

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

**DISCIPLINE COMMITTEE**

**IN THE MATTER OF:** Charges against **RONALD MELDRUM BLAIR, CA**, a suspended member of the Institute, under **Rules 202, 203.2, 206 and 206.1** of the Rules of Professional Conduct, as amended.

**TO:** Mr. Ronald Meldrum Blair, CA  
28 Young Street East  
WATERLOO, ON N2J 2L5

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

**REASONS**  
**(Decision And Order Made July 6, 2005)**

1. This panel of the Discipline Committee of the Institute of Chartered Accountants of Ontario met on July 6, 2005 to hear charges brought by the Professional Conduct Committee against Mr. Blair, a suspended member of the Institute.
2. The Professional Conduct Committee was represented by Ms. Barbara Glendinning. She was accompanied by Mr. Raymond Harris, FCA, the investigator appointed by the Professional Conduct Committee.
3. The member was neither present nor represented at the hearing.
4. The decision and order of the panel were made known at the hearing. The formal Decision and Order was signed by the Secretary to the Discipline Committee and sent to the parties on July 18, 2005. These reasons, given in writing pursuant to Bylaw 574, set out the charges, the decision, the order, and the reasons of this panel of the Discipline Committee.

**PROCEEDING IN THE ABSENCE OF THE MEMBER**

5. As Mr. Blair was not present, the first issue to be dealt with was whether or not the hearing would proceed in his absence pursuant to Bylaw 560.
6. As the chair of this panel was not present at the assignment hearing of April 14, 2005, the counsel to the Discipline Committee who was present at that assignment hearing made reference on the record to the exhibits filed on April 14, 2005, and read from the transcript the direction given at the assignment hearing with respect to service of the notice of this hearing.

7. On April 14, 2005, the Chair of the Discipline Committee, Ms. Bridge, directed that the notice of hearing be served by registered and regular mail to Mr. Blair at his office address, 28 Yonge Street East, Waterloo, Ontario. In addition she directed that an effort be made to serve Mr. Blair personally.

8. Ms. Glendinning made reference to the affidavit of Melanie Mohan, sworn July 6, 2005. Ms. Mohan's affidavit was filed and marked as Exhibit No. 5. Ms. Mohan's affidavit deposed to service by registered and regular mail.

9. Ms. Glendinning also made reference to an affidavit of David Morrison, sworn on May 10, 2005 with respect to his effort to serve Mr. Blair personally. This affidavit was filed and marked as Exhibit No. 6

10. Further, Ms. Glendinning filed as Exhibit No. 7 a copy of an e-mail from Nancy Tasker, whom she identified as Mr. Blair's assistant. The e-mail from Ron Blair's e-mail address [rblair@golden.net] on Thursday, June 30, 2005 at 3:27 p.m. was sent to Barbara Glendinning. The subject was said to be "Hearing dated July 6, 2005". The text of the e-mail reads as follows:

This is to advise you that Mr. Ron Blair will not be attending the hearing on July 6, 2005, since he is presently attending to his clients in the Canadian west provinces.

11. Upon deliberation, the panel concluded that Mr. Blair had been given notice of the hearing in accordance with the bylaws and the direction of the Chair of the Discipline Committee at the assignment hearing of April 14, 2005, and decided that the hearing would proceed in Mr. Blair's absence as provided for in Bylaw 560.

## **CHARGE**

12. The charges made by the Professional Conduct Committee on January 18, 2005 read as follows:

1. THAT the said Ronald M. Blair, in or about the period April 30, 2003 through July 15, 2003 while engaged to perform a review of the financial statements of Image-Pro Marketing Ltd. for the year ended 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 disclosure on the cash flow statement of the cash flows relating to interest and income taxes;
- (b) he failed to ensure disclosure of the gross amount of assets under capital lease and related accumulated amortization;
- (c) he failed to ensure separate disclosure or disclosure as part of an item "interest on long-term indebtedness" of the interest expense relating to the lease obligations;

- (d) he failed to ensure that the amounts due within one year on the capital leases totaling \$18,996 were included in the item "Current Portion of Long Term Debt";
  - (e) he failed to perform sufficient and appropriate enquiry, discussion and analysis to satisfy himself as to the plausibility of the balance sheet items: "Bank - \$8,279"; "Inventory - \$2,685"; "Due from 404643 BC Ltd. - \$173,230"; "Accounts payable - \$56,212"; "Due to (from) shareholders - \$3,913"; and "Capital lease obligation - \$54,143";
  - (f) he failed to perform sufficient and appropriate enquiry, discussion and analysis to satisfy himself as to the plausibility of the Income Statement items: "Revenue - \$454,859"; "Cost of Sales - \$230,767"; "Expenses - \$204,284"; and "Income Tax Provision - (\$918)"; and
  - (g) he failed to ensure proper disclosure of related party transactions.
2. THAT the said Ronald M. Blair, in or about the period April 30, 2003 through July 15, 2003 while engaged to perform a review of the financial statements of Image-Pro Marketing Ltd. for the year ended April 30, 2003, failed to perform his professional services with due care, contrary to Rule 202 of the rules of professional conduct, in that:
- (a) he incorrectly characterized the cash flow statement as a "Statement of Changes in Financial Position";
  - (b) he failed to ensure disclosure on the cash flow statement (Statement of Changes in Financial Position) of: (i) cash positions at the end of the year and the end of the previous year that agree with the balance sheet, (ii) net income for the year that agrees with the income statement, (iii) the correct amount of changes in non-cash working capital accounts for the year, and, (iv) the correct nature and amount of financing activities relating to the amount "Due to (from) Shareholders";
  - (c) with respect to capital leases, the amounts shown in Note 3 as principal reductions over the next four years do not agree with the amounts shown in the note as outstanding to be paid over that period;
  - (d) the note reference beside "Capital Lease Obligation" on the balance sheet is incorrectly identified as Note 4 rather than Note 3;
  - (e) depreciation per the Income Statement of \$19,950 does not agree with depreciation per Note 1 of \$17,950 because of the

inclusion of the amortization of goodwill in the Income Statement element;

- (f) the net book value of fixed assets per the balance sheet of \$55,134 does not agree with the net book value per Note 1 of \$46,304 because of the inclusion of the element "antique auto - \$8,830" in the balance sheet total;
  - (g) the amortization rate applied to goodwill was not disclosed in Note 1;
  - (h) the authorized capital stock was not disclosed;
  - (i) the review engagement report does not refer to "Canadian" generally accepted standards for review engagements and "Canadian" generally accepted accounting principles;
  - (j) there is no explanation of the percentages shown in the income statement; and
  - (k) there was no Note to the financial statements relating to financial instruments.
3. THAT the said Ronald M. Blair, in or about the period April 30, 2003 through July 24, 2003, while engaged to perform a review of the financial statements of Sangster Enterprises Ltd. for the year ended 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 disclosure on the cash flow statement (identified in the financial statements as "Statement of Changes in Financial Position"), of the cash flows relating to interest and income taxes;
  - (b) he failed to ensure disclosure on the balance sheet of the basis of valuation of the item "Inventory – Materials - \$190,165";
  - (c) he failed to ensure disclosure of the security and maturity date of the long-term debt referred to in Note 4;
  - (d) he failed to perform sufficient and appropriate enquiry, discussion and analysis to satisfy himself as to the plausibility of the balance sheet items: "Inventory – Materials - \$190,165"; "Boat - \$15,000"; "Due to shareholder - (\$2,814)"; and "Deferred income tax - \$1,600";

- (e) he failed to perform sufficient and appropriate enquiry, discussion and analysis to satisfy himself as to the plausibility of the Income Statement items: "Sales - \$1,204,954"; "Cost of Sales - \$529,288"; "Expenses - \$575,005"; and "Income Tax Provision - \$14,165"; and
  - (f) he failed to ensure proper disclosure of related party transactions.
4. THAT the said Ronald M. Blair, in or about the period April 30, 2003 through July 24, 2003, while engaged to perform a review of the financial statements of Sangster Enterprises Ltd. for the year ended April 30, 2003, failed to perform his professional services with due care, contrary to Rule 202 of the rules of professional conduct, in that:
- (a) he incorrectly characterized the cash flow statement as a "Statement of Changes in Financial Position";
  - (b) the 2002 loss on the sale of equipment of \$18,250 was deducted from, rather than added to the net income per the financial statements for that year;
  - (c) the element "boat - \$15,000" on the balance sheet is shown as "vehicles" in Note 1 with a 30% depreciation rate but no depreciation is recorded;
  - (d) deferred income taxes accounting standards have been applied rather than the balance sheet liability standards;
  - (e) Note 5 – "Due to Shareholder" is incorrectly described as financing by the shareholder when the amount is due from the shareholder, and is incorrectly shown as a negative liability;
  - (f) the authorized capital stock was not disclosed;
  - (g) the review engagement report does not refer to "Canadian" generally accepted standards for review engagements and "Canadian" generally accepted accounting principles; and
  - (h) there was no Note to the financial statements relating to financial instruments.
5. THAT the said Ronald M. Blair, in or about the period July 31, 2003 through November 3, 2003, while engaged to perform a review of the financial statements of Folkgraphis Frames (1992) Ltd. for the year ended July 31, 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 disclosure on the cash flow statement (identified in the financial statements as "Statement of Changes in Financial Position"), of the cash flows relating to interest and income taxes;
  - (b) he failed to ensure disclosure of the fact that the cash includes, as a cash equivalent, a GIC in the amount of \$100,298;
  - (c) he failed to ensure the required disclosures related to the fact that the company, in accordance with the applicable differential reporting option, elected to account for income taxes on the taxes payable basis;
  - (d) he failed to ensure disclosure on the balance sheet of the basis of valuation of the item "Inventory – \$610,792";
  - (e) he failed to perform sufficient and appropriate enquiry, discussion and analysis to satisfy himself as to the plausibility of the balance sheet items: "Receivable – JN Holdings - \$53,915"; "Advances from 543299 Alberta Ltd. – (\$28,162)"; and "Advances from 568544 Alberta Ltd. – (\$28,714)"; and
  - (f) he failed to perform sufficient enquiry, discussion and analysis to satisfy himself as to the plausibility of the Income Statement items: "Revenue - \$3,289,805"; "Cost of Goods Sold - \$1,894,959"; "Expenses - \$1,183,620"; "Interest - \$3,565"; and "Income Tax Provision - \$36,400".
6. THAT the said Ronald M. Blair, in or about the period July 31, 2003 through November 3, 2003, while engaged to perform a review of the financial statements of Folkgraphis Frames (1992) Ltd. for the year ended July 31, 2003, failed to perform his professional services with due care, contrary to Rule 202 of the rules of professional conduct, in that:
- (a) he incorrectly characterized the cash flow statement as a "Statement of Changes in Financial Position";
  - (b) his knowledge of the business is not documented;
  - (c) the Notes to the financial statements and the fixed asset and accumulated depreciation balances in Note 1 refer to July 31, 2002 rather than July 31, 2003;
  - (d) the review engagement report does not refer to "Canadian" generally accepted standards for review engagements and "Canadian" generally accepted accounting principles;

- (e) the amortization and depreciation expense per the income statement of \$4,698 does not agree with the depreciation per Note 1 of \$33,618;
- (f) Note 2 incorrectly refers to "advances from shareholders" whereas they are advances to the shareholders and are shown as negative liabilities on balance sheet;
- (g) on the Statement of Income the total expense of \$1,183,620 was described as "Net Income (Loss) from Operations"; and
- (h) there was no Note to the financial statements relating to financial instruments.

7. THAT the said Ronald M. Blair, in or about the period December 31, 2003 through March 17, 2004, while engaged to perform a review of the financial statements of T. Weber Co. Ltd. for the year ended December 31, 2003, failed to perform his professional services in accordance with generally accepted standards of practice of the profession, contrary to Rule 206.1 of the rules of professional conduct, in that:

- (a) he failed to ensure disclosure on the cash flow statement (identified in the financial statements as "Statement of Changes in Financial Position"), of the cash flows relating to interest and income taxes;
- (b) he failed to ensure the required disclosures related to the fact that the company, in accordance with the applicable differential reporting option, elected to account for income taxes on the tax payable basis;
- (c) he failed to perform sufficient and appropriate enquiry, discussion and analysis to satisfy himself as to the plausibility of various balance sheet items, including "Inventory - \$6,911"; "Shareholder Loan - \$26,719"; "Loan Receivable - Greenbough - \$215,000"; "Investment - T. Weber Sales - \$344,196"; and "Accounts receivable - employees - \$30,779";
- (d) he failed to perform sufficient enquiry, discussion and analysis to satisfy himself as to the plausibility of the Income Statement items "Revenue - \$1,706,479"; Cost of Goods Sold - \$360,465"; "Miscellaneous Revenue - \$9,836"; "Net Rental Income - \$3,221"; "Manufacturing Expenses - \$1,046,917"; "Administration & Selling Expenses - \$257,699"; and Income Tax Provision - \$9,454";
- (e) he failed to ensure disclosure of related party transactions; and

- (f) he improperly classified a "Gain on Sale of Fixed Asset" as an Extra Ordinary Item on the Income Statement.

8. THAT the said Ronald M. Blair, in or about the period December 31, 2003 through March 17, 2004, while engaged to perform a review of the financial statements of T. Weber Co. Ltd. for the year ended December 31, 2003, failed to perform his professional services with due care, contrary to Rule 202 of the rules of professional conduct, in that:

- (a) he incorrectly characterized the cash flow statement as a "Statement of Changes in Financial Position";
- (b) the element "building - \$37,554" on the balance sheet is shown in Note 1 to be subject to "5% D/B" depreciation, but no depreciation is recorded;
- (c) depreciation per the expense schedules of \$40,199 does not agree with depreciation per Note 1 of \$31,183;
- (d) the review engagement report does not refer to "Canadian" generally accepted standards for review engagements and "Canadian" generally accepted accounting principles;
- (e) the cover page of the financial statements indicates that they are "As at December 31, 2002 (with December 31, 2001 figures for comparison)";
- (f) Schedule A is incorrectly entitled "Cost of Goods Sold";
- (g) manufacturing expenses were not included in the cost of goods sold;
- (h) the 2002 percentages of total manufacturing expenses and total administration expenses on Schedule B do not agree with the Income Statement; and
- (i) there was no Note to the financial statements relating to financial instruments.

9. THAT the said Ronald M. Blair, in or about the period October 11, 2004 to January 11, 2005, 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.

13. The chair of the panel entered a plea of not guilty to each of the charges on the suspended member's behalf.



## **EVIDENCE**

14. Ms. Glendinning gave a brief opening statement, filed a brief of documents and called Mr. Raymond Harris, FCA, as a witness.

15. Ms. Glendinning reviewed with Mr. Harris his background and experience and asked that he be qualified as an expert entitled to give opinion evidence. Mr. Harris was so qualified.

### **Failure to Co-operate – Charge No. 9**

16. Mr. Harris testified with respect to his appointment as the investigator for the Professional Conduct Committee and his one and only meeting with Mr. Blair at Mr. Blair's office on June 23, 2004. Mr. Harris identified the documents set out after the seven tabs in the Document Brief, which was filed and marked as Exhibit No. 9.

17. Mr. Harris testified that when he was appointed the investigator he was provided with information from the Practice Inspection Committee. Mr. Blair had a practice inspection, the Practice Inspection Committee ordered a re-inspection and after the re-inspection the Practice Inspection Committee ordered another re-inspection. After the second re-inspection, the Practice Inspection Committee made a complaint about Mr. Blair to the Professional Conduct Committee.

18. Charges No. 1 and No. 2 relate to the financial statements of Image-Pro Marketing Ltd. ("Image-Pro") for the year ending April 30, 2003. Charges No. 3 and No. 4 relate to the financial statements of Sangster Enterprises Ltd. ("Sangster") for the year ended April 30, 2003. Both files had been inspected in the practice inspection programme.

19. Mr. Harris testified that Mr. Blair requested at their meeting of June 23, 2004 that he be allowed to keep the working papers of Image-Pro and Sangster as he was going to see the clients who were in Saskatchewan and British Columbia respectively and that he needed the working papers to complete work for the clients.

20. Mr. Harris agreed on the understanding that Mr. Blair would courier the working papers to him so that he could review them prior to their next meeting which would have to take place in the latter part of August. Mr. Harris testified that he received the working papers of Image-Pro in July but did not receive the working papers of Sangster until September of 2004. As a result Mr. Harris did not meet with Mr. Blair in the later part of August, 2004.

21. Counsel to the Professional Conduct Committee, Ms. Glendinning, wrote to Mr. Blair on September 16, 2004 and advised him that Mr. Harris would be preparing his report during the week of October 16, 2004 for submission to the Professional Conduct Committee at their meeting of November 16, 2004. She asked Mr. Blair to ensure to arrange to meet with Mr. Harris during the week of October 11, 2004. Her letter was filed and marked as Exhibit No. 10.

22. Ms. Glendinning's letter of September 16, 2004 was attached to an e-mail of September 23, 2004 to Mr. Blair. This e-mail was received and read at Mr. Blair's office on September 24, 2004. A copy of the e-mail to Mr. Blair and a copy of the return

receipt (displayed) letter attached, were filed as Exhibit No. 11. Mr. Harris explained that in his efforts to communicate with Mr. Blair he found that the most effective way to do so was by sending an e-mail to Mr. Blair's e-mail address, rblair@golden.net.

23. Despite efforts by Mr. Harris to contact Mr. Blair and arrange a meeting after Ms. Glendinning's letter, Mr. Harris did not hear from Mr. Blair again and was not able to meet with him a second time. Mr. Harris did testify that he spoke on more than one occasion with Mr. Blair's assistant, Nancy Tasker, who confirmed that Mr. Blair had been given the messages.

### **Charges 1 To 8**

24. Mr. Harris reviewed the financial statements of Image-Pro as at April 30, 2003, with specific reference to the particulars set out in Charges No. 1 and 2. Mr. Harris expressed the opinion that in providing his professional services while engaged to perform a review of the financial statements of Image-Pro Marketing Ltd. for the year end April 30, 2003, Mr. Blair had failed to perform his professional services in accordance with the generally accepted standards of practice of the profession as required by Rule 206 and as alleged in Charge No. 1. Further, with respect to the same review and the same financial statements, Mr. Harris expressed the opinion that Mr. Blair had failed to perform his professional services with due care as required by Rule 202 and as alleged in Charge No. 2.

25. Mr. Harris reviewed the financial statements of Sangster as at April 30, 2003, with specific reference to the particulars set out in Charges No. 3 and 4. Mr. Harris expressed the opinion that in providing his professional services while engaged to perform a review of the financial statements of Sangster for the year end April 30, 2003, Mr. Blair had failed to perform his professional services in accordance with the generally accepted standards of practice of the profession as required by Rule 206 and as alleged in Charge No. 3. Further, with respect to the same review and the same financial statements, Mr. Harris expressed the opinion that Mr. Blair had failed to perform his professional services with due care as required by Rule 202 and as alleged in Charge No. 4.

26. Mr. Harris reviewed the financial statements of Folkgraphis Frames (1992) Ltd. as at July 31, 2003, with specific reference to the particulars set out in the Charges No. 5 and 6. Mr. Harris expressed the opinion that in providing his professional services while engaged to perform a review of the financial statements of Folkgraphis Frames (1992) Ltd. for the year end July 31, 2003, Mr. Blair had failed to perform his professional services in accordance with the generally accepted standards of practice of the profession as required by Rule 206 and as alleged in Charge No. 5. Further, with respect to the same review and the same financial statements, Mr. Harris expressed the opinion that Mr. Blair had failed to perform his professional services with due care as required by Rule 202 and as alleged in Charge No. 6.

27. Mr. Harris reviewed the financial statements of T. Weber Co. Ltd. as at December 31, 2003 with specific reference to the particulars set out in Charges No. 7 and 8. Mr. Harris expressed the opinion that in providing his professional services while engaged to perform a review of the financial statements of T. Weber Co. Ltd. for the year end December 31, 2003, Mr. Blair had failed to perform his professional services in

accordance with the generally accepted standards of practice of the profession as required by Rule 206 and as alleged in Charge No. 7. Further, with respect to the same review and the same financial statements, Mr. Harris expressed the opinion that Mr. Blair had failed to perform his professional services with due care as required by Rule 202 and as alleged in Charge No. 8.

## **DECISION**

28. The panel considered the evidence, the documents set out in the document brief, Mr. Harris' testimony and the opinion he gave with respect to each of Charges No. 1 to 8. The panel concluded that the allegations set out in the eight charges had been proven.

29. With respect to the four charges made against Mr. Blair under Rule 206, Charges No. 1, 3, 5 and 7, while some of the particulars are less serious than others, with respect to each charge the particulars proven demonstrate a significant departure from the required standard of practice of the profession and constitute professional misconduct.

30. With respect to the four charges made under Rule 202, Charges No. 2, 4, 6 and 8, while the particulars proven are less serious departures from the required standard than the particulars set out in the charges under Rule 206, in each of the four charges, the nature and extent of the departures from the required standard were a clear breach of Rule 202. As with Charges No. 1, 3, 5 and 7, the number and nature of the deficiencies identified in Charges No. 2, 4, 6 and 8 establish that Mr. Blair's conduct fell far below the conduct required of a member and constitute professional misconduct.

31. With respect to Charge No. 9, the charge that Mr. Blair failed to co-operate with officers, servants or agents of the Institute we concluded that the charge had been proven. Mr. Blair's failure to co-operate with Mr. Harris was inexcusable and constituted professional misconduct.

32. Accordingly, when the hearing resumed, the chair read the following decision for the record:

THAT, having seen, heard and considered the evidence, and having determined to proceed with the hearing in the absence of Mr. Blair, pursuant to 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 Ronald Meldrum Blair guilty of charges Nos. 1 through 9.

33. At this point in the proceedings, the Chair noted for the record that Mr. Blair was suspended subsequent to the charges being laid. Accordingly, he is referred to in these reasons as a suspended member of the Institute.

## **SANCTION**

34. Ms. Glendinning re-called Mr. Harris to give evidence with respect to sanction. Mr. Harris advised the committee of comments Mr. Blair made when they met on June 23,

2004. The gist of Mr. Harris's evidence was that Mr. Blair did not recognize that there were any serious deficiencies in his practice and that he stated in a graphic way that he did not have to put up with practice inspection or the investigation of his practice by the Professional Conduct Committee.

35. Ms. Glendinning, on behalf of the Professional Conduct Committee requested an order which included: a reprimand; a fine of \$20,000.00; expulsion from the Institute; and notice of the expulsion to be given in the usual way including notice to be published in *CheckMark*, *The Globe & Mail* and the *Kitchener-Waterloo Record*. Ms. Glendinning also said that the Professional Conduct Committee sought an order requiring Mr. Blair to reimburse the Institute for costs in an amount of not less than \$15,000.00.

36. Ms. Glendinning made submissions with respect to the appropriateness of the sanction requested. She was asked questions about the quantum of the fine and why it was thought to be appropriate. Ms. Glendinning filed a Bill of Costs which showed that on a partial indemnity basis the costs inclusive of GST, fell within the range of \$21,090.00 to \$23,230.00.

## **ORDER**

37. After our deliberations the hearing resumed and the Chair of the panel set out on the record a summary of our order. The formal order, sent to the parties on July 18, 2005, reads as follows:

IT IS ORDERED in respect of the charges:

1. THAT Mr. Blair be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Blair be and he is hereby fined the sum of \$10,000, 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. Blair be and he is hereby charged costs fixed at \$12,500, to be remitted to the Institute within six (6) months from the date this Decision and Order becomes final under the bylaws.
4. THAT Mr. Blair be and he is hereby expelled from membership in the Institute.
5. THAT notice of this Decision and Order, disclosing Mr. Blair'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;
  - (c) to the other provincial institutes;
  - (d) by publication in *CheckMark*; and

(e) by publication in the *Kitchener-Waterloo Record* and the national edition of *The Globe and Mail*.

6. THAT Mr. Blair 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.

## **REASONS FOR THE ORDER**

### **Reprimand**

38. The panel concluded that a reprimand in writing from the Chair of the hearing was appropriate as it would stress to Mr. Blair the unacceptability of his conduct as a chartered accountant.

### **Fine**

39. The panel agreed with counsel for the professional conduct committee that Mr. Blair's failure to adhere to the required standard of practice was egregious. The panel also agreed with Ms. Glendinning that this is not just a standards case, but a refusal to co-operate case. It is accepted that the fine in a particular case should fall within an appropriate range. In this case the fine should fall towards the upper end of the range for both a standards case and a failure to co-operate case. But we did not think that such a fine would amount to \$20,000.00. We concluded that a fine of \$10,000.00 was appropriate.

### **Expulsion**

40. There are three general principles which govern the imposition of sanction namely: general deterrence; specific deterrence; and rehabilitation. A sanction intended to rehabilitate Mr. Blair would only be appropriate if it was reasonable to think that he recognized there was a need for rehabilitation and that he was willing and able to rehabilitate himself. The evidence is to the contrary.

41. Mr. Blair had not one but two opportunities in the practice inspection programme to demonstrate that he understood that rehabilitation was necessary and that he would rehabilitate himself. He did not do so.

42. Mr. Blair had a further opportunity to demonstrate that he recognized the need for and was willing to rehabilitate himself when he met with Mr. Harris in June, 2004. His conduct then and thereafter made it clear that Mr. Blair would not rehabilitate himself.

43. The panel concluded that Mr. Blair was ungovernable and it was appropriate that he be expelled from membership in the Institute. Expulsion appeared to be the only sanction which would specifically deter Mr. Blair from carrying on practice as a chartered accountant without adhering to the standards required of a chartered accountant. Further, expulsion is an appropriate general deterrent to other chartered accountants who might otherwise allow their standards of practice to fall below the required standards, or refuse to co-operate with the investigator appointed by the Professional Conduct Committee.

**Publication**

44. The members of the Institute and members of the public in the geographic area where Mr. Blair resides and carries on some of his practice should receive notice that he has been expelled from the Institute. As Mr. Blair has clients in western Canada, we ordered that notice of Mr. Blair's expulsion should appear in the national edition of *The Globe & Mail*.

**Certificate Of Membership**

45. The Certificate of Membership is the property of the Institute, not the property of Mr. Blair. He has been expelled from membership and it is appropriate that he return the Certificate to the Institute.

**Costs**

46. We concluded that in the facts and circumstances of this case an order for costs of \$12,500.00 was appropriate.

DATED AT TORONTO THIS 14TH DAY OF SEPTEMBER, 2005  
BY ORDER OF THE DISCIPLINE COMMITTEE

M. S. LEIDERMAN, CA – DEPUTY CHAIR  
THE DISCIPLINE COMMITTEE

**MEMBERS OF THE PANEL:**

R.J. ADAMKOWSKI, CA  
S.F. DINELEY, FCA  
D.L. FLEWELLING, CA  
H.G. TARADAY, CA  
D. J. ANDERSON (Public representative)