

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

DISCIPLINE COMMITTEE

IN THE MATTER OF: Charges against **RONALD JOSEPH SNEEK**, a member of the Institute, under **Rules 201.1** and **203.2** of the Rules of Professional Conduct, as amended.

TO: Mr. Ronald Joseph Sneek, CA
10 Foot Hills Road
MAPLE, ON L6A 2V6

AND TO: The Professional Conduct Committee, ICAO

REASONS

(Decision and Order Made November 20, 2006)

1. This panel of the Discipline Committee of the Institute of Chartered Accountants of Ontario met on November 20, 2006 to hear charges of professional misconduct against Ronald Joseph Sneek, a member of the Institute.

2. Ms. Barbara Glendinning appeared on behalf of the Professional Conduct Committee and was accompanied by Ms. Kelly Khalileh, CA, the investigator appointed by the Professional Conduct Committee.

3. Mr. Sneek was not in attendance at the hearing but he was represented at the hearing by Ms. Wendy Greenspoon. Ms. Greenspoon explained that, due to illness, Mr. Sneek was not able to undergo the stress of the hearing.

4. The decision of the panel was made known to the parties at the conclusion of the hearing on November 20, 2006 and the written decision and order was sent to them on November 28, 2006. These reasons, given pursuant to Bylaw 574, include the charges, the amendment to the charges, the decision, the order, and the reasons of the panel for its decision and order.

CHARGES

5. The following charges were laid against Mr. Sneek on July 17, 2006:

1. THAT the said Ronald Joseph Sneek, on or about August 6, 2004, on behalf of "BCP Inc.", co-signed a cheque payable to "GVA", a non-arm's length company, in the amount of \$450,000, knowing that this payment contravened the terms of a loan agreement between "BCP Inc." and "R. Ltd.", and thereby failed to conduct himself in a manner that will maintain the good reputation of the profession and its ability to serve the public interest, contrary to Rule 201.1 of the rules of professional conduct.
2. THAT the said Ronald Joseph Sneek, in or about the period May 11, 2004 to July 22, 2004, on behalf of "BCP Inc.", co-signed 12 cheques totaling

\$2,394,945.80, payable to persons or parties who were not arm's length to "BCP Inc." when he knew or should have known that these payments contravened the terms of a loan agreement between "BCP Inc." and "R. Ltd.", and thereby failed to conduct himself in a manner that will maintain the good reputation of the profession and its ability to serve the public interest, contrary to Rule 201.1 of the rules of professional conduct.

3. THAT the said Ronald Joseph Sneek, in or about the period January 25, 2006 to May 9, 2006, failed to cooperate 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, in that he failed to provide his 2004 personal tax return and related T-slips as requested, contrary to Rule 203.2 of the rules of professional conduct.

6. Ms. Glendinning indicated that the Professional Conduct Committee would be withdrawing Charge No. 3 and amending the amount shown on line 2 of Charge No. 2 from "\$2,394,945.80" to "\$2,394,945.85".

PLEA

7. Ms. Greenspoon entered a plea of guilty to Charge No. 1 and to Charge No. 2 (as amended). She acknowledged that Mr. Sneek understood that, on the basis of the plea of guilty and on that basis alone, he could be found guilty of the charges, and that he had instructed her to enter a plea of guilty on his behalf.

EVIDENCE

8. The evidence in this matter was presented by way of an Agreed Statement of Facts (Exhibit 4) and an accompanying Document Brief (Exhibit 5). Neither party called any further evidence.

9. The panel finds that the evidence presented in the Exhibits is clear, cogent and convincing and that it supports the allegations of misconduct as set out in the charges. In particular, the panel finds that Mr. Sneek knowingly signed cheques on the account of Brooklin Concrete Products Inc. ("Brooklin") which resulted in it being in contravention of its financial covenants to one of its principal lenders.

10. Mr. Sneek had a prior professional relationship with the principal of Brooklin. Through that relationship, he was named CFO of Brooklin when it was set up. He then resigned as CFO. Despite that resignation, he continued to act for the company by signing cheques.

11. Further, by signing cheques drawn on the account of Brooklin, Mr. Sneek aided the principal of Brooklin in diverting funds to other companies in which the same principal held a sole interest.

DECISION

12. On the evidence presented, the panel is satisfied that the allegations set out in the charges have been proven and that the nature and extent of the departure from the required standards of practice are so significant as to constitute professional misconduct. The panel found Mr. Sneek guilty of the charges as follows:

THAT, having seen and considered the evidence, charge No. 3 having been withdrawn by the Professional Conduct Committee and charge No. 2 having been amended at the hearing, the Discipline Committee finds Mr. Ronald Joseph Sneek guilty of charge Nos. 1 and 2.

SANCTION

13. Counsel for the Professional Conduct Committee submits that a sanction of \$8,000; a suspension for six (6) months; the usual publication of notice; and costs of the hearing and investigation would serve both to rehabilitate the member and to further the principles of specific and general deterrence. She also submits that costs of \$8,000 would be appropriate.

14. In mitigation, Ms. Glendinning notes that the member cooperated with the investigation and pleaded guilty, albeit only after the investigation was completed and charges were filed. Further, Ms. Glendinning submitted that, although the nature of the misconduct was serious in that the issue of the cheques clearly placed Brooklin in violation of its financial covenants and that these actions occurred several times over a number of months, in the end, there was no detrimental harm to either of Brooklin's lenders.

15. Ms. Greenspoon submitted that Mr. Sneek did not personally benefit from his actions and that by pleading guilty he saved the Institute substantial costs over what was initially scheduled as a three-day hearing; Ms. Greenspoon also cited Mr. Sneek's current health circumstances.

ORDER

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

IT IS ORDERED in respect of the charges:

1. THAT Mr. Sneek be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Sneek be and he is hereby fined the sum of \$8,000 to be remitted to the Institute within six (6) months from the date of this hearing.
3. THAT Mr. Sneek be and he is hereby charged costs fixed at \$8,000 to be remitted to the Institute within six (6) months from the date of this hearing.
4. THAT Mr. Sneek be suspended from the rights and privileges of membership in the Institute for a period of twelve (12) months from the date this Decision and Order becomes final under the bylaws.
5. THAT Mr. Sneek 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, to be held during the period of suspension and thereafter returned to Mr. Sneek. In the event Mr. Sneek fails to surrender his certificate of membership within this ten-day period, his suspension pursuant to paragraph 4 shall be extended one day for each day the certificate remains undelivered to the secretary.

6. THAT notice of this Decision and Order, disclosing Mr. Sneek'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; and
 - (b) to all provincial institutes/Ordre, and shall be made available to the public.
7. THAT in the event Mr. Sneek fails to comply with any of the requirements of this Order, 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. Sneek's employment and/or residence. All costs associated with the publication shall be borne by Mr. Sneek and shall be in addition to any other costs ordered by the committee.

REASONS FOR THE ORDER

Reprimand

17. Mr. Sneek signed the cheques on the Brooklin bank account with full knowledge that, by signing these cheques, the company would be in violation of its financial covenants with one of its principal lenders. These actions were repeated several times over a number of months. A reprimand is necessary to stress how significant these actions were and how seriously such actions are viewed by both the profession and the public.

Fine and Suspension

18. The actions of Mr. Sneek are serious and disclose a lack of professionalism which reflects poorly on him and on the chartered accountancy profession. The signing of these cheques not only caused Brooklin to violate its financial covenants, but moreover, several of these cheques were written to related companies and, in at least one case, disguised as services provided to Brooklin.

19. The panel agrees with the fine recommended by the Professional Conduct Committee (\$8,000) but feels that the signing and issuance of these cheques, knowing full well that they were contrary to representations made relating to financial covenants, were so egregious as to warrant a longer suspension than that requested by the Professional Conduct Committee (6 months); thus the panel has imposed a suspension of twelve (12) months.

Costs

20. Although the Professional Conduct Committee did not present a summary of fees and costs expended to prosecute this case, Ms. Glendinning advised that the costs requested by the Professional Conduct Committee of \$8,000 were in keeping with previous discussions of a similar nature. Ms. Greenspoon did not take issue with the amounts recommended by the Professional Conduct Committee.

Notice

21. The Professional Conduct Committee seeks the usual notice to be published, an order not opposed by the member. Chartered accountancy is a self-governing profession. It is

essential that it not only discipline its members effectively, but that it be seen to do so. Publishing the names of members found guilty of misconduct is one of the best mechanisms for so doing. It also serves to counsel other members of the profession and to emphasize to the member found guilty, the unacceptability of his conduct. For these reasons, publication is only withheld in rare and unusual circumstances. No such circumstances having been urged upon us, the usual order for notice is made.

Failing To Comply

22. To encourage compliance with this order, and to provide an immediate sanction should the member not comply, the panel orders that if the member fails to comply, he shall be suspended for a period of time and then, should the lack of compliance continue, be expelled.

DATED AT TORONTO THIS 25th DAY OF MAY, 2007.
BY ORDER OF THE DISCIPLINE COMMITTEE

M.B. MARTENFELD, FCA – DEPUTY CHAIR
DISCIPLINE COMMITTEE

MEMBERS OF THE PANEL:

R.J. ADAMKOWSKI, CA
G.R. PEALL, CA
H.G. TARADAY, CA
A.D. NICHOLS, FCA
B.M. SOLWAY (PUBLIC REPRESENTATIVE)