

Sydney Sennet: Summary, as Published in *CheckMark*

Sydney Sennet, of Toronto, was found guilty of a charge under Rule 201.1 of failing to maintain the good reputation of the profession and its ability to serve the public interest. The charge arose from Mr. Sennet's Criminal Code conviction for conspiracy to defraud the public of tax revenues owing to the Government of Canada by making false claims in respect of the Scientific Research Tax Credit program. Mr. Sennet was fined \$20,000 and expelled from the Institute.

CHARGE(S) LAID re Sydney Sennet

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

1. THAT, the said Sydney Sennet, failed to conduct himself in a manner which will maintain the good reputation of the professional and its ability to serve the public interest in that, on or about the 17th day of December, 1993, in the Province of Ontario, in the Toronto Region, he was convicted of a criminal offence namely that he, between the 1st day of January 1983 and the 29th day of September 1986 at the Municipality of Metropolitan Toronto and elsewhere in the Province of Ontario unlawfully did conspire with certain named persons and others to commit an indictable offence, which was: by deceit, falsehood or other fraudulent means, to defraud the public tax revenues owing to the Government of Canada by making false claims in respect of the Scientific research Tax Credit program contrary to section 338(1)(a) of the Criminal Code of Canada and did thereby commit an offence contrary to section 423(1)(c) of the Criminal Code of Canada, all of which is contrary to Rule 201.1 of the Rules of Professional Conduct..

Dated at Toronto this 12th day of January, 1995.

JENNIFER L. FISHER, CA - CHAIR
PROFESSIONAL CONDUCT COMMITTEE

DISCIPLINE COMMITTEE re Sydney Sennet

DECISION AND ORDER IN THE MATTER OF: A charge against **SYDNEY SENNET, CA**, a member of the Institute, under **Rule 201.1** of the Rules of Professional Conduct, as amended.

DECISION AND ORDER MADE JUNE 24, 1998

DECISION

THAT, having seen and considered the evidence, and having heard the plea of guilty to the charge, the Discipline Committee finds Sydney Sennet guilty of the charge.

ORDER

IT IS ORDERED in respect of the charge:

1. THAT Mr. Sennet be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Sennet be and he is hereby fined the sum of \$20,000, 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. Sennet be and he is hereby expelled from membership in the Institute.
4. THAT notice of this Decision and Order, disclosing Mr. Sennet's name, be given after this Decision and Order becomes final under the bylaws:
 - (a) to the Public Accountants Council for the Province of Ontario;
 - (b) to the Canadian Institute of Chartered Accountants;
 - (c) by publication in *CheckMark*; and
 - (d) by publication in *The Globe and Mail* and *The Toronto Star* newspapers.
- 5. THAT Mr. Sennet 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.

DATED AT TORONTO THIS 25TH DAY OF JUNE, 1998
BY ORDER OF THE DISCIPLINE COMMITTEE

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

DISCIPLINE COMMITTEE re Sydney Sennet

REASONS FOR THE DECISION AND ORDER IN THE MATTER OF: A charge against **SYDNEY SENNET, CA**, a member of the Institute, under **Rule 201.1** of the Rules of Professional Conduct, as amended.

REASONS FOR THE DECISION AND ORDER MADE JUNE 24, 1998

These proceedings before this panel of the discipline committee of the Institute of Chartered Accountants of Ontario were convened on June 24, 1998.

The decision on the charges and the order as to sanction were made known at the hearing, and the parties were told that written reasons would follow. These are the reasons of the discipline committee.

Mr. Paul Farley attended on behalf of the professional conduct committee. Mr. Sennet attended with his counsel, Mr. P. A. Schreck.

The charge under Rule 201.1 of the rules of professional conduct laid against Mr. Sennet reads as follows:

THAT, the said Sydney Sennet, failed to conduct himself in a manner that will maintain the good reputation of the profession and its ability to serve the public interest in that, on or about the 17th day of December 1993, in the Province of Ontario, in the Toronto Region, he was convicted of a criminal offence namely that he, between the 1st day of January 1983 and the 29th day of September 1986 at the Municipality of Metropolitan Toronto and elsewhere in the Province of Ontario unlawfully did conspire with certain named persons and others to commit an indictable offence, which was: by deceit, falsehood or other fraudulent means, to defraud the public of tax revenues owing to the Government of Canada by making false claims in respect of the Scientific Research Tax Credit program contrary to section 338(1)(a) of the Criminal Code of Canada and did thereby commit an offence contrary to section 423(1)(c) of the Criminal Code of Canada, all of which is contrary to Rule 201.1 of the Rules of Professional Conduct.

Mr. Sennet entered a plea of guilty to the charge. The chair of the discipline panel cautioned Mr. Sennet and made sure that he understood that upon the basis of his guilty plea, and upon

that basis alone, the discipline committee could find him guilty of the charge. Mr. Sennet, through his counsel Mr. Schreck, indicated to the chair that he understood the ramifications of his guilty plea.

DECISION ON THE CHARGES

On behalf of the professional conduct committee, Mr. Farley introduced a document brief that contained a certified copy of the criminal indictment against Mr. Sennet, a transcript of the Reasons for Sentence given by the Honourable Mr. Justice Roberts in the criminal trial, and various newspaper articles that summarized the criminal trial and the sentencing.

In summary, Mr. Sennet participated in a tax fraud against the Canadian Government by submitting fraudulent information to obtain scientific research tax credits. The fraud amounted to approximately \$15 million dollars. Mr. Sennet received substantial commissions for minor services performed, premium billed for his time, and had access to substantial expense account funds. In all, it appears that Mr. Sennet received approximately \$1.2 million dollars for his part in the fraud. He was sentenced to four and one-half years in penitentiary.

Mr. Schreck did not make any submissions, nor did he call any evidence, with regard to the charge.

Upon deliberation, the panel found Mr. Sennet guilty of the charge.

ORDER AS TO SANCTION

The hearing then moved on to a determination of the appropriate sanction. Neither party called evidence with respect to sanction, but counsel for both parties made submissions.

Mr. Farley submitted that Mr. Sennet's actions were of a very serious nature, in that he conspired with others to commit one of the largest tax frauds ever perpetrated against the Government of Canada. He submitted that the sanction imposed must reflect the serious nature of the crime, and that, in determining the appropriate sanction, considerable weight had to be given to the principle of general deterrence, in an effort to dissuade like-minded members from following courses of action similar to that of Mr. Sennet.

Mr. Schreck submitted that he was in general agreement with the sanctions proposed by the professional conduct committee, but that he did not agree with the quantum of the fine being sought, nor with the order as to publication in *The Globe and Mail* and *The Toronto Star*. Mr. Schreck submitted that Mr. Sennet was financially ruined by this tragic event, and that a fine would serve no useful purpose as Mr. Sennet could not afford to pay a fine. He opposed publication in local newspapers on the ground that Mr. Sennet feared for his family, who, it was submitted, had already been embarrassed and greatly affected by the publicity surrounding his client's conviction. Mr. Schreck pointed out that Mr. Sennet's son was fifteen years old and aspiring to become a chartered accountant, and submitted that publication of the misconduct of the father could lead to the unintended result of seriously harming or destroying the ambitions of the son.

While acknowledging that all three general principles of sentencing, namely rehabilitation, general deterrence and specific deterrence, were relevant in this case, the panel concluded that general deterrence was the priority, and, upon deliberation, made the following order:

ORDER

IT IS ORDERED in respect of the charge:

1. THAT Mr. Sennet be reprimanded in writing by the chair of the hearing.
2. THAT Mr. Sennet be and he is hereby fined the sum of \$20,000, 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. Sennet be and he is hereby expelled from membership in the Institute.

4. THAT notice of this Decision and Order, disclosing Mr. Sennet's name, be given after this Decision and Order becomes final under the bylaws:

- (a) to the Public Accountants Council for the Province of Ontario;
- (b) to the Canadian Institute of Chartered Accountants;
- (c) by publication in *CheckMark*; and
- (d) by publication in *The Globe and Mail* and *The Toronto Star* newspapers.

- 5. THAT Mr. Sennet 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.

Reprimand

The panel was of the view that a reprimand in writing by the chair was necessary as a specific deterrent to the member, to stress to him the serious nature of the offense and the unacceptability of his conduct as a chartered accountant.

Fine

The professional conduct committee requested a fine of \$10,000. Notwithstanding the submissions of counsel for Mr. Sennet that a fine served no useful purpose because his client was in financial ruin and could not afford to pay a fine, the panel felt that a strong message had to be sent to like-minded members, and to the public at large, that a chartered accountant's participation in tax fraud is totally unacceptable to the profession. Noting that Mr. Sennet received approximately \$1.2 million dollars for his participation in this crime, the panel concluded that a substantial fine was appropriate, and levied a fine of \$20,000.

Expulsion

Expulsion from the Institute is often ordered in cases involving moral turpitude, and the panel determined that the serious nature of this case left it no alternative but to expel Mr. Sennet, as both a specific and a general deterrent. It was noted that counsel for both parties agreed that expulsion was in order.

Publication

The principle of general deterrence is greatly served by notification, including publication, of disciplinary decisions and orders. It is considered important to inform members that there are severe consequences to actions such as those of Mr. Sennet, and to let the public know that the profession is regulating itself in the public's interest. The panel is aware, as well, of the bylaw requirement that, subject to some panel discretion, in cases of expulsion notice is to be given to the public by publication in a newspaper distributed in the area in which the member resides or works. The panel considered the submission of Mr. Schreck that this notice may adversely and unnecessarily cause harm to Mr. Sennet's family, particularly his son, but ultimately concluded that this was not compelling enough reason to cause it to exercise its discretion not to publish. The panel referred to the *Kwiatkoski* decision, in which the discipline committee exercised its discretion and did not order newspaper publication, and concluded that the compelling reasons described in *Kwiatkoski* were not evident in the case at hand. Accordingly, in addition to the usual forms of notice ordered in discipline cases, disclosing the member's name, the panel ordered publication of the expulsion in *The Globe and Mail* and *The Toronto Star* newspapers.

Certificate

As in all cases of expulsion, it is important that Mr. Sennet surrender his certificate of membership in the Institute, to which he is no longer entitled.

DATED AT TORONTO THIS DAY OF SEPTEMBER, 1998
BY ORDER OF THE DISCIPLINE COMMITTEE

L. P. BOOKMAN, CA - DEPUTY CHAIR
THE DISCIPLINE COMMITTEE

MEMBERS OF THE PANEL:

H. B. BERNSTEIN, CA
B. M. BYRNE, CA
P. A. GOGGINS, CA
M. L. MACKAY, FCA
B. W. BOWDEN (Public representative)