

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

**DISCIPLINE COMMITTEE**

**IN THE MATTER OF:** Charges against **WANDA A. LICZYK, CA**, a member of the Institute, under **Rule 201** of the Rules of Professional Conduct, as amended.

**TO:** Ms. Wanda A. Liczyk  
52 Claywood Road  
NORTH YORK, ON M2N 2R2

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

**REASONS**  
**(Decision and Order made April 25, 2007)**

1. This panel of the Discipline Committee convened on April 25, 2007 to hear charges brought by the Professional Conduct Committee against, Wanda A. Liczyk, a member of the Institute.
2. Mr. Paul Farley appeared as counsel for the Professional Conduct Committee. He had with him the investigator appointed by the Professional Conduct Committee, Mr. Bruce Armstrong, CA. Also attending with Mr. Farley was Ms. Alexandra Hersak, associate counsel for the Professional Conduct Committee.
3. Ms. Wanda Liczyk was present and represented by her counsel, Mr. Paul Le Vay. He had with him Mr. Arron Dontowitz of his office.
4. The decision of the panel was made known at the conclusion of the hearing on April 25, 2007, and the written Decision and Order was sent to the parties on April 27, 2007. These Reasons, given pursuant to Bylaw 574, include the charges, the decision, the order, and the reasons of the panel for its decision and order.

**Decision on the Charges**

5. On November 14, 2006, the Professional Conduct Committee made three charges against Wanda A. Liczyk. The charges read as follows:
  1. THAT, the said Wanda Liczyk, in or about the period May 1989 through December 1997, while holding a senior finance position at the City of North York, failed to conduct herself in a manner which will maintain the good reputation of the profession and its ability to serve the public interest in that, she participated in decisions resulting in the award of City work to a friend, Michael Saunders, or to a company with whom Michael Saunders was associated when she knew or should have known that her independence was compromised or

would appear to the reasonable observer to be compromised; contrary to Rule 201 of the rules of professional conduct.

2. THAT, the said Wanda Liczyk, in or about the period January 1998 through June 2001, while Chief Financial Officer and Treasurer of the City of Toronto, failed to conduct herself in a manner which will maintain the good reputation of the profession and its ability to serve the public interest, in that she participated in decisions resulting in the award of City work to a friend, Michael Saunders, or to a company with whom Michael Saunders was associated when she knew or should have known that her independence was compromised or would appear to the reasonable observer to be compromised; contrary to Rule 201 of the rules of professional conduct.
3. THAT, the said Wanda Liczyk, in or about the period January 1998 through December 1998, while Chief Financial Officer and Treasurer of the City of Toronto, failed to conduct herself in a manner which will maintain the good reputation of the profession and its ability to serve the public interest, in that she signed contracts for consulting services provided by Michael Saunders or his company without proper authority; contrary to Rule 201 of the rules of professional conduct.

### **Plea**

6. Ms. Liczyk entered a plea of guilty to each of the three charges and confirmed that she understood that she could be found guilty on the basis of her plea and on that basis alone.

### **The case for the Professional Conduct Committee**

7. Mr. Farley made an opening statement and filed an Agreed Statement of Facts (Exhibit 4) and a Document Brief (Exhibit 5). The Agreed Statement of Facts had been signed by Ms. Liczyk on her own behalf and by Mr. Farley on behalf of the Professional Conduct Committee.

8. The hearing adjourned while the members of the panel read the Agreed Statement of Facts and reviewed the Document Brief. When the parties re-entered the Council Chamber, both Mr. Farley and Mr. Le Vay made relatively brief submissions. Mr. Farley submitted that the Agreed Statement of Facts provided clear, cogent and compelling evidence that Ms. Liczyk was guilty of the charges. Mr. Le Vay pointed out that Ms. Liczyk specifically admitted that her conduct amounted to professional misconduct with respect to each of the three charges.

### **The relevant facts**

9. Ms. Liczyk, accepted a position with the City of North York in 1985 as a Budget Analyst. She was appointed the Deputy Commissioner and Deputy Treasurer of North York in May, 1989. This was the second most senior financial position at North York. She was appointed the Commissioner of Finance and Treasurer of the City of North York in 1992. This was the most senior finance position at the city and she reported

directly to the Mayor and City Council. In April, 1996, Ms. Liczyk was appointed the City Administrator for North York, the highest non-political position in the city.

10. Mr. Michael Saunders provided information technology support services to North York beginning in 1986. In 1990, he formed his own company and provided consulting services to North York which was developing its own property tax software programme, which was ultimately called Tax Management and Collection Systems ("TMACS").

11. Ms. Liczyk and Mr. Saunders became friends and began an intimate relationship in the spring of 1989 which continued until August, 1991. Thereafter, they remained close friends until at least June, 2001.

12. Mr. Saunders made proposals to the City of North York to act as a consultant to develop the software for the property tax billing system. Ms. Liczyk participated in discussions about the proposals made by Mr. Saunders. She did so without disclosing the fact of their relationship.

13. Mr. Saunders, through his companies, received \$1.3 million in fees from North York in the period 1994 to the end of 1997. Ms. Liczyk approved \$778,000 in invoices from February, 1994 to July, 1997, and thereafter, personnel who reported to her approved the invoices.

14. At the relevant time the City of North York had a conflict of interest guideline which set out a number of prohibitions, one of which was that an employee of North York "...never uses the position to secure advantage or favour for self, family or friends." (Exhibit 4, Tab 1)

15. The Province of Ontario decided that the City of North York and four other municipalities would amalgamate with the City of Toronto in January, 1998. In 1997, as one of the six Chief Administrative Officers preparing for amalgamation, Ms. Liczyk provided guidance to the group assigned to deal with information technology. The tax management and collection system, TMACS, used in North York, was not initially recommended for the amalgamated city. Ms. Liczyk advocated for the adoption of the TMACS system and in this regard she lobbied Mayor Mel Lastman, who was the Mayor of North York and became the Mayor of the amalgamated City of Toronto in January, 1998. Ultimately, in September 1998, the City decided to switch to TMACS for use across the entire City.

16. After amalgamation in January, 1998, Ms. Liczyk was the Chief Financial Officer and Treasurer for the City of Toronto. She reported directly to the Chief Administrative Officer, as did five other commissioners. She did not have responsibility for information technology in the amalgamated City of Toronto. She asked the Chief Administrative Officer that she be given that responsibility, but her request was denied.

17. Ms. Liczyk had authority to enter into contracts for amounts up to \$50,000. In two instances, proposals from Mr. Saunders' companies were split to fall within the \$50,000 authority Ms. Liczyk had. In two other instances, Ms. Liczyk approved contracts that were not to exceed \$225,000 and \$250,000 respectively. In the period of January, 1998 through June, 2001, Mr. Saunders or his companies were paid in excess of \$2 million in fees by the City of Toronto.

18. The City of Toronto had a conflict of interest policy which included, within the definition of a conflict of interest, the following:

A conflict of interest refers to a situation in which private interests or personal considerations may affect an employee's judgement in acting in the best interest of the City of Toronto. It includes using an employee's position, confidential information or corporate time, material or facilities for private gain or advancement or the expectation of private gain or advancement. A conflict may occur when an interest benefits any member of the employee's family, friends or business associates. (Exhibit 5, Tab 6)

19. Ms. Liczyk entered an employment agreement with the City of Toronto effective January 1, 1998, which included the following provision:

The responsibility rests with the Employee to recognize and to avoid circumstances that may give rise to (or give the appearance of giving rise to) conflict of interest situations. He/She acknowledges that conflict of interest or the perception of one does not necessarily involve monetary gain, but may arise in a variety of ways. (Exhibit 5, Tab 7)

## **DECISION**

20. The parties withdrew from the Council Chamber while the panel deliberated. When the deliberations were concluded, the hearing resumed and the Chair set out on the record 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, 2 and 3, the Discipline Committee finds Ms. Wanda A. Liczyk guilty of charge Nos. 1, 2 and 3.

## **Reasons for the Decision**

21. The first two charges are similar, the difference being the two periods of time specified. The first charge relates to the period May, 1989 to December, 1997 while Ms. Liczyk was the Commissioner of Finance and Treasurer and later City Administrator for the City of North York. The second charge relates to the period from January, 1998 through June, 2001 while Ms. Liczyk was the Chief Financial Officer and Treasurer of the newly amalgamated City of Toronto. During these two periods of time, as Ms. Liczyk acknowledges in her Agreed Statement of Facts, at paragraph 23 with respect to the period May, 1989 through December, 1997 (charge No. 1), and at paragraph 54 with respect to the period January, 1998 through June, 2001 (charge No. 2):

...she participated in decisions resulting in the award of consulting work to Saunders and associated companies and individuals and then approved the continuing proposals made by Saunders and associated companies and individuals with respect to that work and the invoices submitted for the work done when she should have known that her independence was compromised or would appear to the reasonable

observer to be compromised because of her relationship with Saunders, contrary to Rule 201 of the Rules of Professional Conduct.

22. The third charge arises from conduct while Ms. Liczyk was the Chief Financial Officer and Treasurer of the City of Toronto in the period from January, 1998 through December, 1998. She signed contracts for consulting services provided by Mr. Saunders or his company without proper authority. Ms. Liczyk dealt with the contracts when other officials of the city had been assigned the responsibility. Moreover, she was authorized to sign contracts and approve invoices for amounts up to \$50,000, however, in two instances contracts were split so that the amounts approved were \$50,000. In two other instances, she approved contracts that were not to exceed \$225,000 and \$250,000, respectively.

23. As Ms. Liczyk acknowledged in paragraph 62 of the Agreed Statement of Facts, in entering into these contracts without authority she:

...failed to conduct herself in a manner which will maintain the good reputation of the profession and its ability to serve the public interest, in that she signed contracts for consulting services provided by Saunders without proper authority to do so.

24. We concluded the admitted professional misconduct was egregious and found Ms. Liczyk guilty of the three charges.

## **SANCTION**

25. Neither party called *viva voce* evidence with respect to sanction. Mr. Le Vay, with Mr. Farley's consent, filed a booklet of seven character reference letters (Exhibit 6).

26. The parties made a joint submission with respect to sanction.

27. Mr. Farley briefly reviewed the relevant facts and summarized the essence of the misconduct which he described as a breach of trust placed in Ms. Liczyk by the City of North York, the City of Toronto, the employees who worked under her direction, and the profession.

28. Mr. Farley submitted that the aggravating circumstances included the fact that Ms. Liczyk was in a position of trust, that she was a very senior employee at all times and for a period of time was the most senior employee of the City of North York. In her senior position, Ms. Liczyk had a responsibility to explain and require her staff to adhere to the conflict of interest guidelines, yet she herself breached those guidelines. Moreover, her misconduct took place over more than a decade and continued after the amalgamation even when information technology, which Mr. Saunders provided, was not one of her responsibilities.

29. Mr. Farley also submitted that it was an aggravating factor that her misconduct went to the heart of the CA profession which has an obligation to and prides itself on the fact that it provides independent objective advice.

30. Mr. Farley also outlined the mitigating circumstances. Ms. Liczyk cooperated in the investigation. Shortly after being charged she acknowledged her misconduct and

said she would enter a plea of guilty. He acknowledged that a plea of guilty does save the time and expense of a hearing, but more importantly, he said it was an indication that she accepted responsibility for what she had done. The Professional Conduct Committee accepted that Ms. Liczyk was genuinely remorseful.

31. The mitigating circumstances also include the fact that there has been significant publicity concerning Ms. Liczyk's conduct, both as a result of the Toronto Computer Leasing Inquiry (the Bellamy Inquiry) and with respect to the charges made by the Professional Conduct Committee. She alone, of all the people whose professional conduct was criticized by the Bellamy Inquiry, has faced discipline proceedings by her governing body.

32. Mr. Farley submitted that the sanction sought: a reprimand; suspension of six months; a fine of \$15,000; costs of \$7,000; and notice disclosing Ms. Liczyk's name, including notice to be published in *The Globe and Mail* and *The Toronto Star* newspapers, appropriately addressed the principles of sanction, namely: rehabilitation; specific deterrence; and general deterrence.

33. Mr. Farley submitted that the suspension, fine and notice addressed the issue of deterrence, both specific and general.

34. With respect to rehabilitation, Mr. Farley submitted that the Professional Conduct Committee had concluded that Ms. Liczyk could be rehabilitated, and that the discipline process itself contributed to her rehabilitation.

35. Mr. Farley filed a Book of Authorities with six precedents (Exhibit 7) and reviewed the authorities.

36. Mr. Le Vay submitted that the principle of general deterrence was adequately addressed by the six-month suspension, the fine and the publicity. He emphasized the impact of the publicity, both of the Bellamy Inquiry and the discipline process on Ms. Liczyk whose conduct had been put under a microscope. He submitted that this publicity had been devastating. He also submitted that the discipline proceedings, including the investigation had affected Ms. Liczyk's ability to find work and that she had been unemployed for a period of more than two years.

37. Mr. Le Vay emphasized that Ms. Liczyk was genuinely remorseful, that the misconduct would not be repeated and referred to the seven letters written on her behalf as an indication that she was worthy of a chance to show that she was rehabilitated.

38. Mr. Le Vay emphasized that Ms. Liczyk had cooperated with the investigation and had a previously unblemished record.

39. He also emphasized that Ms. Liczyk had received no personal benefit, that her misconduct did not involve moral turpitude or fraud and that there was no evidence that the city was harmed by the misconduct. He submitted that the jointly recommended sanction was in the public interest.

## ORDER

40. After considering the submissions and precedents, and deliberating, the panel made the following order:

IT IS ORDERED in respect of the charges:

1. THAT Ms. Liczyk be reprimanded in writing by the chair of the hearing.
2. THAT Ms. Liczyk be and she is hereby fined the sum of \$15,000 to be remitted to the Institute within twelve (12) months from the date this Decision and Order becomes final under the bylaws.
3. THAT Ms. Liczyk be and she is hereby charged costs fixed at \$7,000 to be remitted to the Institute within twelve (12) months from the date this Decision and Order becomes final under the bylaws.
4. THAT Ms. Liczyk be suspended from the rights and privileges of membership in the Institute for a period of six (6) months from the date this Decision and Order becomes final under the bylaws.
5. THAT Ms. Liczyk surrender her 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 Ms. Liczyk.
6. THAT notice of this Decision and Order, disclosing Ms. Liczyk'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 notice of the suspension, disclosing Ms. Liczyk's name, be given by publication on the Institute's website and in *The Toronto Star* and *The Globe and Mail*.
8. THAT in the event Ms. Liczyk fails to comply with any of the requirements of this Order, she shall thereupon be suspended from the rights and privileges of membership in the Institute until such time as she does comply, provided that she complies within three (3) months from the date of her suspension, and in the event she does not comply within the 3 month period, she shall thereupon be expelled from membership in the Institute, and notice of her expulsion, disclosing her name, shall be given in the manner specified above, by publication on the Institute's website and in *The Toronto Star* and *The Globe and Mail*. All costs associated with the publication shall be borne by Ms. Liczyk and shall be in addition to any other costs ordered by the committee.

## **REASONS FOR THE ORDER**

41. As in all cases when imposing a sanction, the Discipline Committee has regard to the nature of the misconduct, the circumstances of the member and bears in mind sanctions which have been imposed for similar misconduct by other members.

42. In this case, the misconduct took place over a period of many years. This was not a case of a momentary lapse of judgment. The misconduct continued, and in fact got worse, after the amalgamation of the City in January, 1998. In splitting contracts so as not to exceed her \$50,000 limit of authority in March and May of 1998, Ms. Liczyk demonstrated a calculated effort to "beat the system". In July 1998 when she approved two contracts, one for \$250,000, and one for \$225,000, she knowingly and deliberately exceeded her authority with obvious disregard for the limit of her authority.

43. It is significant that Ms. Liczyk held a senior, and then the most senior, non-political position in the City of North York. She also held a very senior position in the amalgamated City of Toronto, a civic government larger than the governments of some of the provinces of Canada.

44. It is also relevant that Ms. Liczyk has been publicly humiliated. She had achieved significant success in her career but her failure to adhere to a fundamental ethical principle of the profession, and a term of her employment, has had a devastating effect on her career. She had been unemployed at the time of the hearing for more than two years. We are satisfied that the principles of rehabilitation and specific deterrence have been addressed, in large part, by the devastating publicity, her loss of status, her loss of employment and the discipline process, including the publicity in the media about this process.

45. We agreed with the joint submission that the principle which should have priority in this case is general deterrence. We were satisfied that the terms of the proposed order will send the message to other members that similar conduct will not be tolerated.

### **Reprimand**

46. The reprimand is intended to serve as a specific deterrent to Ms. Liczyk, to stress the serious nature of her misconduct which is unacceptable behaviour for a chartered accountant, whether employed in government, industry or in the practice of public accounting.

### **Fine**

47. The fine of \$15,000 was imposed as both a specific and general deterrent. In Ms. Liczyk's circumstances the fine of \$15,000 is a significant fine. It may be difficult for her to pay it which is why she was allowed a period of one year to do so.

### **Suspension**

48. We concluded a six-month suspension was appropriate to demonstrate to Ms. Liczyk and the profession that such behaviour will not be tolerated. It is expected that the suspension will have a serious negative impact on Ms. Liczyk's search for



employment. It is also recognized that the publicity about these discipline proceedings no doubt made that search for employment difficult over the last few months.

### **Costs**

49. Ms. Liczyk did cooperate with the investigation and her plea of guilty did shorten the time and therefore the costs of this hearing. Nevertheless, the need for the investigation and the hearing were the result of her misconduct and she should bear a share of the related costs.

### **Notice**

50. The principles of general and specific deterrence require that notice be given to the profession and the public. Accordingly, the usual notice will be published in *CheckMark* and two newspapers disclosing Ms. Liczyk's name.

51. While the additional publicity may make Ms. Liczyk's life more uncomfortable, the point of the public notice, in addition to serving the purposes of deterrence, is to demonstrate to the public that the Institute takes misconduct by its members seriously. In this instance, the notice will indicate that the matter has been concluded.

### **Failure to comply**

52. An order which did not provide consequences for failure to comply would be mostly symbolic. If Ms. Liczyk is unwilling or unable to comply with the terms of the order it is appropriate that she be expelled from membership. In the event she is expelled, the public should be notified and she should pay for that notification.

DATED AT TORONTO THIS 18<sup>th</sup> DAY JULY, 2007  
BY ORDER OF THE DISCIPLINE COMMITTEE

H.B. BERNSTEIN, CA – CHAIR  
DISCIPLINE COMMITTEE

### MEMBERS OF THE PANEL:

S.F. DINELEY, FCA  
S.R. LOWE, CA  
A.D. NICHOLS, FCA  
P. MCBURNEY (PUBLIC REPRESENTATIVE)