted that an appropriate sanction would include: a written reprimand, a fine in the amount of \$5,000, and full publicity of the matter. He also sought costs of the investigation and hearing in the amount of \$10,000, and informed the panel the costs were being submitted jointly with Mr. Hall.

13. Mr. Farley noted the breach of the rules was clear and had to be considered an aggravating factor, but that the panel should also consider the mitigation of Mr. Hall's full cooperation and plea of guilty at the earliest opportunity, and the fact he has suffered a significant financial impact already. The mitigating factors, he submitted, were the reason the Professional Conduct Committee was seeking a fine at the low end of the range for the conduct.

14. Ms. Krishnan, on behalf of Mr. Hall, took no issue with the costs or the written reprimand. However, she submitted that a fine was not required, as specific deterrence had already been achieved, and Mr. Hall had lost considerable money in his attempt to assist a client. She noted Mr. Hall had no intent to profit or deceive by his actions, but that he had made a mistake motivated by the best of intentions. She further noted Mr. Hall had agreed to the quantum of the costs, as he wished to take responsibility for his actions, but that the quantum was quite high.

15. Ms. Krishnan further urged the panel to exercise its discretion not to publish Mr. Hall's name, and submitted that Mr. Hall, who will be turning 70, has practised as a chartered accountant for over 40 years without a blemish. He plans to retire this year, and his actions do not warrant the pall this would cast over an illustrious career. She noted this was not a matter of moral turpitude, Mr. Hall had cooperated throughout, he had apologized to the Professional Conduct Committee, and he had not only accepted responsibility for his actions but for the costs of those actions. She concluded that the public had no need to know of this matter.

## **ORDER**

16. After deliberating, the panel made the following order:

IT IS ORDERED in respect of the charges:

1. THAT Mr. Hall be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Hall be and he is hereby fined the sum of \$2,500 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. Hall be and he is hereby charged costs fixed at \$10,000 to be remitted to the Institute within six (6) months from the date this Decision and Order becomes final under the bylaws.
  4. THAT notice of this Decision and Order, disclosing Mr. Hall'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 all members of the Institute;
    - (b) to the Public Accountants Council for the Province of Ontario; and
    - (c) to all provincial institutes/Ordre,and shall be made available to the public.
  5. THAT in the event Mr. Hall 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 the 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. Hall's practice, employment and/or residence. All costs associated with the publication shall be borne by Mr. Hall and shall be in addition to any other costs ordered by the committee.
  6. THAT in the event Mr. Hall fails to comply with any of the requirements of this Order, his public accounting licence shall thereupon be suspended 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 month period, his licence shall thereupon be revoked. Notice of his licence suspension and revocation, disclosing his name, shall be given in the manner specified above, and in a newspaper distributed in the geographic area of Mr. Hall's practice, employment and/or residence. All costs associated with the publication shall be borne by Mr. Hall and shall be in addition to any other costs ordered by the committee.

## **REASONS**

### ***Reprimand***

17. Objectivity is an integral part of the reputation of each and every chartered accountant. By failing to remain uninvolved in the affairs of his client, Mr. Hall brought down that reputation. A written reprimand is necessary to indicate to him the seriousness and unacceptability of that conduct.

### ***Fine***

18. A fine is necessary in this matter to act as both a specific and general deterrent. Chartered accountants must remain constantly vigilant against any impairment or perceived impairment of their objectivity. The quantum of the fine imposed is consistent with those in the precedents provided by the Professional Conduct Committee.

**Publicity**

19. Chartered accountancy is a self-governed profession. The privilege of self-government is granted based on the public trust that the profession will be governed in the public interest. The public has a right to know their trust is well-founded, and so, disciplinary matters are made public in all but the most rare and unusual of circumstances. The arguments on behalf of Mr. Hall are not compelling, and there is nothing to justify withholding publication.

**Failure to Comply**

20. To be effective, it is important that the order provide sanctions for any failure to abide by its terms. We have done so, both with respect to Mr. Hall's membership and his licence to practise public accounting.

**Costs**

21. The costs in this matter have been agreed on by the parties and so have been ordered as sought. However, we do note that the costs are substantial, particularly for a matter wherein a plea of guilty was entered and evidence given by way of agreed documents, and do find that a concern.

DATED AT TORONTO THIS 15<sup>th</sup> DAY OF JUNE, 2007  
BY ORDER OF THE DISCIPLINE COMMITTEE

D.W. DAFOE, FCA – CHAIR  
DISCIPLINE COMMITTEE

MEMBERS OF THE PANEL:

R.J. ADAMKOWSKI, CA  
M.S. LEIDERMAN, CA  
J.G. SEDGWICK, CA  
D.J. ANDERSON (PUBLIC REPRESENTATIVE)