

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO
CHARTERED ACCOUNTANTS ACT, 2010
THE CERTIFIED GENERAL ACCOUNTANTS ASSOCIATION OF ONTARIO
CERTIFIED GENERAL ACCOUNTANTS ACT, 2010

DISCIPLINE COMMITTEE AND PROFESSIONAL CONDUCT TRIBUNAL

IN THE MATTER OF: Allegations against **NADIA MINETTO** (suspended CPA, CGA),
under Rule 108 of the Rules of Conduct of CGA Ontario and Rule
201.1 of the Rules of Professional Conduct of CPA Ontario.

TO: Nadia Minetto

AND TO: The Professional Conduct Committee of CPA Ontario

AND TO: The Discipline Committee of CGA Ontario

REASONS
(Decision and Order made July 21, 2016)

1. This tribunal of the Discipline Committee of CPA Ontario and the Professional Conduct Tribunal of CGA Ontario (collectively "the Tribunals") met on July 21, 2016 to hear allegations of professional misconduct brought by the Professional Conduct Committee of CPA Ontario and the Discipline Committee of CGA Ontario (collectively "the Applicants") against Nadia Minetto, a suspended CPA, CGA member.

2. Mr. Paul Farley appeared on behalf of the Applicants, accompanied by co-counsel Ms. Melissa Gentili, and Ms. Karen Ho James, the investigator for the Applicants. Ms. Minetto was not represented by counsel and did not attend. Ms. Lisa Braverman attended the hearing as counsel to the Tribunals.

Proceeding in Ms. Minetto's absence

3. Mr. Farley filed the Affidavit of Service, sworn August 6, 2015, (Exhibit 1) indicating that the Allegations had been personally served on Ms. Minetto by Mr. Mervyn Archdall, process server. Mr. Archdall had also personally served on Ms. Minetto a USB key containing disclosure materials. Ms. Minetto had identified herself to Mr. Archdall.

4. Mr. Farley filed the Affidavit of Diane Williamson, sworn July 18, 2016, (Exhibit 2) in which Ms. Williamson stated that she had emailed Ms. Minetto on June 23, 2016 to confirm that the hearing would be held on July 21 and 22, 2016; she subsequently received confirmation that this email had been delivered. On June 28, 2016, Ms. Williamson's assistant, Ms. Kristen Couch, sent the Notice of Hearing to Ms. Minetto by email, for which a confirmation of delivery was received and also mailed a copy by regular mail to the last known mailing address of Ms. Minetto. On July 7, 2016, Ms. Minetto sent a signed acknowledgement of receipt of the Notice of Hearing, noting that she would not be in attendance at the hearing.

5. The Tribunals determined on the basis of this evidence that Ms. Minetto had received proper notice of the hearing and decided to proceed in her absence.

6. The decision of the Tribunals was made known at the conclusion of the hearing on July

21, 2016, and the written Decision and Order was sent to the parties on July 25, 2016. These reasons, given pursuant to Rule 20.04 of the Rules of Practice and Procedure, include the allegations, the decision, the order, and the reasons of the Tribunals for its decision and order.

Allegations

7. The following allegations were made against Ms. Minetto by the Applicants on July 20, 2015:

The Discipline Committee of CGA Ontario hereby makes the following allegations against Nadia Minetto, a suspended member of CPAO/CGAO:

1. THAT the said Nadia Minetto, in or about the period May 1, 2009 through July 1, 2014, while employed as an Accounting Manager for "ABC Co.", did engage in misconduct of a reprehensible or serious nature which reflected adversely on her honesty, integrity or trustworthiness; in that she made unauthorized purchases on the "ABC Co." credit card and did thereby misappropriate in excess of \$6.6 million from "ABC Co.", contrary to Rule 108 of the Rules of Conduct of CGA Ontario.

The Discipline Committee of CGA Ontario and the Professional Conduct Committee of CPA Ontario hereby makes the following allegations against Nadia Minetto, a suspended member of CPAO/CGAO:

2. THAT the said Nadia Minetto, in or about the period July 2, 2014 through July 25, 2014, while employed as an Accounting Manager for "ABC Co.", did engage in misconduct of a reprehensible or serious nature which reflected adversely on her honesty, integrity or trustworthiness; in that she made unauthorized purchases on the "ABC Co." credit card and did thereby misappropriate in excess of \$150,000 from "ABC Co.", contrary to Rule 108 of the Rules of Conduct of CGA Ontario.
3. THAT the said Nadia Minetto, in or about the period July 2, 2014 through July 25, 2014, while employed as an Accounting Manager for "ABC Co.", did fail to maintain the good reputation of the profession and its ability to serve the public interest; in that she made unauthorized purchases on the "ABC Co." credit card and did thereby misappropriate in excess of \$150,000 from "ABC Co.", contrary to Rule 201.1 of the Rules of Professional Conduct of CPA Ontario.

Plea

8. A plea of not guilty to the allegations was entered on Ms. Minetto's behalf.

Submissions of the Applicants

9. Mr. Farley, Counsel for the Applicants, stated that the allegations relate to unauthorized purchases made by Ms. Minetto on her company credit card over a period of five years. While employed as an accounting manager, she misappropriated in excess of \$6.6 million and a further \$150,000 from her employer. The complaint by her employer noted that the items purchased were sold by others or on Kijiji sites. Mr. Farley indicated she was terminated by her employer on July 25, 2014. Mr. Farley filed a Brief of Authorities (Exhibit 3) and a Document Brief Volumes 1, 2 and 3 (Exhibit 4) which were referred to during the course of his submissions.

Testimony of SB

10. SB, the Senior Vice-President of Human Resources for ABC Co., was affirmed as a witness. SB stated that in July 2014, the company's VP and General Counsel, RG, advised her that evidence of fraud by Ms. Minetto had been discovered. SB met with the company's VP and General Counsel, Ms. Minetto and the company's VP of Finance, BT. Ms. Minetto was the manager of accounting at that time, dealing with accounts receivable, accounts payable, payroll and expenses. The meeting was to discuss inappropriate expenses involving the company's AMEX account. The Director of Finance had previously spoken to Ms. Minetto about making personal purchases using the AMEX account and Ms. Minetto had repaid \$31,000 to the company. SB stated that Ms. Minetto was clearly shook up at the meeting when asked for information about various purchases on AMEX.

11. SB stated that Ms. Minetto was questioned about Apple iPad and iPhone purchases. Ms. Minetto said she had made the purchases using her AMEX account but they were made on behalf of the Manager of IT, JR. Ms. Minetto was unable to provide email or other documentary proof.

12. SB stated that when asked about large sums for travel expenses, Ms. Minetto said she had booked travel arrangements for the Travel Coordinator and the Vice-President of Sales. Ms. Minetto had said she had no email documentation but had AMEX receipts. As these bookings had been done in a rush, the amounts were coded to various GL accounts. At the meeting, Ms. Minetto did not provide more information concerning the whereabouts of AMEX purchases or further explanation concerning travel expenses.

13. Subsequent to the meeting, Ms. Minetto, who was leaving for a trip to Mexico, was put on paid suspension pending an explanation of what she had done with the Apple products. Her access to her company cell phone, access cards and laptop computer was withdrawn. SB had spoken to Ms. Minetto alone after the meeting. Ms. Minetto appeared to be very upset and told SB that due to financial problems, she had sold the Apple products on Kijiji. Ms. Minetto told SB there was a lot of money involved but she was too embarrassed to tell her employer.

14. SB made subsequent attempts to contact Ms. Minetto who failed to show up to an arranged meeting. SB confirmed that during the time of her employment with ABC Co., Ms. Minetto had numerous personal expensive purchases, such as designer handbags and shoes, delivered to the office and that Ms. Minetto also drove a new Mercedes.

Testimony of KP

15. KP, CPA, CGA, the Director of Finance for ABC Co. since 2014, was affirmed as a witness. Part of KP's role in implementing a faster month-end close process included an analysis of data to identify anomalies. Approximately 200 corporate AMEX cards were used by employees and since employees were often late in submitting receipts for expenses incurred, payments were often made by ABC Co. to AMEX before the expenses had been entered in the general ledger.

16. KP noticed an extremely high amount of travel expenses in the GL account for June 2014 and an unusually high total in "Prospecting Costs and Disbursements" for June 2014 charged to the corporate AMEX account under the name of the Vice-President of Sales. KP asked Ms. Minetto for supporting documentation for these charges and an explanation of the high amount of travel expenses. KP was later advised by Ms. Minetto's assistant that an

account had been set up as the AMEX clearing account to deal with online expenses submitted by employees. As the assistant only had access to the numbers entered into the AMEX clearing account and not the actual AMEX statements, she would have no knowledge of payments made to AMEX not entered into the AMEX clearing account and there would be nothing to reconcile. Ms. Minetto was responsible for making online payments to AMEX.

17. KP stated that Ms. Minetto's explanation that travel expenses were high because they had been recorded directly to the Travel Expense account, bypassing the clearing account, conflicted with documents provided by the assistant concerning the Travel Coordinator's AMEX statement. Travel payments had been allocated to the Travel Coordinator's name in the GL that did not match payments showing up on the Travel Coordinator's AMEX statement.

18. KP thought this was unusual, it caused her concern, and she felt something was wrong. KP requested that Ms. Minetto provide her with AMEX employee receipts and statements for payments related to the V-P of Sales and the Travel Coordinator. Since documents relating to AMEX were not provided by Ms. Minetto, who had left on vacation, KP obtained various documents including printouts from Ms. Minetto's desk. KP reviewed these along with the June 2014 bank statement for ABC Co.'s main business account, discovering that printouts did not correspond with records of large payments to AMEX on the bank statement. Ms. Minetto was subsequently asked to provide printouts of these payments but said she did not have them, contradicting what she had told KP previously. When KP asked Ms. Minetto to pull documentation from the online AMEX tool on Ms. Minetto's computer, unsupported AMEX payment entries on the bank statement showed payments had gone to Ms. Minetto's AMEX account, not the AMEX account of other employees.

19. KP had questioned Ms. Minetto about numerous Apple purchases and was told she made purchases on behalf of the Manager of IT for IT. KP later discovered this was not consistent with company practice, the Manager of IT had his own AMEX card, there were no purchase orders and the Apple purchases were never made for IT.

20. KP also found charges for Holt Renfrew which Ms. Minetto said had mistakenly been charged to her corporate AMEX card. KP went back through Ms. Minetto's statements for a number of months and found there had been a pattern of Ms. Minetto charging personal expenses of about \$22,000 to the company AMEX card without reimbursement. Ms. Minetto wrote a cheque payable to ABC Co. for about \$31,000 to pay back the personal charges.

21. While Ms. Minetto was on paid leave, an investigation into the AMEX payments was conducted. KP identified purchases from Apple made by Ms. Minetto on her corporate AMEX card in 2014 of approximately \$1.9 million. Further analysis showed Ms. Minetto purchased over \$2 million in Apple products from November 2013 to July 2014.

22. KP confirmed that civil litigation has taken place against Ms. Minetto and approximately \$400,000 has been recovered through the seizing of her assets. KP indicated that the total misappropriation was about \$6.8 million. KP stated that the police are involved in an investigation and are currently conducting interviews.

23. KP, in response to a query of why the misappropriation had not been detected sooner, stated that most of the employees in finance were in a position junior to that of Ms. Minetto and were not allowed to have access to her records. Ms. Minetto, as a CGA, was in a position of trust. KP confirmed that ABC Co. has now implemented new processes and policies regarding

employee expenses and credit card usage by employees, including credit card limits.

Testimony of Ms. Ho James

24. Ms. Ho James, the investigator for the Applicants, was affirmed as a witness and provided background information on this matter. Ms. Ho James stated that Ms. Minetto had responded to the complaint through legal counsel, indicating she does not contest the assertions made in the complaint. Ms. Ho James had attempted to contact Ms. Minetto but she had declined to be interviewed.

25. Mr. Farley filed documents prepared by Ms. Ho James relating to purchases made by Ms. Minetto which Ms. Ho James referred to during her testimony: Table 1 Purchases (Exhibit 5), listing high level and significant purchases, Table 2 Apple Purchases (Exhibit 6), listing mainly iPads and iPhones, and Table 3 Shipping Addresses (Exhibit 7). Table 1, purchases made on Nadia Minetto's corporate AMEX card, totaled \$6,831,834 over the period May 2009 to July 2014.

26. Ms. Ho James stated that purchases made by Ms. Minetto were shipped to various addresses including her home address, a business service provider address, the ABC Co. offices and the homes of her sister and a high school friend.

27. Ms. Ho James referred to emails contained in Exhibit 4, Volume 3, Tab 13, between Ms. Minetto and GF, who was a storefront proprietor, concerning the sale of the Apple products that Ms. Minetto had purchased using the corporate AMEX credit card.

Submissions of the Applicants

28. Mr. Farley submitted that there is an overwhelming amount of evidence of Ms. Minetto's misappropriation of a huge amount of money over a long period of time from her previous employer. The testimony provided by the witnesses and the documents in the Document Brief, including affidavits, provide clear, cogent and convincing evidence to prove the allegations. Mr. Farley submitted that the burden of proof of a balance of probabilities placed on the Applicants has been met, demonstrating that Ms. Minetto misappropriated the money, contrary to Rule 108 of the Rules of Conduct of CGA Ontario and Rule 201.1 of the Rules of Professional Conduct of CPA Ontario, and that she should be found guilty of the 3 allegations of professional misconduct.

Findings of Credibility

29. The Tribunals found that all three witnesses provided testimony that was credible and helpful to the Tribunals.

The Decision

30. The Tribunals found, on the uncontested evidence, that the allegations had been proven. After deliberating, the Tribunals announced the following decision:

THAT having determined to proceed with the hearing in the absence of Ms. Minetto, being satisfied that she had proper notice of the hearing, and having entered on her behalf a plea of not guilty to Allegation Nos. 1, 2 and 3, and having seen, heard and considered the evidence, the Discipline Committee of CPA Ontario and the Professional Conduct Tribunal of CGA Ontario (collectively "the Tribunals") find Nadia Minetto guilty of Allegation Nos. 1, 2 and 3. The Tribunals find Ms. Minetto guilty of professional misconduct.

Reasons for Decision

31. The Tribunals determined that the evidence provided by the witnesses was factual, unbiased and provided the panel with information and facts through verbal testimony and documentation, that demonstrated Ms. Minetto had misappropriated money from her employer, ABC Co.

32. The two witnesses who were employees of ABC Co. provided verbal testimony whereby Ms. Minetto had admitted to each of them that she made unauthorized purchases on her ABC Co.'s AMEX credit card. SB testified that Ms. Minetto admitted to her that the Apple products which she purchased using her corporate AMEX credit card were sold on Kijiji and there was a lot of money involved. KP testified that Ms. Minetto admitted to her that she charged personal expenses to her corporate AMEX credit card, without repaying the company.

33. Ms. Minetto did not attend the hearing and provided no information in any other format to counter the allegations made against her.

34. Therefore, having seen, heard and considered the evidence provided on behalf of the Applicants, the Tribunals concluded that the evidence was clear, cogent and convincing and was sufficient to prove the three allegations on a balance of probabilities, and that Ms. Minetto's conduct set out in the three allegations constituted professional misconduct.

Sanction

35. Mr. Farley filed no additional evidence on sanction. Mr. Farley, on behalf of the Applicants, submitted that the appropriate sanctions in this matter would be: a written reprimand from the Chair of the Tribunals; a fine in the amount of \$25,000; revocation of CGA Ontario and CPA Ontario membership and full publicity including publication in *The Globe and Mail* and the *Toronto Star*. The Applicants also sought an order for approximately one-half of the costs incurred. In August 2015, Ms. Minetto was advised that a fine of \$50,000 was being sought and two-thirds of the costs but these amounts have now been reduced.

36. Mr. Farley filed emails and documents provided by Ms. Minetto for sanction consideration (Exhibit 8). The emails from Ms. Minetto advised Mr. Farley that she had recently lost her job and no longer has an employment income. Ms. Minetto provided a statement of net worth, which included a list of her expenses and the judgment made against her, noting that she has no means of paying the proposed fine and costs in the near future. Mr. Farley stated that Ms. Minetto had indicated she wants to protect her children from publicity and she requested no publication in the local newspaper, Bolton Enterprise.

37. Mr. Farley submitted that the sanctions proposed by the Applicants appropriately deal with protection of the public and serve as a deterrent to Ms. Minetto and the general membership. The monetary amounts of the fine and costs are minimal, noting that the Applicants are asking for less because of Ms. Minetto's financial circumstances. The penalties imposed must be a significant deterrent to like-minded members and have to include revocation and publicity, including newspaper publication.

38. Mr. Farley stated that the aggravating factors included the enormity of the theft (\$6.8 million) and the amount of time (five years) over which the theft took place, during which Ms. Minetto had over 2,400 opportunities to reflect on what she was doing. Ms. Minetto did not stop until a new employee, KP, did due diligence which uncovered the theft. As a CPA, CGA, Ms. Minetto was trusted by her employer. Ms. Minetto was in a position of trust. Mr. Farley

submitted that this was a well thought out scheme, including involvement with a storefront company to dispose of the goods. Ms. Minetto did not cooperate with the investigative committees and declined to meet with and be interviewed by the investigator appointed, resulting in a full investigation.

39. Mr. Farley stated that there are no mitigating factors.

40. Mr. Farley referred to a Brief of Authorities containing the cases of *Welsford*, *Den Boer*, *Daniel* and *Bogart*, noting that the precedents contained a common theme involving misappropriation. In particular, the *Bogart* case involved misappropriation of over \$1,000,000 from his clients, over a period of five years. Despite restitution being made to his clients, and arguments put forth on behalf of Mr. Bogart for non-publication of his name, the Discipline Committee hearing that case did not consider the reasons given rare and unusual and ordered full publicity, including newspaper publication.

41. Mr. Farley submitted that Ms. Minetto's actions have damaged her reputation and the CPA profession which operates on the basis of honesty, integrity and trustworthiness. In particular, the public must know that its trust is not misplaced. Newspaper publicity is mandated in cases of revocation unless the Tribunals find that publication is not required for the protection of the public and that it would be unfair to the member. It is important for the protection of the public and general deterrence that notification is made of the revocation of a member. There are no rare and unusual circumstances to be considered for non-publication.

42. Mr. Farley filed a Costs Outline (Exhibit 9) showing the costs of the investigation and prosecution to be approximately \$45,000, of which the Applicants were seeking slightly more than half of the costs incurred, in the amount of \$25,000. Mr. Farley submitted that due to Ms. Minetto's lack of cooperation, there had been no possibility of proceeding by way of an agreed statement of facts which necessitated a full hearing with witnesses.

Order

43. After deliberating, the Tribunals made the following order:

IT IS ORDERED in respect of the Allegations:

1. THAT Ms. Minetto be reprimanded in writing by the Chair of the hearing.
2. THAT Ms. Minetto be and she is hereby fined the sum of \$50,000, to be remitted to the Chartered Professional Accountants of Ontario ("CPA Ontario") within three (3) months from the date this Decision and Order is made.
3. THAT Ms. Minetto's membership in the Chartered Professional Accountants of Ontario and The Certified General Accountants Association of Ontario be and it is hereby revoked.
4. THAT notice of this Decision and Order, disclosing Ms. Minetto's name, be given in the form and manner determined by the Tribunals:
 - (a) to all members of CPA Ontario; and
 - (b) to all provincial bodies;
 and shall be made available to the public.

5. THAT notice of the revocation of membership, disclosing Ms. Minetto's name, be given by publication on the CPA Ontario website and in *The Globe and Mail*, the *Toronto Star* and a local newspaper distributed in Bolton, Ontario. All costs associated with the publications shall be borne by Ms. Minetto and shall be in addition to any other costs ordered by the Tribunals.
6. THAT Ms. Minetto surrender all certificates issued by CPA Ontario or its predecessor, including any membership certificate and certificate granting the Certified General Accountant (CGA) and Chartered Professional Accountant (CPA) designation, to the Adjudicative Tribunals Secretary within ten (10) days from the date this Decision and Order is made.

IT IS FURTHER ORDERED

7. THAT Ms. Minetto be and she is hereby charged costs fixed at \$25,000, to be remitted to CPA Ontario within three (3) months from the date this Decision and Order is made.

Reasons for Sanctions

44. In its deliberations, the Tribunals took into consideration the enormity of the misappropriation of \$6.8 million, the fact that it took place over five years involving thousands of transactions with many opportunities for Ms. Minetto to reflect on her actions but she never ceased making the unauthorized purchases on her corporate AMEX credit card until she was caught. As a trusted CPA, CGA Ms. Minetto knew how to carry out the misappropriation and misused her designation and her position of trust. Furthermore Ms. Minetto did not cooperate with the investigator for the Applicants during the course of the investigation into her misappropriation. The Tribunals concluded that the proposed sanctions of a written reprimand, a fine, revocation, and publication were appropriate.

45. Ms. Minetto's actions amounted to moral turpitude as she was in a position of trust and she abused this trust over a period of five years. The sanctions imposed on Ms. Minetto need to send a clear message to Ms. Minetto, to the profession and to the public that the profession will not tolerate conduct such as that of Ms. Minetto.

46. The reprimand in writing from the Chair serves as a specific deterrent to Ms. Minetto to emphasize the seriousness of her misconduct and to reinforce the high standard of conduct expected of a member.

47. The Tribunals determined that a fine was appropriate for Ms. Minetto's conduct. The Tribunals considered the magnitude of the misappropriation along with the range of fines that were set out in the cases in the Applicants' Brief of Authorities. Notwithstanding the written submission by Ms. Minetto (Exhibit 8) suggesting financial hardship, the Tribunals concluded that the higher fine of \$50,000, which was the amount the Applicants were originally seeking, to be the appropriate fine. There were many factors to support the higher fine: the magnitude of the misappropriation of \$6.8 million, no accounting by Ms. Minetto for the use of the funds, the misuse of trust and the fact that no cooperation was provided by Ms. Minetto to CPA Ontario during the course of its investigation.

48. The Tribunals determined that revocation of membership in CPA Ontario and CGA Ontario was appropriate given the gravity of the misconduct.

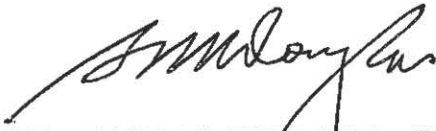
49. Full publicity including notice of the revocation of membership disclosing Ms. Minetto's name, by publication on the CPA Ontario website, and in *The Globe and Mail* and the *Toronto Star*, along with publication in the local Bolton newspaper, is appropriate to protect the interest of the public. There were no rare and unusual circumstances that would support non-publication. The publications will also serve as a notice to members and the public that CPA Ontario is vigilant in maintaining its reputation of integrity and the notice is also in keeping with the transparency of the disciplinary process of CPA Ontario.

50. The Tribunals concluded that the sanctions imposed on Ms. Minetto are within the range of sanctions that have been previously imposed in similar cases.

Costs

51. The costs of the investigation and the prosecution were approximately \$45,000. It was Ms. Minetto's misconduct that necessitated this investigation and the disciplinary hearing. Ms. Minetto's lack of cooperation increased the costs in this case. The Tribunals agreed with the Applicants' submission that a costs amount of \$25,000 ordered against Ms. Minetto, which represented slightly more than half of the costs incurred, was reasonable and appropriate. Given the magnitude of the misappropriation and the fact that no accounting or any other information had been provided by Ms. Minetto for the funds misappropriated by Ms. Minetto, the Tribunals determined that a three-month period was an appropriate period to pay both the fine and the costs.

DATED AT TORONTO THIS 15TH DAY OF SEPTEMBER, 2016
BY ORDER OF THE DISCIPLINE COMMITTEE AND PROFESSIONAL CONDUCT TRIBUNAL



S.M. DOUGLAS, FCPA, FCA – DEPUTY CHAIR
DISCIPLINE COMMITTEE AND PROFESSIONAL CONDUCT TRIBUNAL

MEMBERS OF THE TRIBUNALS:

J. BIANCUCCI, CPA, CGA
C. DANCHUK, CPA, CA
M.I. FELDSTEIN, CPA, CA
G. HINTON (PUBLIC REPRESENTATIVE)