

**IN THE MATTER OF a Proceeding under
the *Certified General Accountants Act, 2010* and the Bylaws**

**IN THE MATTER OF Stephan Richmond, a member of
The Certified General Accountants Association of Ontario**

B E T W E E N:

The Discipline Committee of The Certified General Accountants Association of Ontario

- and -

Stephan Richmond

DECISION AND REASONS FOR DECISION OF THE PROFESSIONAL CONDUCT TRIBUNAL

Members of the Professional Conduct Tribunal Panel:

Betty Kuchta, Public Representative, Chair
Jane Rivers, CPA, CGA
John Biancucci, CPA, CGA

Appearances:

Karen E. Jolley, Counsel for the Discipline Committee
Gordon Campbell, Counsel for the Member
Stephan Richmond, Member
Lisa S. Braverman, Independent Legal Counsel to the Professional Conduct Tribunal

Hearing Dates:

June 23, 2014, June 24, 2014, June 25, 2014, June 26, 2014, June 27, 2014, July 28, 2014, Toronto

OVERVIEW

A panel of the Professional Conduct Tribunal of The Certified General Accountants Association of Ontario heard this matter on June 23, 2014, June 24, 2014, June 25, 2014, June 26, 2014, June 27, 2014, July 28, 2014, at Toronto. At the conclusion of the hearing, the panel reserved its decision.

ALLEGATIONS

Counsel for the Discipline Committee entered into evidence the Notice of Hearing dated January 15, 2014, Exhibit Number 1, and the Affidavit of Service, Exhibit Number 2, relating to the Notice of Hearing.

The allegations against the member are that he breached the following provisions of the Code of Ethical Principles and Rules of Conduct as stated in the Notice of Hearing:

Rule 301 Competence

A member shall provide to employers and/or clients only those professional services for which he or she has the necessary capabilities, competencies and current skills. A member shall sustain professional competence by keeping informed of, and complying with, developments in the acknowledged standards of the profession in all areas in which the member practises or is relied upon because of the member's profession.

Rule 303 Adherence to Acknowledged Principles and Standards

Members shall adhere to acknowledged principles and standards of professional practice. In addition, all licensees shall be required to establish, maintain and uphold policies and procedures to ensure that all public accounting services are performed in accordance with generally accepted standards of practice of public accounting. The phrase 'acknowledged principles and standards' expresses a wide meaning; namely, that body of principles and practices that have been generally adopted by the profession and that are applied in the preparation of financial statements and any tax related matter, taken together with the requirements of any governing statutes, subject to (e) below. That is, a member shall adhere to:

- (a) Generally accepted accounting principles within financial reporting standards unless departure from these principles is fully disclosed;
- (b) Generally accepted auditing standards or general review standards in an assurance engagement;
- (c) Accounting and auditing practices that differ from those recommended by the Association, provided that there is substantial authoritative support for the alternative treatment and the departure from the Association's recommendations is disclosed;
- (d) Accounting and auditing practices not specifically dealt with by the Association, but which are otherwise generally accepted;
- (e) Requirements of any governing act or regulation, providing, however, in the event that there is a conflict between the accounting and auditing standards of the profession and a specific statutory or regulatory requirement, the member shall make appropriate qualification in the report; and
- (f) Accounting, auditing practices, and standards recommended by the Association, including those found in:
 - i. the *CICA Handbook*; wherein references to the Rules of Conduct/Code of Ethics of the provincial institutes/order appear, this should be read as the *CGA Code of Ethical Principles and Rules of Conduct*;
 - ii. the *CGA Independence Standard*; and
 - iii. *CGA Canada's Public Practice Manual*.

Rule 304 Terms of Engagement

It is recommended that a member clearly state in writing to a client the nature and scope of services to be rendered under the terms of his or her engagement. A letter of engagement is mandatory when a member is providing compilation or assurance engagements and encouraged for all other professional engagements.

Rule 402 Association with Financial Information

A member shall not be associated with any letter, report, statement, representation, financial statement or tax filing, whether written or oral, which the member knows, or ought to know, is false or misleading, regardless of any disclaimer of responsibility. It is recognized that compliance with this Rule may place a member in a difficult position vis-à-vis the member's employer or client. Nevertheless, the member has

an obligation to comply with this Rule.

Rule 606 Detrimental Actions

(a) A member shall not participate in any action that is detrimental to the Association or the profession.

(b) A member shall, subject to Rules R105 and R201 report to the Association any situation of which the member has sufficient personal knowledge and that the member thinks may be detrimental to the Association or the profession.

Code Principle - Trust and Duties

Members shall act in the interest of their clients, employers, and interested third parties, and shall be prepared to sacrifice their self-interest to do so. Members shall honour the trust bestowed on them by others, and shall not use their privileged position without their principal's knowledge and consent. Members shall strive to be independent of mind and in appearance.

Code Principle - Due Care and Professional Judgment

Members shall strive to continually upgrade and develop their technical knowledge and skills in the areas in which they practise as professionals. This technical expertise shall be employed with due professional care and judgment.

Code Principle - Deceptive Information

Members shall not be associated with any information that the member knows, or ought to know, to be false or misleading, whether by statement or omission.

Code Principle - Practice of the Profession

Members shall act openly and fairly towards others in the practice of their profession.

Code Principle - Responsibilities to the Profession

Members shall always act in accordance with the duties and responsibilities associated with being members of the profession and shall carry on work in a manner that will enhance the image of the profession and the Association. A member shall comply with the *Association Bylaws* and the *Code of Ethical Principles and Rules of Conduct* of the Association as amended from time to time, and with any

order or resolution of the board of directors or its committees, under the *Association Bylaws*.

The particulars of the allegations against the member as stated in the Notice of Hearing are as follows:

1. Stephan Richmond ("Richmond") became a member of CGA Ontario (the "Association") in 2005.
2. Richmond's CGA Ontario certificate number is 18976 and his CGA Canada certificate number is 335352.
 - (a) Canadian Landscaping & Stonework Inc.
3. Canadian Landscaping & Stonework Inc. ("Canadian Landscaping") retained Richmond to prepare and file its GST/HST Returns for each quarter of 2010 and for the first three quarters of 2011 (the "Canadian Landscaping Returns").
4. Canadian Landscaping paid Richmond to prepare and file the Returns.
5. Richmond neglected to file the Returns.
6. Richmond advised that his bookkeeper, for whom he was responsible to supervise, prepared the four 2010 Canadian Landscaping Returns but failed to file them.
7. The four Canadian Landscaping Returns were not filed with Canada Revenue Agency ("CRA") until or on about 17 May 2012.
8. As a result of the late filing of the four Canadian Landscaping Returns, CRA assessed Canadian Landscaping interest and penalties.
9. At no time did Richmond advise Canadian Landscaping that the Canadian Landscaping Returns had not been filed, that he needed any additional information to file any of the Canadian Landscaping Returns or that he had not, in fact, prepared or filed the Canadian Landscaping Returns.
10. In October 2011 Canadian Landscaping ended its retainer with Richmond.

11. Richmond refused to return the files of Canadian Landscaping to the client unless he was paid \$1,000.
 12. Richmond advised that the \$1,000 fee was comprised of some additional charges along with the charge back of a discount that he had given the Canadian Landscaping earlier.
 13. Canadian Landscaping was never provided with an invoice for any additional charges nor advised there were additional charges until it tried to obtain the return of its accounting records.
 14. Richmond's office was the address on file for Canadian Landscaping with CRA and WSIB.
 15. Richmond received mail for Canadian Landscaping from CRA and WSIB. Richmond filed the mail in the client's file.
 16. Richmond did not open the mail until Canadian Landscaping filed its complaint with CGA Ontario in April 2012.
 17. Canadian Landscaping did not receive the CRA or WSIB correspondence nor was it advised at the time that such correspondence had arrived and was simply being filed in the file at Richmond's office.
 18. By (a) failing to file the four 2010 Returns on time, (b) failing to advise Canadian Landscaping that the four 2010 Returns had not been filed on time, (c) failing to advise the Canadian Landscaping that he had not filed the three 2011 Returns, (d) failing to advise Canadian Landscaping that he required additional information to complete the three 2011 Returns, (e) failing to supervise his staff to whom he gave responsibility for filing the Returns, (f) failing to open client mail from CRA/WSIB that was delivered to his office and (g) by purporting to charge Canadian Landscaping a fee of \$1,000 when he was requested to give his client its accounting records when he had not advised the client that there were any outstanding invoices or work to be charged, Richmond breached the provision of the Association's Code of Ethical Principles and Rules of Conduct (the "Code") Principle related to Trust and Duties.
 19. Richmond's conduct amounted to professional misconduct.
- (b) Dave Marcella

20. Dave Marcella ("Marcella") retained Richmond to prepare his 2011 income tax returns for his company Nail-It Creations ("Nail-It").
21. A company called Informative Tax had prepared Nail-It's returns since 2005. In 2009 Richmond bought Informative Tax. In 2009 Richmond prepared the Nail-It 2009 return at a cost of \$800.
22. In 2010 Richmond prepared the Nail-It 2010 return at a cost of \$875.
23. Nail-It had no major changes in its business sales or expenses during the period 2009 to 2011, inclusive.
24. In 2011 Richmond charged Nail-It \$1,400 for its returns. Once Nail-It paid that amount, Marcella sought confirmation that the 2011 return had been filed. Richmond then advised that Nail-It owed an additional \$2,600.
25. Richmond advised that he would not file the 2011 return until the further \$2,600 was paid.
26. Richmond indicated on 15 June 2012, the T1 filing deadline date, that it was his policy not to file returns until he was paid in full, including the additional \$2,600.
27. Richmond never advised Marcella that he filed his return.
28. It was not until after the filing deadline had passed that Richmond finally advised that he had, in fact, paper-filed Marcella's return on 15 June 2012. At and after the deadline, Richmond left Marcella with the impression that the filing remained outstanding.
29. In the meantime, Marcella retained a new accountant to file his 2011 T1 return.
30. After CRA received Richmond's paper T1 file for Marcella, it issued a re-assessment based on the filing.
31. Marcella was required to file T1 adjustments to correct the incorrect return filed by Richmond.
32. On 24 August 2012 Marcella requested return of all his business and personal records from Richmond.

33. Richmond refused to return Marcella's source documents to him until he was paid \$2,600.
 34. When Marcella retained counsel to obtain the return of his documents, Richmond advised that he would now charge an additional fee for his time to remove any non-source documents or note from Marcella's file before returning it.
 35. When Richmond did make the materials available for pick up at his office on or about 29 October 2012, he advised Marcella by follow up email on 31 October 2012 that included in the boxes of source documents was a small claims court action that he had commenced against Marcella and that he was treating the pick up of materials as service.
 36. Further, Richmond advised Marcella that he had filed the 2010 and 2011 HST returns for Nail-It when, in fact, he did not file the returns.
 37. Richmond never advised Marcella that the 2010 and 2011 HST returns were not filed.
 38. By (a) leading Marcella to believe that his 2011 T1 return was not filed when, in fact, he had filed the return; (b) filing an inaccurate 2011 T1 return which needed adjustments to correct; (c) not filing Nail-It's 2010 HST return; (d) not filing Nail-It's 2012 HST return; (e) purporting to not file client's returns and not return his client's documents until an invoice more than four times the previous years; invoices was paid; (f) not returning Marcella's client documents; (g) compelling Marcella to retain counsel to obtain his documents and (h) attempting to serve him with legal proceedings by including a statement of claim in a box of returned client files, Richmond breached the Code Principles related to Trust and Duties, Due Care and Professional Judgment, Deceptive Information, Professional Practice and Responsibilities to the Profession.
 39. Further, Richmond's actions as outlined above, amounted to a breach of the Code Rules 301 (Competence), 303 (Adherence to Acknowledged Principles and Standards), 402 (Association with Financial Information) and 606 (Detrimental Action).
- (c) Tracy Valko
40. In or about August 2010 Valko retained Richmond to prepare her personal and business income tax returns.
 41. At the end of 2010 Valko and Richmond agreed that he would file her then outstanding 2009 T1 income tax return and also her 2010 T1 income tax return.

42. It was later agreed that Richmond would prepare and file Valko's T1 and T2 income tax returns for 2011 and 2012.
43. In October 2012 Valko contacted CRA who advised her that there were no personal or corporate income tax returns filed for her for 2009, 2010 or 2011.
44. Richmond advised Valko that, contrary to what she was advised by CRA, he had filed her 2010 and 2011 income tax returns.
45. To substantiate his position, in or about October 2012, Richmond provided Valko with what he said was a copy of her 2011 T1 income tax return that he said he had filed in July 2012.
46. Richmond did not file T1 or T2 returns for Valko for any of 2009, 2010 or 2011 or 2012.
47. In 2013, Valko retained a new accountant who filed Valko's 2010, 2011 and 2012 income tax returns.
48. Commencing in June 2012 Richmond rented an office from Valko. It was agreed that Richmond would pay Valko rent of \$750.00 per month, a split of office utilities, hydro and water and payment for any hours of time Richmond used Valko's staff.
49. Richmond paid rent for June, July and August 2012. He did not pay anything toward utilities.
50. Richmond neglected to pay Valko rent or his share of utilities for September, October or November 2012.
51. In or about November 2012, Valko asked Richmond for her files back.
52. When the files were not returned by November 29, Valko reported the matter to the police who attended at Richmond's home to advise him to return Valko's files to her.
53. After the police visit, Richmond returned to Valko what he said were all of her files in his possession.
54. By (a) failing to file T1s for Valko for 2009, 2010, 2011 or 2012 and failing to file T2s for Valko's business for 2011 and 2012; (b) representing to Valko that he had filed her 2010 and 2011 T1

returns when he had not done so; (c) delivering to Valko a copy of the 2011 T1 return to lead her to believe he had filed the return; (d) failing to honour his financial commitments to Valko; (e) failing to return Valko's documents to her when requested, Richmond breached the Code Principles related to Trust and Duties, Due Care and Professional Judgment, Deceptive Information, Professional Practice and Responsibilities to the Profession.

55. Further, Richmond's actions as outlined above, amounted to a breach of the Code Rules 301 (Competence), 303 (Adherence to Acknowledged Principles and Standards) and 606 (Detrimental Action).

(d) Julie Phillips

56. Julie Phillips is a certified general accountant and operates an accounting practice as Julie Phillips Professional Corporation Certified General Accountant ("Phillips").
57. In or about September 2012 Richmond approached Phillips about starting a limited liability partnership with her and another colleague.
58. In the course of those discussions, Richmond made representations to Phillips concerning his professional income.
59. It or about early October 2012 Richmond and Phillips agreed to enter into a partnership.
60. They further agreed that the cost of the leasing of space and the partnership set up costs, including lawyer's fees, signage, advertising, telephone and internet expenses, would be shared equally between Richmond and Phillips.
61. On or about 16 October 2012 Richmond and Phillips signed a five year lease for office space for their proposed partnership.
62. On or about 29 October 2012, when the first lease payment was due, Richmond advised Phillips that he did not have funds to pay his share of the lease.
63. It was not until 29 October 2012 that Richmond advised Phillips that he had significant financial difficulties as a result of a divorce, difficulty collecting payables from clients and ongoing litigation to collect those fees from clients.

64. It was not until late November 2012 that Richmond disclosed to Phillips that a complaint had been filed against him with the Certified General Accountants Association of Ontario ("CGA Ontario") that he represented could result in the loss of his right to practise as a certified general accountant.
 65. In late November 2012 Richmond notified the landlord that he could not pay his portion of the lease obligations.
 66. Richmond did not advise Phillips that he had not paid Valko rent for September, October or November 2012.
 67. Phillips would not have entered into a partnership with Richmond had he disclosed his true financial position and what he later alleged to be the risk to his ability to operate as a certified general accountant.
 68. Phillips would not have signed a lease with Richmond had he disclosed his true financial position and what he later alleged to be the risk to his ability to operate as a certified general accountant.
 69. From November 2012 to date, in order to avoid a default under the lease, Phillips has paid the lease payments including rent and common area expenses on the space, although she is not operating from the space.
 70. Phillips also paid for the cost of logo development, legal fees and related partnership set up expenses.
 71. In (a) actively misrepresenting his financial position to Phillips before she and he signed a five year lease obligation and incurred various start up expenses, (b) failing to disclose negative aspects of his financial position to Phillips before she and he signed a five year lease obligation and incurred various start up expenses, (c) failing to disclose to Phillips the complaint made against him to CGA Ontario and the impact that might have on his ability to practise as a certified general accountant before he and Phillips signed a five year lease obligation and incurred various start up expenses, Richmond breached the Code Principles related to Deceptive Information, Professional Practice and Responsibilities to the Profession.
- (e) Eric Campbell
72. Informative Tax carried out accounting work for Eric Campbell and his business 2008438 Ontario Limited, operating as Marquis Automotive ("Campbell").

73. In 2009 Richmond bought Informative Tax and assumed the accounting work for Campbell.
 74. Richmond was responsible for the bookkeeping for Campbell.
 75. There were numerous errors in the bookkeeping performed by Richmond or those for whom he was responsible for supervising.
 76. CRA conducted a PST audit and determined that more than \$10,000 in PST was incorrectly recorded or omitted from the bookkeeping records which Richmond had either prepared or was responsible for preparing.
 77. As a result CRA imposed and Campbell incurred penalties and late filing charges.
 78. Campbell requested the return of his source documents which ultimately resulted in the intervention of police.
 79. Richmond returned what he said were all the Campbell files in his possession approximately one month after the police visit.
 80. Campbell spent time reconstructing what he says were documents given to Richmond which Richmond did not return, including but not limited to historic bank statements.
 81. In (a) either making substantial errors in Campbell's bookkeeping records or in failing to adequately supervise his staff who carried out the bookkeeping work for Campbell and (b) refusing or neglecting to return Campbell's client files within a reasonable time of being asked, Richmond breached the Code Principles related to Trust and Duties, Due Care and Professional Judgment and Responsibilities to the Profession.
- (f) Tom Tittle
82. In or about September 2011 Tittle retained Richmond to file the T2 income tax return for the year ended 31 June 2011 for his business 2115896 Ontario Inc. operating as Magnet Signs.

83. Although Tittle paid Richmond to prepare the T2 return, Richmond never told Tittle that the company owed income tax, never filed the return and never told Tittle that he did not file the return.
84. Tittle did not find out until he retained a new accountant to prepare his 2012 T2 income tax return that the 2011 T2 return had not been filed. Tittle had the new accountant also prepare the 2011 T2 return.
85. As a result Tittle ended up paying two accountants to prepare his 2011 T2 income tax return.
86. CRA charged and Tittle paid a penalty and interest arrears as a result of Richmond's failure to file the 2011 T2 return.
87. Richmond did not have a letter of engagement for the financial statements and notice to reader that he prepared for Magnet Signs for the year ended 30 June 2011.
88. On the financial statements that Richmond did prepare for the company for the year ended 30 June 2011, he showed assets on the liability side of the balance sheet.
89. Further there are items on the statement of income Richmond prepared that should have warranted further investigation. Richmond asked no questions of Tittle concerning, specifically, the increased interest expenses when the company indebtedness did not change, the zero entry for rent and maintenance when Tittle continued to rent space, the zero entry for travel when Tittle continued to travel and the significant reduction in general expenses when Tittle continued to incur the same general range of expenses.
90. In (a) failing to file the 2011 T2 income tax return on time or at all; (b) failing to advise Tittle that Richmond did file the T2 return; (c) failing to advise Tittle that he owed income tax and the amount of tax owing; (d) failing to have a letter of engagement for the compilation work done for Magnet Signs for the year ended 30 June 2011; (e) preparing financial statements with either obvious errors or areas that required some investigation; and (f) in not asking Tittle any questions concerning those areas that warranted some investigation on the financial statements, Richmond breached the Code Principles related to Trust and Duties, Due Care and Professional Judgment, Professional Practice and Responsibilities to the Profession.
91. Further, Richmond's actions as outlined above, amounted to a breach of the Code Rules 301 (Competence), 303 (Adherence to Acknowledged Principles and Standards), 304 (Terms of Engagement), 402 (Association with Financial Information) and 606 (Detrimental Action).

92. Richmond's conduct as outlined above amounted to professional misconduct.

Counsel for the Discipline Committee withdrew the following particular against the member:

87. Richmond did not have a letter of engagement for the financial statements and notice to reader that he prepared for Magnet Signs for the year ended 30 June 2011.

MEMBER'S PLEA

The member denied the allegations set out in the Notice of Hearing.

FACTS AND EVIDENCE

Counsel for the Discipline Committee entered into evidence the following documents:

Exhibit Number	Description
EXHIBIT NO. 1	Notice of Hearing
EXHIBIT NO. 2	Affidavit of Service
EXHIBIT NO. 3	Summary of Hearing Charges
EXHIBIT NO. 4	Notice of Hearing – highlighted with admitted to facts
EXHIBIT NO. 5	Request to Admit Facts and Documents
EXHIBIT NO. 6	Revised Response to Request to Admit Facts and Documents
EXHIBIT NO. 7	Letter from Ms. Jolley to Mr. Richmond's counsel dated February 12, 2014

EXHIBIT NO. 8 - 1	Discipline Brief – Volume 1 of 2
EXHIBIT NO. 8 - 2	Discipline Brief – Volume 2 of 2
EXHIBIT NO. 9	Excerpt from Credit Card Statement showing payment on February 16th, 2012
EXHIBIT NO. 10	Representation Letter dated February 10th, 2012
EXHIBIT NO. 11	Audit Exemption Resolution dated October 2nd, 2012
EXHIBIT NO. 12	T2 Corporate Income Tax Return with Cover Letter dated October 2, 2012
EXHIBIT NO. 13	Cover page entitled “Financial Statements for the year ended June 30, 2011” with two letters dated February 10, 2012
EXHIBIT NO. 14	Notice to Reader dated February 10th, 2012 with attached Audit Exemption Consent and Financial Statements
EXHIBIT NO. 15	Corporate Tax Return prepared by Tax Care Inc. with attached Cover Letter dated February 13, 2013
EXHIBIT NO. 18	Package of Materials delivered by Mr. Nanan pursuant to a Summons
EXHIBIT NO. 19	Unsecured Promissory Note between Steve Richmond and Westhawk Management
EXHIBIT NO. 20	Listing Agreement signed by Ms. Phillips and Mr. Richmond
EXHIBIT NO. 21	Amendment to Listing Agreement
EXHIBIT NO. 22	Cheque to Capri Properties dated December 1st, 2012

EXHIBIT NO. 23	Lease Surrender Agreement made in April 2014
EXHIBIT NO. 24	Statement of Account dated June 16th, 2014
EXHIBIT NO. 25	Transcript of Reasons for Judgment dated October 2, 2013
EXHIBIT NO. 26	Endorsement or Order of the Court from October 2013
EXHIBIT NO. 27	Notice to Creditors of Consumer Proposal
EXHIBIT NO. 28	Minutes of the First Meeting of Creditors dated March 11th, 2014
EXHIBIT NO. 30	Invoice from Tax Care Inc. dated February 20, 2013
EXHIBIT NO. 31	Invoice from Tax Care Inc. dated February 25, 2013
EXHIBIT NO. 32	Invoice from Tax Care Inc. dated April 16, 2013
EXHIBIT NO. 33	Invoice from Tax Care Inc. dated May 6, 2013
EXHIBIT NO. 34	Invoice from Informative Tax Inc. dated January 13, 2012
EXHIBIT NO. 35	Statement of Interest and Summary of Assessments from CRA for the period November 2011 and the period ended 2012
EXHIBIT NO. 36	Invoice from Marvin Morten dated April 15, 2013
EXHIBIT NO. 37	Summary prepared by Ms. Valko dated April 13, 2013

EXHIBIT NO. 38	Letter from Stieber Berlach dated April 30, 2014 with attached Dismissal Order
EXHIBIT NO. 44	Notice of Assessment - Retail Sales Tax Audit issued December 16 th , 2011

Counsel for Mr. Richmond entered into evidence the following documents:

Exhibit Number	Description
EXHIBIT NO. 16	Excel Spreadsheet of Home Office Expenses for Magnet Signs, preliminary
EXHIBIT NO. 17	Excel Spreadsheet for Magnet Signs Balance Sheet and Income Statement, preliminary
EXHIBIT NO. 29	Defence of Stephan Richmond dated January 7 th , 2013
EXHIBIT NO. 39	Balance Sheet prepared by Stephan Richmond
EXHIBIT NO. 40	Income Statement prepared by Stephan Richmond
EXHIBIT NO. 41	Invoice dated 2012-04-27
EXHIBIT NO. 42	Invoice dated 2012-05-29
EXHIBIT NO. 43	Invoice dated 2012-06-18
EXHIBIT NO. 45	Psychological Evaluation from September 2013
EXHIBIT NO. 46	Year-End PST Analysis for 2008, 2009 and 2010 with attached Summary Sheet

EXHIBIT NO. 47	Balance Sheet dated 12/31/11 and Income Statement for the period 01/01/11 to 12/31/11
EXHIBIT NO. 48	Letter from Stephan Richmond dated July 25th, 2014 with attached letter dated March 27th, 2014

Counsel for the Discipline Committee presented a letter dated February 12, 2014, Exhibit Number 7, establishing that Mr. Richmond's counsel had been provided with a Request to Admit Facts and Documents, Exhibit Number 5, as well as a Notice under the Evidence Act (Business Records). The member was advised that he had 20 days to respond to the Request to Admit Facts and Documents, and that if he failed to respond, he would be deemed to admit the truth of the facts and the authenticity of the documents, for the purposes of this proceeding. The member did respond to the Request to Admit Facts and Documents. In particular, in the member's Revised Response to Request to Admit Facts and Documents, Exhibit Number 6, the member admits the truth of facts numbered 1, 2, 3, 4, 6, 7, 8, 20, 21, 22, 23, 25, 26 (with qualification), 32 (with qualification), 34, 35, 37 (with qualification), 40, 42, 46, 51, 52, 53, 57, 58, 59, 60, 62, 63, 65, 70, 72, 73, 74, 79 (with qualification).

Witnesses called by Ms. Jolley, Counsel for the Discipline Committee were Mr. Tom Tittle, Mr. Ronald Nanan, Ms. Julie Phillips, Ms. Tracy Valko, Mr. Dave Joseph Marcella, and Mr. Eric Campbell.

The witness called by Mr. Gordon Campbell, Counsel for the Member was Mr. Stephan Richmond.

Examination in Chief, Cross Examination and Re-examination of Mr. Tom Tittle

Examination in Chief of Mr. Tittle

Mr. Tittle operates Magnet Signs, a portable sign business in Kitchener-Waterloo and surrounding area.

He has been operating the business since 2007. It is a one-person operation, just him.

He has never filed income tax returns for the business on his own. Informative Tax did the returns in 2008 and 2009 under Scott Wildfong, and under Mr. Richmond, the new owner, for 2010.

He returned to Mr. Richmond at Informative Tax for the 2011 return. He expected Mr. Richmond to complete his Balance Sheet and Income Statement for 2011 and then to file his 2011 corporate tax return. He provided his documents to Mr. Richmond for the 2011 year end in September of 2011. His company's year-end was June 30.

Mr. Tittle identified a document, being the invoice he received from Mr. Richmond on February 10, 2012 for tax year 2011 for "year-end bookkeeping, preparation of 2011 financial statements and T2 corporate return, client meetings" in the amount of \$2,689.40. Mr. Tittle testified that this invoice was not consistent with his past experience with Informative Tax, with Mr. Wildfong and with Mr. Richmond, stating that it was more than double.

Mr. Tittle had a discussion with Mr. Richmond about this, who told him it was because of the bookkeeping that was required and that he should have been billed for that in the previous tax year 2010.

Mr. Tittle testified that he has been providing his documents the same way every year, in an organized fashion tabulated by expense, such as gas tax and hydro, with a tape using a calculator, the old way and that he did it this way to save himself the expense of bookkeeping. Mr. Tittle recalled that in each of the years 2008, 2009, and 2010, the fee for the service was around \$1,000 - \$1,100.

As a result of the discussion, Mr. Richmond and he agreed that the payment to settle up the invoice would be \$1,550.52. He paid the amount of \$1,550.52 on Feb. 16, 2012.

Mr. Tittle testified that it was his understanding that Mr. Richmond was going to investigate something and do some fine tuning before filing, that his income tax filing would be done soon and that there was nothing more that he needed to do. As in previous years the fine tuning related to not having a net income to generate taxes payable. He signed an Engagement Letter on Feb. 10, 2012 so that when whatever was needed to be filed with CRA was ready to go.

Thereafter, he inquired of Mr. Richmond by email and phone calls as to the status of his corporate filing.

He visited Mr. Richmond's office on October 2, 2012 to sign everything and get his final package which included his income tax return and his statements. It was his understanding that he did not owe any taxes and that his statements would be filed, and that there was nothing more that he needed to do on his part. Mr. Richmond never told him that he was waiting for more information. Mr. Tittle testified that he thought they were all done. Mr. Tittle testified that Mr. Richmond never told him that he owed money and that he should be writing a cheque to CRA.

Mr. Tittle testified that it bothered him that the fee had gone up to be more than twice and that he did not know that was going to happen before he visited Mr. Richmond's office, and that it was taking a very long time, way longer than expected and that in his mind he was ready to go elsewhere once everything was done for 2011. Ultimately he went to Tax Care to get his 2012 returns done.

He met with Tax Care in January or February 2013 to begin the process for filing the 2012 return. Tax Care required his 2011 assessment which Mr. Tittle did not have. Tax Care contacted CRA and that is when Mr. Tittle first learned that his 2011 corporate tax return had not been filed.

Mr. Tittle confirmed payment to Tax Care for 2011 corporate tax return with adjustments to original financial statements submitted by Tom Tittle.

He received a notice of assessment for the tax year ending June 30, 2011, with a mailing date of February 20, 2013 and he was surprised to learn that he owed taxes, and that he owed a late payment fee of \$558.79 and interest charges of \$259.63.

It was the first year that he had to pay corporate tax and in his discussions with Mr. Richmond, he was of the understanding that Mr. Richmond was working to zero it out, and that no tax would be owed.

Counsel for the Discipline Committee reviewed the Statement of Income for the year ended June 30, 2011 which Mr. Richmond provided to Mr. Tittle dated Feb 10, 2012. Mr. Tittle testified as to the errors in the Statement. There were no entries for Travel and for Rent and Maintenance for 2011. Mr. Tittle testified that there had not been significant changes in these accounts from 2010. Mr. Richmond recorded interest expense in the Statement as double what it was in 2010. Mr. Tittle testified that he would not know why Mr. Richmond recorded it as such. On the Balance Sheet as at June 30, 2011 Mr. Richmond recorded bank indebtedness as the same in 2011 and 2010. Mr. Tittle testified that he does not know why it was recorded as such and that if anything, it should have gone down in 2011.

In an email dated March 19, 2013, he indicated to Mr. Richmond that he moved to a different accountant because he was incurring additional expenses which he did not expect and the lateness and especially that his 2011 return had not been filed when he thought it had. Mr. Tittle did not receive any reply to his email.

Cross Examination of Mr. Tittle

Counsel for the Member suggested that Mr. Tittle may have needed financial statements for reasons other than his tax return such as to assist in his family law division of assets. Mr. Tittle could not recall requesting the financial statements from Mr. Richmond for any purpose other than his tax return.

Mr. Tittle denied that Mr. Richmond ever discussed possibly keeping fees the same for awhile and needing to raise fees now that he has taken over the business. He testified that is why he was surprised when he received the invoice for the 2011 year, but understanding that there would be some of that, that is why they came to the adjusted rate.

Mr. Tittle confirmed that he contacted Mr. Richmond to get things going for the 2011 tax return in September of 2011 and gave him all his stuff.

Mr. Tittle testified that he was aware that if tax money was owed it would have to be paid on time but that he could file the return later. Over the course of several questions from Mr. Campbell, Counsel for the Member, Mr. Tittle acknowledged that changes in his debt, expenses and revenues would affect whether he would owe tax or not. He testified that he never had a sense when dealing with Mr. Richmond that he was going to have a positive net income for the 2011 taxation year.

Counsel for the member reviewed the 2011 Year Tax Assessment with Mr. Tittle. Mr. Tittle had an understanding that he wound up owing taxes that year largely due to his debts going down and his income going up.

The T2 corporate income tax return for Mr. Tittle's business prepared by Richmond & Company, with a cover letter dated October 2, 2012 was entered in as Exhibit #12.

Mr. Tittle agreed that he received a package of documents, specifically Exhibit #12 from Mr. Richmond, including a letter stating that the T2 return shows a balance owing of \$4,797.00. He testified that what he typically does when he gets everything back unless it's highlighted it just goes in the box for that return and that he doesn't even look at it and just files it. He was not aware of the letter. It was just part of the whole package. He doesn't go through it. He likened it to root canal work.

Re-examination of Mr. Tittle

Mr. Tittle confirmed that, with respect to the letter that he received with the comment about the balance owing, at no time was there any discussion with Mr. Richmond in October 2012 of the fact that he owed an amount of money.

Examination in Chief and Cross Examination of Mr. Ronald Nanan

Examination in Chief of Mr. Nanan

Mr. Nanan runs Canadian Landscaping & Stonework Inc., a business operating in the Kitchener-Waterloo, Guelph and some surrounding areas. He has had the business since 1999.

Scott Wildfong did the accounting work for the business, specifically, he filed the corporate income tax returns, filed the GST and HST returns and he also did his personal returns. Mr. Wildfong did all the returns until he sold the business in 2009.

Mr. Richmond took over doing the returns when the business was sold and was responsible for filing the returns. The company GST and HST returns have to be filed every quarter. He retained Mr. Richmond to file HST returns for each quarter of 2010 with the retainer to continue through 2011.

He received an invoice dated Sept 30, 2011 for "year end bookkeeping 2011" and "T4s and GST returns completed" in the amount of \$1319.84. From this he understood that the GST/HST returns should be filed. He gave Mr. Richmond documents throughout 2011 so he could file the GST/HST returns.

Mr. Nanan also received an invoice dated October 3, 2011 in the amount of \$1500.00 plus tax for "preparation of 2011 T2 corporate return with financial statements from client supplied information; year-end review meeting". He felt this was too high since he normally pays \$1200, not \$1500. He discussed this by phone with Mr. Richmond. He asked for a discount and Mr. Richmond agreed to take off \$300.00. The invoice in the revised amount was \$1200.00 plus tax, totalling \$1, 356.00. Mr. Nanan was shown a document by Counsel for the Discipline Committee showing a sale amount of \$2,675.84 to Informative Tax Inc., and he testified that this was his Master Card payment for the two invoices. Again, Mr. Nanan testified that everything should have been filed as of the date the invoices were paid.

Mr. Nanan testified that Mr. Richmond never advised him that he had not filed the GST/HST returns. Mr. Richmond did not have any discussion with him about the need for further documentation before he could file the returns.

Mr. Nanan received a call from Canada Revenue Agency advising that his returns had not been filed. He called Mr. Richmond who said he gave it to his secretary to file and that he would look into it and would get back to him. Mr. Richmond never got back to him.

He called Mr. Richmond one day asking for the return of his documents in order to file the returns. Mr. Richmond said he would not get the documents and that he needed a thousand bucks before he got them. Mr. Nanan testified that he did not owe Mr. Richmond any money at that point, and he never received an invoice for the \$1,000.00.

He contacted his old accountant to ask how to get his documents back and subsequently contacted the CGA Ontario in April and May 2012. The letters he sent to the CGA of Ontario noted that he had been trying to get his papers back since October 2011 and Mr. Nanan testified that this was correct. The documents were returned to him by Mr. Richmond within about a week of contacting the CGA Ontario, although he could not recall exactly when, sometime after June 6, 2012. This date was supported by an email from Lana Tom to Stephan Richmond dated June 6, 2012 in which Ms. Tom is inquiring whether he had made arrangements to return the documents.

Mr. Nanan received a six-page document from Canada Revenue Agency called a Statement of Arrears – Goods and Services Tax/Harmonized Sales Tax from CRA through his old accountant. From this document, he determined that for each of the following reporting periods, “For the reporting period ending April 30, 2010”, “For the reporting period ending July 31, 2010”, “For the reporting period ending October 31, 2010”, “For the reporting period ending January 31, 2011”, “For the reporting period ending April 30, 2011”, “For the reporting period ending July 31, 2011”, and “For the reporting period ending October 31, 2011” he was assessed late filing penalties, and for all but the period ending October 31, 2011, interest charges. For all of those periods Mr. Richmond was responsible for the filings.

Mr. Nanan paid all late filing and interest charges.

Mr. Nanan testified that Mr. Richmond was his accountant who assisted with filing of his WSIB returns. WSIB correspondence went to Mr. Richmond's office as it always went to his accountant's office. When Mr. Richmond took over the business it would have gone direct to him there. When Mr. Nanan received the box of his documents from Mr. Richmond, it included unopened WSIB mail.

Cross Examination of Mr. Nanan

Mr. Nanan since 1999 would bring in documentation as requested by Informative Tax to prepare the GST/HST returns and he would pay the amounts due at the bank as advised by Informative Tax. He expected that this would continue in the 2010 period once the business was sold by Mr. Wildfong to Mr. Richmond. He testified that the returns were supposed to be prepared and filed, that that was his deal with Mr. Wildfong and that he thought this would continue.

Mr. Nanan testified that Informative Tax had information to file seven GST/HST returns, and denied that he only had information to file four. He testified that from December to April the filings should be automatically zeroes as he does not work in those months.

Mr. Nanan talked to Mr. Richmond once about getting his papers back, this conversation being the one where Mr. Richmond demanded a thousand bucks. He told Mr. Richmond that he would be going to someone else. He did not contact him in writing. He testified that the next effort for the return of the papers was to go to the CGA Ontario.

Counsel for the Member sought clarification of the additional amount of money that Mr. Richmond wanted when Mr. Nanan requested his files back. Mr. Nanan held firm to his recall of the conversation

and that Mr. Richmond said he would not get his papers back until he gave him a thousand bucks. Mr. Nanan denied that there was any more detail about why he needed the additional money.

Mr. Nanan testified that his WSIB mailings continue to go to his new accountant Mr. Wildfong.

Examination in Chief and Cross Examination of Ms. Julie Phillips

Examination in Chief of Ms. Phillips

Ms. Phillips is a certified general accountant, with a home office in St. Jacobs, full-time. She received her designation in 2007. She moved to Ontario in 2009 and started her own practice that summer working from her home. She previously worked for some CA firms in Edmonton.

Ms. Phillips came to know Mr. Richmond in April or May of 2012 when she started going to the CGA K-W Chapter breakfasts and he was the Chair of the K-W Chapter breakfasts.

Mr. Richmond approached her about getting together and discussing things like sharing costs, whether it be software or such and that the discussions progressed after July. Mr. Richmond proposed formation of a partnership with her, himself and Matt Hodgson. Mr. Hodgson was a certified general accountant, one of the few licensed CGAs in Ontario and he had known Mr. Richmond for about three years.

Discussion progressed between the three of them, specifically having all of their PCs come together to form a limited liability partnership, and they started to look at websites and suggest names, and they discussed sharing the income and sharing the expenses.

After working it through, Mr. Hodgson decided it would be best that he be a silent partner. Mr. Richmond came to her house on October 4th and she and Mr. Richmond wrote up a proposal as to how to compensate Mr. Hodgson for any income he brought or for work he did on the work that came in. She and Mr. Richmond as part of the business arrangements were going to have a joint account, that everything would go in there, and the expenses would come out of that and that they each would take a salary at year-end based on income and profit.

There was discussion between the three of them about expected income at a meeting in September to which she requested that everyone bring their financials, and where she brought her financials disclosing her number of clients, the amount of money the clients bring in and her take-home pay. Mr. Richmond stated that he did not bring his or forgot them, and told Ms. Phillips that he had more tax clients and made pretty much the same amount of money that she did.

She told Mr. Richmond and Mr. Hodgson that her husband was a professor awaiting tenure and that if he did not get tenure in three years that she might have to move and that this could be a hindrance to the partnership and what would happen if that did occur.

The arrangements for expenses was that they would be shared through the LLP.

She and Mr. Richmond looked at multiple offices for the location of their business during the beginning of October, including one requiring renovations for \$20,000.00 which Mr. Richmond was up for, but which her husband discouraged them from. She and Mr. Richmond settled on an office location on King St, and she and Mr. Richmond signed an Agreement to Lease Commercial – Long Form for the property on October 17. She and Mr. Richmond met with the realtor on two occasions prior to signing the offer to lease, including walking through the place and looking at parking and everything.

Mr. Hodgson had been wavering on his commitment and he advised them on October 16th that he could not commit to anything. She and Mr. Richmond discussed still going forward with the business, given that Mr. Richmond was paying rent now so it would be no difference for him, that she was not paying rent being in a home office, but that there was potential for growth. She took into consideration in her analysis the fact that she would now be paying half the rent rather than a third.

The Agreement to Lease contained terms which included monthly rent for the first year of \$3,736.00 for a five-year period for a total value of \$220,000.

Her understanding of Mr. Richmond's work arrangement was that he was always very busy and working full-time, that he had an office in Kitchener, that his revenue was just like hers, that he actually had more clients than her, and that he had been in business for years.

At the meeting on November 22, Mr. Richmond disclosed to Mr. Hodgson and herself that he was being investigated by CGA Ontario and could potentially lose his licence.

Ms. Phillips answered a series of questions pertaining to Exhibit 25, the Transcript of the Small Claims Court Action and Exhibit 26, Endorsement or Order of the Court.

She was awarded judgment against Mr. Richmond in the amount of \$26,154.09, \$25,000.00 being the amount of the claim and the rest being costs and interest. She accepted a consumer proposal filed by Mr. Richmond and has received no money pursuant to the proposal.

Cross Examination of Ms. Phillips

Ms. Phillips and Mr. Richmond intended to have Mr. Hodgson, a licensed accountant, as a full partner splitting the space costs three ways. They found out a day before signing the lease that he wasn't willing to plunk down a third. It was concerning to her, but Mr. Richmond and her emailed and she thought it was fine. It was no big jump for Mr. Richmond, he was already paying rent and it was a big jump for her from paying no rent.

Ms. Phillips income was around \$60,000 and her expenses were around \$20,000 - \$25,000. At annual rent of 44,400 under the lease, her rent with an equal split would be around the area of her entire overhead up to that point, 22,200. With a three-way split it would have been easier to manage at a little under 15,000 per year.

Ms. Phillips had never negotiated a commercial lease before. She never thought of getting legal advice or some other professional advice in dealing with the lease.

Ms. Phillips answered questions as to her understanding of a limited liability partnership.

Ms. Phillips answered a series of questions for clarification of statements in her complaint letter.

Ms. Phillips answered a series of questions on her billing practices.

Ms. Phillips testified that there was nothing on paper as to the three-way partnership between her, Mr. Richmond and Mr. Hodgson and that they were still reviewing a draft agreement that had been prepared by a lawyer.

Ms. Phillips answered a series of questions about the Small Claims Court Action.

Ms. Phillips testified that she received an email from a Caron Jones suggesting that there were a number of complaints against Mr. Richmond.

Ms. Phillips answered a series of questions about her business and professional accounting experience and qualifications.

Ms. Phillips testified that she probably would not have done more due diligence, because Mr. Richmond was the head chair of their local association and her partner knew him.

Examination in Chief and Cross Examination of Ms. Tracy Valko

Examination in Chief of Ms. Valko

Ms. Valko has been a mortgage broker for about 18 years. She has her own franchise with Dominion Lending Centres for about 3 years now. Her brokerage is set up as a corporation. She retained the services of Mr. Richmond in August of 2010 because her previous accountant moved to Toronto.

She first met with Mr. Richmond in July of 2010, having been referred to him from a reliable source, and they agreed that he would do her personal income tax return for 2009 and 2010, the weekly payroll for her bookkeeper, issuing T4's, incorporation of her business, and filing of her corporate tax returns.

She provided documents to Mr. Richmond in August of 2010 to complete the necessary work.

Throughout the course of 2010 and 2011, there was occasional contact with Mr. Richmond requesting documentation from her, with information from Mr. Richmond in the latter part of 2011 that he had completed the 2009 return, that he was working on the other one, that he would contact her if he needed anything, and that all work was being taken care of.

Mr. Richmond provided her with a copy of her 2011 T1 General return in July 2012, and she assumed the 2011 return had been filed.

She learned from CRA in August 2012 that her 2009 personal tax return had not been filed, that her 2010 personal tax return had not been filed, and that her 2011 personal tax return had not been filed and that they had not received any returns for her corporation.

When she learned this from the CRA, she spoke to Mr. Richmond, who said he was very busy and that he was still trying to get the documentation together and that she had given him so much documentation that he needed to hire a bookkeeper to assist, and at that point she requested all her paperwork back.

She hired Tax Care to complete her personal returns for 2009, 2010, 2011 and 2012 and ended up paying interest and penalties as a result of the late filings. She ended up paying Tax Care for work that she had retained and paid Mr. Richmond to do.

She hired Tax Care to complete her corporate returns for 2011 and 2012 and ended up paying interest and penalties as a result of late filings. She ended up paying Tax Care for work that she had retained and paid Mr. Richmond to do.

Ms. Valko testified that she and Mr. Richmond had discussions in March 2012 about the rental of space at her office location and potential referral business, and he started to rent space from her on June 15, 2012, occupying it on that date. Mr. Richmond advised that he wanted to move as his office location was not advantageous for his clients, he liked the location of her office, and there was the potential for referral business.

The rental agreement was that he would pay \$750.00 monthly and that the utilities, hydro bill, cable and internet would be split between the two of them. Mr. Richmond paid the rent for June, July and August. He did not pay the rent for September, October and November. When asked for the rent, he advised

her that he was waiting for accounts payable and that he would pay her. Mr. Richmond never paid his share of the utilities. She locked him out of the office on November 24, 2012.

When discussing the outstanding rent with Mr. Richmond, she requested the return of her documents and Mr. Richmond advised he would return them by the end of November. When Mr. Richmond failed to do so, she contacted the Regional Police who contacted Mr. Richmond who said he would return them within a week.

She and Mr. Richmond agreed to meet at a coffee shop to provide her with the documents. He would not agree to meet inside, but rather outside by his truck. He provided her with a box of documents, which he threw on the ground and said to her that she would regret for the rest of her life getting the police involved with the situation.

She subsequently acquired a peace bond at a cost of \$8,000.00 due to the way that he approached her with the handling of the documents and as well as what he had verbally said to her at the time.

She filed a Small Claims Court action against Mr. Richmond to recover expenses incurred as a result of Mr. Richmond's actions which totalled \$24,000.00. She accepted a proposal to settle the claim as she learned that Mr. Richmond had filed a consumer proposal under bankruptcy proceedings.

Cross Examination of Ms. Valko

Ms. Valko testified that references in her letter of complaint to the CGAO about criminal wrongdoing or fraud on the part of Mr. Richmond were cleared up by information from Canada Revenue Agency.

Ms. Valko testified that she did not know whether Mr. Richmond signed the peace bond voluntarily.

Ms. Valko testified that she had no difficulty with the incorporation of her business itself as done by Mr. Richmond.

Ms. Valko provided her receipts to her previous accountant organized and filed by month, and that they were not filed by expense and that she provided the same to Mr. Richmond.

Ms. Valko testified that Mr. Richmond did not return all of her documents to her and that when she got the box back from him everything was just put into the box, it was just thrown back in. This resulted in the majority of the \$10,000.00 bill from Tax Care being for organization of the receipts, for the bookkeeping, for the 2009, 2010 and 2011 returns as well for her corporation returns and filing for 2012.

Ms. Valko testified that it was difficult for her to communicate with Mr. Richmond. He would not email her back, there was the difficulty over the rent contributing to the tension between them and because he wasn't in the office a lot. He was hardly in the office. She stated that his clients started coming in concerned about their stuff at the end of the summer.

Ms. Valko denied that there was an agreement or any discussion to share the utilities three ways between her, another tenant and Mr. Richmond. She testified that there was no misunderstanding as to the utilities being split in half between her and Mr. Richmond because there were only the two of them in the office. She testified that there was a third person renting space in her office, before Mr. Richmond came into the office as a renter, that this tenant left and went back to work for the bank, and that this third person was gone by the time Mr. Richmond moved in.

Examination in Chief and Cross Examination of Mr. Dave Marcella

Examination in Chief of Mr. Marcella

Mr. Marcella runs his own business, Nail-It Creations. It is a small construction business which builds custom residential homes in the Kitchener-Waterloo area, with usually two to five employees. He has owned the company for 10 years with an annual revenue of between \$250,000 - \$280,000.

He has never done his own tax returns or business tax returns. He used Scott Wildfong of Informative Tax until 2009 when Mr. Richmond purchased the business. Mr. Wildfong did not prepare any corporate or business returns. As a sole proprietor Mr. Marcella filed personal income tax returns, which Mr. Wildfong prepared. Mr. Wildfong also prepared the returns and did the calculations for GST or HST. He paid GST or HST for the years that Mr. Wildfong was involved in his books.

Mr. Wildfong charged him approximately \$1,000.00 to prepare his returns. He remembered this amount as when Mr. Richmond took over, in their first meeting Mr. Richmond told him that he thought it was a bit excessive and that he would be able to get it down a little bit. Mr. Richmond prepared returns for him for the 2009 year and charged him \$875.00. Mr. Richmond prepared returns for him for the 2010 year and charged him \$768.00 before the taxes and \$867.00 after the taxes.

Mr. Marcella went back to Mr. Richmond for the 2011 returns and brought in the source documents as requested by Mr. Richmond on April 4. This was earlier than usual. At that time they discussed incorporation and computerizing his records. He decided not to incorporate. He did agree to computerization of records with Mr. Richmond's cost estimate being at most two working days to get it done. Mr. Marcella testified that this would amount to about \$1,000.00, based on the hourly rate for staff.

Mr. Marcella was presented with an invoice by Stephanie of Mr. Richmond's office for \$2,400.00 for bookkeeping services in mid to late May and she advised that she could no longer work on the file until payment of the invoice was made.

There had been no prior discussion with Mr. Richmond about the invoice. He was not expecting an invoice as he had always paid Mr. Richmond and Mr. Wildfong after the taxes had been filed. He testified that he was invoiced in previous years in September after the taxes were filed. He was in good standing with Mr. Richmond up to this point.

He arranged for a meeting with Mr. Richmond. The meeting took place in mid-May. It was an unpleasant meeting with the explanation of the invoice being that this is how long it takes to do this. Mr. Marcella agreed to pay \$1400.00, did so and the cheque was cashed. He was under the impression that his tax return would still be filed as he was still in communication with Stephanie of the office. Mr. Richmond requested payment of an additional amount of \$2600.00 in June. This was now \$4100.00 of fees in total which was about five times the amount he had paid the year before and the year before that and the year before that.

Mr. Marcella contacted Mr. Richmond for confirmation that his tax returns had been filed by June 15th. Mr. Richmond did not confirm whether his return had been filed, so Mr. Marcella went to another accountant on the evening of the 15th who efiled his return by 9 pm.

He subsequently received an invoice from Mr. Richmond for the amount previously requested. He sent an email to Mr. Richmond to say he was no longer using his services and requested his files back. Mr. Richmond emailed Mr. Marcella requesting a meeting or he would proceed with a small claims court action.

Mr. Marcella retained legal counsel for advice regarding the return of his documents. He eventually picked up his documents on October 31. Included in the box of documents was a small claims court

filing. As he attended to pick up the documents, Mr. Richmond was on the phone but could see that he attended but did not come out to speak to him or greet him.

Mr. Marcella filed a defence to the Small Claims Court action, the claim was dismissed and he was awarded costs.

When Mr. Marcella emailed Mr. Richmond to arrange to pick up his files, Mr. Richmond advised there would be an additional charge for the time involved to sort and remove some of the items from the files. Mr. Marcella learned that his 2010 GST/HST returns had not been filed. He paid penalties and interest between the 2011 and 2010 years in the amount of \$7000.00, for the 2010 it was only penalties.

Cross Examination of Mr. Marcella

Mr. Marcella's main expense is labour and the other main expense is his truck, for gas. He does not charge material. The end user or the contractor buys the material.

Mr. Marcella switched his employees to payroll in the beginning of 2012 at the request of WSIB.

He would have to account for home office expenses. He talked to Scott of Informative Tax about it, he doesn't know if he necessarily had the conversation with Mr. Richmond as much as he thinks he followed suit with what it had been prior and he might have had a conversation with Stephanie or Leslie, who was Stephanie's predecessor.

Mr. Marcella brought his materials in and in the first year and even in 2010 it was decently organized, divided into months and expenses. There were only three or four categories of expenses, it's not really

complicated. His truck is a work truck, and he took 90 percent just to make everybody happy. He would be contacted by Leslie and then Stephanie for additional information or clarification, like he missed a bank statement or clarification whether something was personal.

He, Mr. Richmond and Stephanie talked about computerizing his records and the estimate for the work was that it can't take more than two days to implement that.

There was a meeting in May 2012 with Stephanie who handed him an envelope stating that Steve would like me to give this to you and that he wants payment today. Mr. Marcella testified that he was shocked and that he said that he was not paying him because that is not what they had agreed on. He received an email on June 15 from Mr. Richmond stating that it was their policy, as is common practice within the industry that they require payment prior to filing T1 returns.

He had been in communication with Stephanie that week that caused him to be concerned that his returns might not be finished on time. He had an email from Stephanie on June 5 stating that all she needed was WSIB stuff and it was provided on June 5.

Mr. Marcella's lawyer told him that Mr. Richmond was not going to give him back his documents at this time. Mr. Marcella had an email from Mr. Richmond stating that there would be a small charge or a fee for taking out the documents. Mr. Marcella testified that he would have been willing to pay that, he just wanted his documents back. He testified that when he got them back the documents were in such disarray. He testified that there wasn't a piece of paper that wasn't stapled, and he thought it was odd that somebody would take the time to do that but wouldn't take the time to file his HST.

Mr. Marcella testified that if you are handed a receipt to pay, you assume that if it says on there 'for 2010 tax purposes' that the taxes have been filed.

Counsel for the Member entered Exhibit 41 – Invoice dated 2012-04-27 through the witness. Mr. Marcella confirmed the number on the invoice as 2,744 and that it was marked as interim.

Mr. Marcella confirmed his understanding that taxes would be due by April 30th and filing due by June 15th. Interest is assessed if taxes are not paid by April 30th and penalty is assessed if filing is not done by June 15th.

Counsel for the Member entered Exhibit 42 – Invoice dated 2012-05-29 through the witness. Mr. Marcella testified that he had never seen the invoice and does not recall the numbers of 552 or 623.

Counsel for the Member entered Exhibit 43 – Invoice dated 2012-06-18 through the witness. Mr. Marcella testified that it is familiar, looks like what he emailed to him.

Mr. Marcella confirmed that there was another 350 for return of records.

Mr. Marcella confirmed that Mr. Richmond sued him for around 3,100.

Examination in Chief and Cross Examination of Mr. Eric Campbell

Examination in Chief of Mr. Campbell

Mr. Campbell has a used car dealership business, Marquis Automotive. Since he started in this business, Informative Tax Inc. run by Scott Wildfong did the corporate tax returns for his company, as well as the sales tax returns, the bookkeeping, his personal tax returns and his wife's personal tax returns. The last corporate return done by Mr. Wildfong was in 2009 for the 2008 return.

He called the firm for an accounting type question and learned that the ownership of the business had changed to Mr. Richmond and that he decided to stay with Mr. Richmond as he had files in at the accountant's office and that kind of stuff and there was never a time when everything was up to date where he could have made a change and that he had been happy up to that point.

Mr. Richmond filed his corporate returns and did the bookkeeping for the 2009 and 2010 years.

His company went through a PST audit in 2010. As a result his company received a Notice of Assessment, Retail Sales Tax Audit issued December 16, 2011 in the amount of \$10,024.77 which he paid. He and the bookkeeping people at Mr. Richmond's company were involved in responding to the audit, specifically a Leslie and a Stephanie Zepeda.

The audit was for the period January 1, 2008 to June 30, 2010 and that Mr. Richmond was responsible from whatever date he took possession of the business until the final period. The audit revealed that there were outstanding items in his books and that the only way they could have put them there was by Mr. Wildfong's company initially and then Mr. Richmond's company.

He was concerned about the mistakes and so he had bookkeeper Stephanie review the books. It was Stephanie who actually brought to his attention that there were errors going back more than a year and that he became more concerned about the state of his books and whether he would owe more if things were left out along the way.

He had no discussion with Stephanie or Mr. Richmond about fees to correct the errors in his books, and that when he started to receive invoices for correcting the errors in his books after having paid initially for the bookkeeping work, he decided that he should take his business elsewhere as he realized that he should not be paying twice for something that should have been done right the first time.

He arranged to speak to Mr. Richmond about the invoices sometime during the summer of 2012 and that, during the meeting when the invoices were being discussed, when Mr. Richmond realized that he was not going to pay the invoices, Mr. Richmond stated that unless he paid for the work as invoiced that he would not return his source documents to him.

He had issues with respect to the invoices being sent as they were sent by email, they were from Stephanie rather than Mr. Richmond, there were text messages on his phone asking when he was showing up to pay a bill, and that he felt this was unprofessional and he was not sure he could trust what was being done with his business.

Stephanie relayed to him that he was being charged for work that Mr. Richmond was asking her to change on previous years' information so that he would not eventually catch it himself, and that he was being billed for previous years' work that she was now correcting.

Mr. Campbell had a meeting with Mr. Richmond to discuss why he wasn't going to pay the invoices and Mr. Richmond said he would be pursuing it legally in court. In the same conversation, Mr. Campbell attempted to get his documents back and Mr. Richmond told him he wasn't able to supply them to him because he hadn't paid his existing bills and because any of his personal writings on the documents wouldn't be possible for him to get back, and he would have to go through those files to make sure there was nothing in there of his before he returned them to him. Mr. Campbell was not going to get his documents back if they were Mr. Campbell's originally but Mr. Richmond wrote on them. The

meeting ended with Mr. Campbell calling the police and Mr. Richmond calling the police. Mr. Campbell was removed off the property.

Mr. Richmond eventually returned the documents which Mr. Campbell reviewed as he needed to compile his information as he was now late on his 2011 corporate tax return and had to find somebody to begin doing work for him. There were many documents missing such as business bank statements, cancelled cheques, bank statements, notes that he made with regards to his stock, credit line statements. Mr. Campbell had to go to RBC to get the documents reproduced. It took a couple of weeks and at a cost as well. Mr. Campbell found another accounting firm in Cambridge and his returns were filed late in 2012. He paid a couple of thousand dollars, possibly, in penalties or interest charges due to the late filing.

Cross Examination of Mr. Campbell

Mr. Campbell testified that it is possible some of the errors related to the audit occurred under Mr. Widlford's tenure as owner of Informative Tax. He acknowledged that it could also be true that Mr. Richmond would have been responsible for eight months of the audit period, November and December of 2009 and then all of 2010.

Mr. Campbell testified that \$3,000 of the tax collected, not remitted was for PST, not HST as it was recorded. The \$5,000 showed up as PST payable in his books with no backup and therefore that's why he was charged with having to pay that back or pay that amount back. It was assessed as there was no supporting documents to show that this had been paid or shouldn't be in this column.

Mr. Campbell did not appeal the assessment. He talked to Mr. Richmond about the assessment which he did seem willing to go through and have the numbers looked at but that it wasn't going to happen without him paying some outstanding invoices.

It was a month not a few days before Mr. Richmond contacted Mr. Campbell by email to arrange for somebody coming to get the documents after the police intervention.

The PST audit was a routine audit as they were phasing it out and moving to HST and he had never had one before.

Examination in Chief and Cross Examination of Mr. Stephan Richmond

Examination in Chief of Mr. Richmond

Mr. Richmond received his CGA designation in 2005. His work history is varied. He described his experience as working in industry. He described a position he held as assistant controller at a convention centre out by the airport. He drew a blank as to his recollection of the work experience and seminar/course requirements for registration in public practice and setting up a business. In 2005 he advertised out of his home and started offering services directly to the public, working out of his house. His business was in Cambridge.

He started working with a Paul Drouillard, a designated CGA, around that time. He could not recall how he first got to know him. Initially he did bookkeeping and preparing the working paper file, for Notice to Readers. They did work for small businesses. He was also able to get his own personal tax clients. His home was never geared towards a personal home office, so in or around 2008 he rented a small office.

Mr. Richmond described the nature of his business. He described his business as not doing too bad, and that his wife was working at the time so anything that the business wasn't generating she was paying

for. At one point he said it was growing and at another he said it was difficult to grow without any backup and when you don't have a beginning cash flow or something behind you of any significance. The work he was doing for clients was Compilations, Notice to Reader along with corporate tax work and then personal taxes. He testified that he was in regular communication with clients. He also did controller work for three clients.

He testified that in all he probably had about a dozen clients. He testified that the business was not growing in the way that he wanted it to grow, that it was very frustrating, not ever starting his own business before and not having the resources behind him to be able to put in a full effort of advertising and getting out to events to put his name out and he testified that it was a struggle for him.

He talked to people about how to take the leap and look at greatly enhancing the business or purchasing another business, purchasing a block of accounts. He came across the business for sale called Informative Tax. He purchased Informative Tax in 2009 and moved to the Informative Tax location. The location was in Kitchener.

He could not recall exactly how he came to know about the sale, but thinks it was through some sort of media. He spoke to the owner Mr. Wildfong while he, Mr. Richmond, and his family were on holiday in Florida, and remarked that his cell phone bill went way up because it was a long conversation. He learned that Mr. Wildfong had two businesses, Informative Tax and Tax Care, operating out of the same location in Kitchener. He understood the sale was to be for about 350 personal tax returns, 14 to 15 corporate and/or bookkeeping clients with roughly total sales averaging 95,000 to 100,000 a year. Mr. Wildfong did not ever show him complete client lists or financials for both combined businesses. Mr. Wildfong did show him a gross sales figure using Simply Accounting. Mr. Richmond testified that the sales figure would drastically drop because of the way Mr. Wildfong managed the client list. He testified

that it would drop by about 40,000 to 50,000 the way he apportioned the clients that would remain with Informative.

Mr. Richmond did not recall the final number on the purchase price of the business that was agreed to because it was changing a lot but the overall price was set at 100,000 or 105,000.

He testified that he expected an influx of business right away and that things really started to pick up mid-March and then they were really, really busy until obviously the end of April. The lack of influx affected his cash flow. He started his business way back when with no other resources and then taking this business over he had a little bit of backup capital but not a huge amount.

From what he recalled, Mr. Richmond testified that his gross sales prior to taking over Informative Tax was about 45,000 to 50,000, his net was about 35 to 40 with overhead about \$10,000 a year. He couldn't remember exactly what his wife was making, but he thought about \$80,000. He testified that he had debt as a family but that as a family they were able to meet their financial obligations.

His overhead expenses changed to about 3500 – 4000 per month with the purchase of Informative Tax.

He testified that in the quieter first few months he dipped into savings, personal credit and RSPs to meet the overhead expenses and that he expected a big influx of cash because the tax year was coming. He testified that there was a big influx of cash which lasted until late fall 2010. After the big influx of cash was gone he met his overhead and his own personal expenses with personal credit and a company line of credit set up by his family backed by his family's personal holdings. His family is his parents. They secured their house for the line of credit. His wife at the time, being his second wife, increasingly paid for the personal expenses of the family.

In 2011, there was another cash influx at tax time. Mr. Richmond testified as to the fact the business was still operating and that he had to keep putting in more personal resources in order to satisfy both the business requirements as well as his own personal requirements.

In 2012 Informative Tax stopped paying Mr. Wildfong the monthly payments and he vacated the Informative Tax premises the beginning of June 2012 with eight or nine months worth of rent payable as well. Mr. Richmond testified that this was personally a difficult time for him having exhausted his personal resources, credit cards and he had to go back to his family for an increase on the line of credit or overdraft which they agreed to reluctantly.

He testified that in 2011, he sought counselling to deal with a relationship which was not going very well and the stress of everything culminating, with the business situation and the impact professionally and personally when you are in business for yourself. He went to the counsellor for a year and a half weekly and the counsellor suggested that he see his family doctor to get a prescription for Concerta, one type of medication for ADHD. He testified that he learned that he had difficulty communicating and not necessarily seeing the nuances of a conversation or not paying attention to body language, facial expressions, things like that. Mr. Richmond testified that this caused him difficulty in his professional practice in terms of relating directly to clients. The counsellor also recommended that he go for more extensive testing, which he did not do at the beginning as he had met his current wife in September of 2012 and was on a high so nothing happened and the counselling had stopped at that point and everything was fine.

Mr. Richmond testified that he got married in December of 2012, that his wife was relocated to Texas, that he still operates his business, that he went down in March of 2013 and was traveling back and forth and that he had testing done in mid-2013 based out of Austin, Texas.

The report from the testing was entered as Exhibit 45. No expert evidence was called. There was no way to validate the findings in the report or no opportunity for cross-examination since no expert evidence was called. It was a report prepared in 2013 as a result of testing done in 2013. It was not timely in terms of the dates of the allegations. Accordingly, the panel considered it to be of no value or relevance to the proceedings, and gave it no weight.

Mr. Richmond testified that neither he nor Ms. Phillips (Julie) revised plans for proceeding with the partnership after learning that Mr. Hodgson (Matt) wasn't going to be an equal partner with his name up there. Mr. Richmond did state that he had reservations, not from the fact of Julie or Matt but when you are staring at a sizable Offer to Lease and you have not signed it yet, it does raise a lot of questions. He testified that he knew the rent for the chosen location was a little over 3,700 a month. He also testified earlier that he was enthusiastic about the partnership even if Matt was not directly involved that Matt said he was willing to do what he could in the short term to help them out and to help assist in getting bigger business. Mr. Richmond testified that he did not understand that the Offer to Lease was a binding agreement. He testified that he did not get legal advice. He testified that they were not using an independent real estate agent and that they had been using the landlord's real estate agent.

Mr. Richmond testified that he did not feel that he actively misrepresented his financial position to Ms. Phillips before the two of them signed the lease because at that point he still had a client base and he had consulted with his future wife and family about their backing and he felt that because of his situation, although it was not great, things were changing in his life that would have the ability to free up a little bit of excess cash that he didn't have to necessarily spend on personal things and that he thought he could make a go of it with Ms. Phillips.

He testified that he chose to disclose the misconduct complaint to her when he did after signing the lease because of the financial situation he was in, that this was after the lease was signed and when other complaints came in and he wasn't sure whether he could call it a change of heart. He testified that something didn't sit well with him, and he sensed that they knew about it so he disclosed it to them at that point in time, and that his not divulging it before was strictly on the basis of his understanding that the proceedings at the time of any complaint are confidential in nature, and he just did not discuss it.

He testified that he didn't know what to think as to whether a complaint would have an adverse impact on his ability to practise and that he didn't think it would amount to a revocation of membership, that if anything it would have had a small penalty, and as another colleague of his said, a "slap on the wrist" basically.

In answer to a question from Counsel for the Member, whether Mr. Richmond believed he had any obligation or should have disclosed to Ms. Phillips the situation concerning the rent with Ms. Valko, he replied that he did not realize it would be of any issue to Ms. Phillips at all. He thought it wouldn't be an issue as there are many reasons why you may or may not pay rent, that it necessarily was not a reflection on himself, it was a debt of a company that he ran, but not his own personal debt.

Mr. Richmond testified that Ms. Phillips and Matt pulled the plug on the business partnership and they told him it was for non-disclosure of his financial situation along with the complaint. He asked if they could work things out. He testified that he understood he had liability for the lease since it has his signature on it. Mr. Richmond testified in answer to a question about his intention to fulfill his obligations under the consumer proposal that the proposal is being followed at the time of the filing and the trustee is accepting, that it has been filed and is being adhered to.

Mr. Richmond testified that he made inquiries of other accountants, of the CGA public practice discussion list and of others as to what rates to establish for fees. He determined 1,500 as a block fee for tax preparation and an hourly rate of \$ 45 – 50 for bookkeeping staff for organizing documents and preparing spread sheets.

He testified that the 35 hours on the 2012 invoice for Mr. Tittle would be for sorting of documents, arranging of documents and completing the spread sheet so you would calculate the Balance Sheet and Income Statement numbers that you would plug into the financial reports and the corporate tax return.

Mr. Richmond testified that he was attempting to raise fees from the Informative Tax level and that he received client resistance to that.

Mr. Richmond struggled to provide straightforward answers to questions from Counsel for the Member with respect to fee setting and the calculation of fees.

Mr. Richmond testified that when he originally issued the invoice in 2012 for the 2011 work for Mr. Tittle at 1,500 plus the bookkeeping which would just come across from the bookkeeper and based on time sheets he felt that was a fair rate. He testified that with the discount applied the fee for the year-end was \$700.00 which from his understanding was way too cheap for a CGA.

In answer to a question from Counsel for the Member inquiring as to the reason that the fee was way too cheap, was that connected to Informative Tax and his attempt to retain clients, he stated that all the complaints with the exception of Ms. Phillips and Ms. Valko, in some respects, were fee-related and/or other issues.

Mr. Richmond went on to testify that he has never had any complaints against his business known as Richmond and Company and that all of the complaints represent a pattern of what is happening. He

testified that Mr. Wildfong, basically because of the situation that he stopped paying him wanted to see him destroyed and that the Informative Tax purchase literally destroyed his life, financially and otherwise, business-wise and reputation-wise.

Mr. Richmond testified that Mr. Tittle paid him to do his T2 return. Mr. Richmond attempted to explain the difficulties encountered in completing Mr. Tittle's Financial Statements and T2 return, presenting Exhibits 16 and 17. The panel gave no weight to the spreadsheets. Mr. Richmond could not recall who prepared them, whether it was himself or his bookkeeper, and he said he would have to go back and compare exactly where things are, when asked by Counsel for the Member to correspond the spreadsheets to the Financial Statements, Exhibit 14. He testified that he believed the draft statements were issued for divorce proceedings or for Mr. Tittle's lawyer, that they should not have been issued or should have been marked as a draft, that they were issued in error. He testified that both Exhibit 12 T2 tax return and Exhibit 14 Financial Statements should not have been issued. Mr. Richmond testified that Mr. Tittle was hard to get hold of on a daily basis because of what he does, trying to get him to come in for any length of time was difficult. He testified that he did not submit the tax return because there was still an issue.

Mr. Richmond testified that the filing of the T2 was held off by him and that with everything else happening in his business and, as everybody knows, all of the other issues, he thinks inadvertently this got left behind, that it just was an oversight that it was not dealt with.

Mr. Richmond testified that the balance of tax owing as he prepared the T2 tax return was 4,797 and that Mr. Wildfong's version was 3,287 owing.

Mr. Richmond testified that the draft statements should not have been issued as they were incomplete and not correct.

Mr. Richmond testified that he was not happy with the numbers on the spreadsheets and in the Financial Statements. Prompted by questions from Panel Members and Counsel for the Member, Mr. Richmond could not confirm whether he was gathering more information from Mr. Tittle to complete the spreadsheets, the Financial Statements and the T2 return.

Mr. Richmond testified that he first found out that Mr. Nanan's GST/HST returns had not been filed when he received notice of the complaint dated April 13, and that prior to May 23rd he located them, rectified it and filed them; he filed four. He testified that for the other three, according to bookkeeping records, he had no information to file them. He testified that he did not have any information that was sufficient to complete the three returns, as he recalled.

Mr. Richmond testified that he did not recall asking Mr. Nanan for additional money, naming a \$1,000.00 fee. He testified that he believes he said he felt he wanted his discount back and said that that was not right and professional but he was upset that he had no knowledge of Mr. Nanan's concerns, no issues that he knew of. He stated that he said there would be a fee to separate out his work product from Mr. Nanan's source documents.

Mr. Richmond testified that he received mail for Canadian Landscaping from CRA and WSIB and acknowledged that he was the designated address for mailings from CRA and WSIB. He testified that some of the letters received were open and some were not.

Mr. Richmond testified that there was a verbal agreement with Ms. Valko that he was representing her in her accounting affairs, so assuming he had everything he felt that he needed to file, it would have been the 2009, 2010 and 2011 personals, not 2012, because he was not there, he was no longer there as of November 2012 so the 2012 personal would not have been in the picture.

Mr. Richmond testified that he did not return the box of Ms. Valko's files in the manner that she described in her letter of complaint, that he tried to do it as amicably as possible given he was upset at the entire situation that had occurred and because he was not feeling well, he left as soon as he could.

Mr. Richmond testified that he did not have all the information he required to file Ms. Valko's 2009, 2010 and 2011 personal returns and 2011 corporate return, the latter based on the fact that the income would come from her corporation, the corporate bookwork was not done, therefore the 2011 technically could not be done with any accuracy.

Mr. Richmond testified that Ms. Valko's personal return for 2012 would not be due until 2013 and that the 2012 corporate return would not be under his jurisdiction either, since he was not employed at that point in time or he was not her accountant at that point in time. He testified that he believed her year-end was November 30th so the corporate tax return would have been due in 2013 by the end of May.

Mr. Richmond testified that Mr. Campbell was his client as a result of the Informative Tax acquisition and that he first met Mr. Campbell when he dropped off some bookkeeping records in November-December 2009. Mr. Richmond took over the Informative Tax business on November 1, 2009 and was responsible for the last eight months of the audit period. It was Mr. Richmond's understanding that from January 1, 2008 to November 1, 2009 Mr. Wildfong through Informative Tax under his tenure was responsible for bookkeeping.

The panel gave little weight to Exhibit 46, Year-end PST Analysis for 2008, 2009 and 2010 with attached Summary Sheet. Counsel for the Member asked questions about the analysis and calculations done by Mr. Richmond and asked if Mr. Richmond was still waiting for documents from Mr. Campbell and whether he had requested source documents from Mr. Campbell. Mr. Richmond's answer was that he was going to say yes because the analysis isn't done, that Mr. Campbell had brought in records and they

were doing this and they were comparing but he didn't believe it was done because he doesn't have a final, and then he stopped.

Mr. Richmond testified that the intervention of the police and the return of Mr. Campbell's records was a very unfortunate incident. He testified that he does not have any of Mr. Campbell's records, he looked through everything, he pulled things out and as far as he could tell everything he has is copies that are marked up by the bookkeeper, that are highlighted and everything else and there are nothing that he would say are original source documents.

In answer to a question from Counsel for the Member, as to whether under his tenure, did substantial bookkeeping errors in Mr. Campbell's books originate or were created that Mr. Richmond could have or should have known about, Mr. Richmond said for the most part, no, certain things came out after this, especially after this audit.

Mr. Richmond testified that Mr. Marcella was taken aback when receiving the April 27th invoice. He stated that he was not involved in any of the conversations so that the best person to answer questions regarding the invoice and the hours was Stephanie. He testified that these arrangements were made with Stephanie and he sat in on the conversations once.

Mr. Richmond told Mr. Marcella that he would not file his 2011 return unless he paid an additional \$2,600.00. He said the policy of his firm is to do that, based on individual circumstances, and that in general his understanding is that if you go anywhere to have tax returns prepared unless you pay you don't get it filed. He testified that when Mr. Marcella saw the first invoice, he said he would pay \$1,400.00 down and then discuss the balance once everything was completed and that he, Mr. Richmond, necessarily didn't like that because he was under financial duress and any money for any work that was done he needed to be paid for it because he was paying the bookkeeper. He stated that

even though it was tax season the numbers had been going down as it was, and so any work that was done did need to be paid for at the time.

In answer to a question from Counsel for the Member whether he told Mr. Marcella that he had filed the tax return, Mr. Richmond testified that he was out of his office when he filed the tax return and that he did not have his computer. He texted Mr. Marcella on June 15 that he filed a paper return but he noted that he cannot prove that because he had a Blackberry and then it was stolen so he doesn't have any of the information that was on there, nor can he retrieve it. Mr. Richmond testified that he did not have all the information he needed to file the return.

Mr. Richmond testified that the 2010 return was not filed, that he is going to assume it was an oversight on the bookkeeper's part, that he believes it was filled out and completed because it should have been completed and that ultimately that is his responsibility because it's his company.

Mr. Richmond testified that he had the necessary capabilities, competencies and current skills to perform this kind of tax work and other work that he was seeking out to do for the complainants. Mr. Richmond made various statements as to whether he felt he was in breach of the Rules and Code Principles as set out in the allegations, and essentially denied that he was and referenced previous explanations in his testimony from time to time.

Cross Examination of Mr. Richmond

Mr. Richmond acknowledged that he was retained to do and file the four 2010 GST/HST returns for Mr. Nanan and that he did not file those returns until May 2012 when Mr. Nanan told him nothing had been filed for his GST for two years. He acknowledged that he was retained to do Mr. Nanan's 2011 returns

but did not have the paperwork. He testified that he assumed the three 2011 returns were not done because Mr. Nanan had not given him the documents. Counsel for the Discipline Committee reviewed the invoice for services, Exhibit 18, provided to Mr. Nanan with Mr. Richmond. Mr. Richmond confirmed that this was paid by Mr. Nanan. He agreed that the bookkeeper did not prepare the 2011 returns. When asked if he invoiced Mr. Nanan for GST returns completed and \$768.00 for bookkeeping work in 2011 for documents he did not have, he testified that he does not look at the direct work of the bookkeeper on a daily basis, that if the client was invoiced for work that was not completed that is incorrect and it's not accepted by him, nor should it be accepted by himself or anybody else or the client. He testified that it was inappropriate for him to have charged Mr. Nanan for bookkeeping related to records he didn't have.

Mr. Nanan requested his documents in October 2011 and Mr. Richmond returned them in June 2012.

Mr. Richmond did not provide any services to Mr. Nanan between October 2011 and May 2012. The discount that Mr. Richmond applied was not conditional. Mr. Richmond would charge for work in separating source documents in preparation for return of client files. Mr. Richmond would prepare a final bill and also charge back the discount previously applied and Mr. Nanan could arrange a time to come in and pay and pick up his documents. Mr. Nanan would have to pay and then he could get his documents back.

Mr. Richmond was the address of record for WSIB and CRA for Mr. Nanan's business. Mr. Richmond opened the mail in Mr. Nanan's file when Mr. Nanan filed the complaint and that is when he learned that the HST returns had not been filed and that Mr. Nanan's corporate return had not been filed.

It was not Mr. Richmond's practice to look in files to see if there was unopened mail, or a corporate tax return that wasn't filed, or seven quarters of HST that wasn't filed. He trusted the person employed to

be doing their appropriate job for the client and for his business. He didn't check it then and he didn't check it when the client was invoiced for work that wasn't done either.

Mr. Richmond billed Mr. Marcella \$800 for the 2009 return, \$875 for the 2010 return. There were no major changes in Mr. Marcella's business sales and expenses for 2009, 2010 and 2011. There was 16 hours of bookkeeping related to the 2010 return and the invoice was accurate. The number of bookkeeping hours tripled for the 2011 return. There is an entry of 36.75 hours for bookkeeping for the 2011 tax return and Mr. Marcella was later billed for another 11.5 hours of bookkeeping, for a total of 48.25 hours. There is the sorting of paper for 14 hours. Exhibit 43 is an invoice dated June 18 which has 56 hours of bookkeeping. Exhibit 41 is labeled as an interim and Exhibit 42 is labeled as an interim. Mr. Richmond told Mr. Marcella that he was not going to file his return unless he pays these invoices. Mr. Marcella had always paid Mr. Richmond in previous years and Mr. Richmond had not had any issue about his account. Mr. Marcella was happy to pay a bill for \$500.00 for some assistance in using his bookkeeper and office for an audit or review. Mr. Marcella paid him \$1400.00 when he had a meeting with him in May when he was at the interim billing phase, representing \$875 from the year before and then another \$600 of work. There was nothing in writing about the bookkeeping fee going to be tripled because of moving to Simply Accounting. Mr. Richmond and Mr. Marcella had verbal conversations about it. He never said he would charge. Mr. Richmond told Mr. Marcella it was based on an hourly rate and that he could work with Stephanie to go through and get it all set up. Mr. Richmond gave him a range of \$2,000.00 to \$3,000.00 and said he would never give him an amount.

Mr. Richmond denied that he did not have a conversation with Mr. Marcella before June where he told him that he wasn't going to file unless he paid in full. He denied leading Mr. Marcella to believe that he had not filed his return by the end of the day on June 15 stating that he believed he sent him a text message when he had filed it.

Mr. Richmond did email Mr. Marcella on June 18 that he had filed his returns. He did not state in the email when he filed the return.

Mr. Richmond paper-filed the return on June 15 instead of e-filing it because it was incomplete.

Mr. Marcella requested his documents in August 2012 and it was clear at the time that he was not going to use Mr. Richmond's services again. Mr. Richmond said in all of these cases to come in and get your documents and pay the invoices. He told Mr. Marcella that if he does not meet with him that he was going to sue him. He told Mr. Marcella that when he comes in to be prepared to pay the outstanding invoice by debit card, credit card or a certified cheque. He testified that he never stopped Mr. Marcella from coming in and that he wanted his money or at least a discussion to get paid. Mr. Marcella sent an email to arrange a time to pick up his documents and in a reply email, Mr. Richmond stated to come prepared to pay the outstanding invoice by the way of debit card, credit card, (V, M/C) or certified cheque/money order as well as to sign off on the return of Mr. Marcella's source documents. He told Mr. Marcella later that he was also going to charge him his time to go through his files and remove non-source document papers.

Mr. Marcella's lawyer contacted Mr. Richmond requesting the return of his documents. Mr. Richmond responded three weeks later stating "we need to know who is coming and when and they're going to be served with court papers".

Mr. Richmond did not file Mr. Marcella's HST return for 2010 in a timely way and Mr. Marcella incurred penalties. Mr. Richmond stated in response to the complaint that he is prepared to compensate Mr. Marcella for the penalties. He never did so and his insurance company is working on this. Mr. Richmond never told Mr. Marcella that his 2010 HST return had never been filed. Mr. Richmond agreed

that Mr. Marcella could not accurately file his 2011 HST returns until he got the documents back from his office. He did not get his documents back from Mr. Richmond until the end of October 2012.

Mr. Richmond withdrew part of his admission in Paragraph 42 of the Notice of Hearing annotated document, specifically that he was no longer the accountant for Ms. Valko by November of 2012 and the 2012 T1 and T2 would not even have been due.

The year-end for Ms. Valko's business was November 30 so the tax return was due by May 2012. Mr. Richmond had a good relationship with Ms. Valko in May 2012. He was entering into discussions with her about renting space in her office at that time.

Ms. Valko came to Mr. Richmond in the late summer/early fall about him becoming her accountant. She started giving him documents in August 2010. When Ms. Valko came to Mr. Richmond her need was only for 2009 at that point. They were for her company not for the incorporated company. The company was not incorporated until the end of October 2010. Mr. Richmond never sent any written request in 2010, 2011 or 2012 to Ms. Valko stating that she needed to provide outstanding documents in order for him to do her 2009 return. From August 2010 through to August 2012 the one thing that he did which he produced was the partial tax return.

On that return Mr. Richmond entered \$11,500.00 as tax paid by installments. He does not know why he entered that number. He did not contact CRA to get her Notice of Assessment for 2008. He agreed that would have assisted him if he was missing information from the return. He did not file Ms. Valko's 2009 return, her 2010 return and her 2011 return. No corporate return was filed for the period November 29, 2010 through to November 2011. Mr. Richmond would have had from August 2010 all through 2010, all through 2011, now into 2012, would have had two years to figure out whatever the issue was with respect to Ms. Valko's income.

Ms. Valko terminated his relationship in November 2012.

Mr. Richmond produced a Profit and Loss statement for the period November 2011 through October 2013. It was a document produced after the retainer ended and printed out recently from his computer.

Mr. Richmond paid \$51.00 for utilities instead of \$75.00. Mr. Richmond understood that utilities were being split three ways. Ms. Valko said they were being split two ways. He never paid the \$25.00 or part of that to maintain a good working relationship.

Mr. Richmond owed at least two months' rent for September and October and never recorded this amount in Ms. Valko's Balance Sheet.

Mr. Richmond was locked out of Ms. Valko's premises on November 24th.

Mr. Richmond denied that he considered the files returned to Ms. Valko to be in a "schmozzle" as he said in his earlier testimony. He agreed that the files should not be disorganized because he had been charging Ms. Valko bookkeeping fees to go through them for the entire year of 2011.

Mr. Richmond did not file the T2 income tax returns for the year ended June 30, 2011 for Mr. Tittle's business, Magnet Signs. Mr. Richmond had no recollection of exactly when Mr. Tittle brought documents in to start his return. He prepared the statements in February 2012 and signed the Notice to Reader that indicated he had compiled the Balance Sheet of the numbered company as at June 30, 2011 and the Statements of Income and Retained Earnings for the year then ended. He asked for more information from Mr. Tittle from February 2012 to October 2012 when Mr. Tittle was presented with the final package. There was outstanding information that he thought he needed when he signed the Notice to Reader. Mr. Richmond agreed that a client would assume that the work was actually

completed and that the work is accurate when the client gets the signed Notice to Reader. Mr. Tittle could assume all documents were final. Mr. Richmond never advised Mr. Tittle that his documents weren't filed. Mr. Tittle paid the fee for the documents. The Statement of Income and financials were inaccurate and does not accord with Mr. Richmond's own working papers. Mr. Richmond could not explain what happened, the reason for the variance.

Mr. Richmond signed the Notice to Reader on February 10, 2012. Mr. Tittle paid for that work on February 16, 2012. He had him back in the office in October when he did the income tax return and he signed all related documents. Mr. Richmond did not recall talking to Mr. Tittle about how to pay his income tax.

Mr. Tittle raised concern about being charged \$3,180.00 for work that cost him a third of that the year before and Mr. Richmond offered him a discount, and he could recall that as the only conversation.

Mr. Richmond acknowledged the discrepancies in the financial statements. He testified that the financials should not have been issued and that he would have expected Mr. Tittle to come to him for an explanation.

Mr. Richmond agreed that the complaint against him was no less confidential on November 22nd when he told Ms. Phillips than it was in September or October when he didn't. The only difference was that Ms. Phillips was committed to the 5-year lease with him and didn't have that information.

Mr. Richmond did not bring any documents to the meeting that they were having in the September time frame. He recalled that they were going to share financial information and that bringing financial statements would be a part of it.

Mr. Richmond told Ms. Phillips that his numbers were roughly the same as hers. Mr. Richmond never told Ms. Phillips that he was putting his own money into the business to keep it going, that he had to have a line of credit and that he had one in place to keep his business going, that his family had guaranteed that line, that he had stopped paying the purchase price for the business. He testified that he had stopped paying and that the business was basically dead. He did not tell Ms. Phillips that the business was basically dead. He didn't tell Ms. Phillips that he hadn't paid rent at the Highview space for the last eight or nine months and that he hadn't paid the CAM expense there for some \$2,000 or \$3,000.00. Mr. Richmond did not tell her that he had not paid Tracy Valko her rent and that he owed her either \$1,500.00 or \$2,250.00. Mr. Richmond did not tell Ms. Phillips that he did not have the funds to pay the first and last months' rent until after the lease was signed. Mr. Richmond did not tell Ms. Phillips that his situation was not great, until after she signed the lease. He testified that the information he had prior to the meeting was that it would be able to be met. Mr. Richmond testified that it was Informative Tax, which is an incorporated company, which couldn't pay the eight or nine months for Highview and that there is no obligation for any business owner to obligate themselves personally for any company debt. Mr. Richmond was not personally willing to put in funds to the company anymore. He was a minority shareholder along with Scott Wildfong in the company because he didn't finish paying the purchase price. Mr. Richmond's rent dropped from \$1200.00 at Highview to \$750.00 at Ms. Valko's premises and it still wasn't paid. Mr. Richmond signed a five-year lease and his rent obligation, his share was over \$1,800.00. Mr. Richmond could not come up with the first and last month's rent based on non-payment of receivables. Mr. Richmond was waiting for funds to come in. He still anticipated at that point Mr. Marcella and Mr. Campbell paying at some point.

The real estate agent paid first and last month's rent for Mr. Richmond for the lease. Mr. Richmond signed a promissory note in the amount of \$4,112. They agreed they would not tell anyone about this.

Mr. Richmond signed a binding lease which was accepted which he knew was a five year obligation. The minimum rent payment was 1,666.67 every month and additional rent and charges at \$9.84 a square foot. Mr. Richmond was a personal tenant under the lease and so was Ms. Phillips. Mr. Richmond agreed that they would both be equally responsible for making the lease payments.

Mr. Richmond has never paid anything toward this lease for King Street. It falls under his consumer proposal. Mr. Richmond knew that Ms. Phillips was paying both halves of the leasing obligation. He testified that he did not understand this from a legal point of view. Mr. Richmond testified that he was not able to pay any part of the leasing expense. As time progressed he was aware that the property had not been re-leased for some period of time.

Mr. Richmond did not know that he had an obligation to be open and fair to his colleague. He said it would seem appropriate, yes.

Mr. Richmond stated that at the time of the signing of the lease he was living up and he was honouring the agreement. He confirmed that he did not pay the first month's rent by himself.

Mr. Richmond agreed that he has an obligation not to mislead his colleague by omitting important information and he didn't feel that he misled anybody based on the information he had.

Mr. Richmond testified that he had no obligation to tell Ms. Phillips that his company hadn't paid its rent for eight to nine months, based on the current business that he was doing, because that was not the business that was being moved there or going to be involved.

Mr. Richmond acknowledged that he stated in his letter to the CGAO regarding the complaint from Mr. Campbell that his bookkeeping staff did make errors concerning the accounts for Mr. Campbell's

company 2008438 Ontario Ltd operating as Marquis Automotive. He did not resile from that in a letter to the CGAO. He testified that he cannot say exactly now if there are errors, what time frame they are.

Mr. Richmond confirmed that anything after November 1, 2009 is his responsibility as he owns the company and he is not blaming Mr. Wildfong for Mr. Nanan's HST returns and corporate returns, for the non-filing of Mr. Tittle's 2011 return and for the not filing of Mr. Marcella's 2010 HST return and for the non-filing of Ms. Valko's personal and corporate returns.

Re-examination of Mr. Richmond

Mr. Richmond testified that the October 2013 date on the Profit and Loss statement in Exhibit 40 does not mean that there are numbers in there for October of 2013, there wouldn't be.

In summary, Mr. Richmond's testimony is that he experienced considerable financial hardship in the operation of his business, Informative Tax. This caused him considerable stress both professionally and personally. He admitted to failing his clients on one or more occasions and admitted to at least one shortfall in the carrying out of his professional responsibilities. He attempted to explain the reasons for the way he acted in particular ways with respect to client files. He characterized some of the problems with client and professional relationships as misunderstandings. He displayed in his testimony a belief that his troubled situation was related to the Informative Tax purchase and the previous owner, Mr. Wildfong, wanting to see him destroyed. He attempted to explain the rationale for the way he communicated and dealt with business affairs and arrangements with Ms. Valko and Ms. Phillips. At no point in his testimony did Mr. Richmond express or display any appreciation for the impact of his actions or inactions on the people affected.

Findings of CredibilityTom Tittle

The panel found Mr. Tittle and his testimony to be credible. Mr. Tittle gave his evidence in a clear and concise manner. In terms of ability to recall, Mr. Tittle had a good memory of the events and gave his evidence without hesitation. In terms of appearance and demeanour, Mr. Tittle appeared to be honest, was not nervous and maintained good eye contact. In terms of probability, Mr. Tittle's evidence was believable. In terms of external consistency, Mr. Tittle's evidence was consistent with the documents entered as exhibits at the hearing. In terms of internal consistency, Mr. Tittle's evidence was consistent in his examination in chief, cross-examination and re-examination.

Ronald Nanan

The panel found Mr. Nanan and his testimony to be credible. Mr. Nanan gave his evidence in a clear and concise manner. In terms of ability to recall, Mr. Nanan had a good memory of the events and gave his evidence without hesitation. In terms of appearance and demeanour, Mr. Nanan appeared to be honest, was not nervous and maintained good eye contact. In terms of probability, Mr. Nanan's evidence was believable. In terms of external consistency, Mr. Nanan's evidence was consistent with the documents entered as exhibits at the hearing. In terms of internal consistency, Mr. Nanan's evidence was consistent in his examination in chief and cross-examination.

Julie Phillips

The panel found Ms. Phillips and her testimony to be credible. Ms. Phillips gave her evidence in a clear and concise manner. In terms of ability to recall, Ms. Phillips had a good memory of the events and gave her evidence without hesitation. In terms of appearance and demeanour, Ms. Phillips appeared to be honest, was not nervous and maintained good eye contact. In terms of probability, Ms. Phillips' evidence was believable. In terms of external consistency, Ms. Phillips' evidence was consistent with the documents entered as exhibits at the hearing. In terms of internal consistency, Ms. Phillips' evidence was consistent in her examination in chief and cross-examination.

Tracy Valko

The panel found Ms. Valko and her testimony to be credible. Ms. Valko gave her evidence in a clear and concise manner. In terms of ability to recall, Ms. Valko had a good memory of the events and gave her evidence without hesitation. In terms of appearance and demeanour, Ms. Valko appeared to be honest, was not nervous and maintained good eye contact. In terms of probability, Ms. Valko's evidence was believable. In terms of external consistency, Ms. Valko's evidence was consistent with the documents entered as exhibits at the hearing. In terms of internal consistency, Ms. Valko's evidence was consistent in her examination in chief and cross-examination.

Dave Marcella

The panel found Mr. Marcella and his testimony to be credible. Mr. Marcella gave his evidence in a clear and concise manner. In terms of ability to recall, Mr. Marcella had a good memory of the events and gave his evidence without hesitation. In terms of appearance and demeanour, Mr. Marcella appeared to be honest, was not nervous and maintained good eye contact. In terms of probability, Mr. Marcella's evidence was believable. In terms of external consistency, Mr. Marcella's evidence was consistent with the documents entered as exhibits at the hearing. In terms of internal consistency, Mr. Marcella's evidence was consistent in his examination in chief and cross-examination.

Eric Campbell

The panel found Mr. Campbell and his testimony to be credible. Mr. Campbell gave his evidence in a clear and concise manner. In terms of ability to recall, Mr. Campbell had a good memory of the events and gave his evidence without hesitation. In terms of appearance and demeanour, Mr. Campbell appeared to be honest, was not nervous and maintained good eye contact. In terms of probability, Mr. Campbell's evidence was believable. In terms of external consistency, Mr. Campbell's evidence was consistent with the documents entered as exhibits at the hearing. In terms of internal consistency, Mr. Campbell's evidence was consistent in his examination in chief and cross-examination.

Stephan Richmond

The panel found Mr. Richmond and his testimony not to be credible. Mr. Richmond's evidence was unclear and rambling at times. In terms of ability to recall, Mr. Richmond had difficulty recalling some events. At times, Mr. Richmond said: I don't recall or similar phrases. In terms of appearance and

demeanour, Mr. Richmond appeared nervous, was evasive in his answers to some of the questions and at times was aloof in giving testimony. In terms of probability, some of Mr. Richmond's evidence seemed unbelievable. In terms of external consistency, some of Mr. Richmond's evidence was contradicted by the evidence of one or more of the Association's witnesses at the hearing. In terms of internal consistency, some of Mr. Richmond's evidence on cross-examination was inconsistent with his evidence in his examination in chief.

Based on the oral evidence heard, the admissions by the member and the documents entered as exhibits at this hearing, the panel of the Professional Conduct Tribunal makes the following findings of facts from the particulars in the Notice of Hearing:

1. Stephan Richmond ("Richmond") became a member of CGA Ontario (the "Association") in 2005.
2. Richmond's CGA Ontario certificate number is 18976 and his CGA Canada certificate number is 335352.
 - a) Canadian Landscaping & Stonework Inc.
3. Canadian Landscaping & Stonework Inc. ("Canadian Landscaping") retained Richmond to prepare and file its GST/HST Returns for each quarter of 2010 and for the first three quarters of 2011 (the "Canadian Landscaping Returns").
4. Canadian Landscaping paid Richmond to prepare and file the Returns.
5. Richmond neglected to file the Returns.
6. Richmond advised that his bookkeeper, for whom he was responsible to supervise, prepared the four 2010 Canadian Landscaping Returns but failed to file them.

7. The four Canadian Landscaping Returns were not filed with Canada Revenue Agency ("CRA") until or on about 17 May 2012.
8. As a result of the late filing of the four Canadian Landscaping Returns, CRA assessed Canadian Landscaping interest and penalties.
9. At no time did Richmond advise Canadian Landscaping that the Canadian Landscaping Returns had not been filed, that he needed any additional information to file any of the Canadian Landscaping Returns or that he had not, in fact, prepared or filed the Canadian Landscaping Returns.
11. Richmond refused to return the files of Canadian Landscaping to the client unless he was paid \$1,000.
12. Richmond advised that the \$1,000 fee was comprised of some additional charges along with the charge back of a discount that he had given the Canadian Landscaping earlier.
13. Canadian Landscaping was never provided with an invoice for any additional charges nor advised there were additional charges until it tried to obtain the return of its accounting records.
14. Richmond's office was the address on file for Canadian Landscaping with CRA and WSIB.
15. Richmond received mail for Canadian Landscaping from CRA and WSIB. Richmond filed the mail in the client's file.
16. Richmond did not open the mail until Canadian Landscaping filed its complaint with CGA Ontario in April 2012.
17. Canadian Landscaping did not receive the CRA or WSIB correspondence nor was it advised at the time that such correspondence had arrived and was simply being filed in the file at Richmond's office.
18. By (a) failing to file the four 2010 Returns on time, (b) failing to advise Canadian Landscaping that the four 2010 Returns had not been filed on time, (c) failing to advise the Canadian Landscaping that he had not filed the three 2011 Returns, (d) failing to advise Canadian Landscaping that he required additional information to complete the three 2011 Returns, (e)

failing to supervise his staff to whom he gave responsibility for filing the Returns, (f) failing to open client mail from CRA/WSIB that was delivered to his office and (g) by purporting to charge Canadian Landscaping a fee of \$1,000 when he was requested to give his client its accounting records when he had not advised the client that there were any outstanding invoices or work to be charged, Richmond breached the provision of the Association's Code of Ethical Principles and Rules of Conduct (the "Code") Principle related to Trust and Duties.

b) Dave Marcella

20. Dave Marcella ("Marcella") retained Richmond to prepare his 2011 income tax returns for his company Nail-It Creations ("Nail-It").
21. A company called Informative Tax had prepared Nail-It's returns since 2005. In 2009 Richmond bought Informative Tax. In 2009 Richmond prepared the Nail-It 2009 return at a cost of \$800.
22. In 2010 Richmond prepared the Nail-It 2010 return at a cost of \$875.
23. Nail-It had no major changes in its business sales or expenses during the period 2009 to 2011, inclusive.
24. Once Nail-It paid \$1,400, Marcella sought confirmation that the 2011 return had been filed. Richmond then advised that Nail-It owed an additional ~\$2,600.
25. Richmond advised that he would not file the 2011 return until the further \$2,600 was paid.
26. Richmond indicated on 15 June 2012, the T1 filing deadline date, that it was his policy not to file returns until he was paid in full, including the additional \$2,600.
27. Richmond never advised Marcella that he filed his return.
28. It was not until after the filing deadline had passed that Richmond finally advised that he had, in fact, paper-filed Marcella's return on 15 June 2012. At and after the deadline, Richmond left Marcella with the impression that the filing remained outstanding.
29. In the meantime, Marcella retained a new accountant to file his 2011 T1 return.

30. After CRA received Richmond's paper T1 file for Marcella, it issued a re-assessment based on the filing.
31. Marcella was required to file T1 adjustments to correct the incorrect return filed by Richmond.
32. On 24 August 2012 Marcella requested return of all his business and personal records from Richmond.
33. Richmond refused to return Marcella's source documents to him until he was paid \$2,600.
34. When Marcella retained counsel to obtain the return of his documents, Richmond advised that he would now charge an additional fee for his time to remove any non-source documents or note from Marcella's file before returning it.
35. When Richmond did make the materials available for pick up at his office on or about 29 October 2012, he advised Marcella by follow up email on 31 October 2012 that included in the boxes of source documents was a small claims court action that he had commenced against Marcella and that he was treating the pick up of materials as service.
36. Further, Richmond advised Marcella that he had filed the 2010 and 2011 HST returns for Nail-It when, in fact, he did not file the returns.
37. Richmond never advised Marcella that the 2010 and 2011 HST returns were not filed.
38. By (a) leading Marcella to believe that his 2011 T1 return was not filed when, in fact, he had filed the return; (b) filing an inaccurate 2011 T1 return which needed adjustments to correct; (c) not filing Nail-It's 2010 HST return; (d) not filing Nail-It's 2011 HST return; (e) purporting to not file client's returns and not return his client's documents until an invoice more than four times the previous years' invoices was paid; (f) not returning Marcella's client documents; (g) compelling Marcella to retain counsel to obtain his documents and (h) attempting to serve him with legal proceedings by including a statement of claim in a box of returned client files, Richmond breached the Code Principles related to Trust and Duties, Due Care and Professional Judgment, Deceptive Information, Professional Practice and Responsibilities to the Profession.
39. Further, Richmond's actions as outlined above, amounted to a breach of the Code Rules 301 (Competence), 303 (Adherence to Acknowledged Principles and Standards), 402 (Association with Financial Information) and 606 (Detrimental Action).

c) Tracy Valko

40. In or about August 2010 Valko retained Richmond to prepare her personal and business income tax returns.
41. At the end of 2010 Valko and Richmond agreed that he would file her then outstanding 2009 T1 income tax return and also her 2010 T1 income tax return.
42. It was later agreed that Richmond would prepare and file Valko's T1 and T2 income tax returns for 2011 and 2012.
43. In October 2012 Valko contacted CRA who advised her that there were no personal or corporate income tax returns filed for her for 2009, 2010 or 2011.
44. Richmond advised Valko that, contrary to what she was advised by CRA, he had filed her 2010 and 2011 income tax returns.
45. To substantiate his position, in or about October 2012, Richmond provided Valko with what he said was a copy of her 2011 T1 income tax return that he said he had filed in July 2012.
46. Richmond did not file T1 or T2 returns for Valko for any of 2009, 2010 or 2011 or 2012.
47. In 2013, Valko retained a new accountant who filed Valko's 2010, 2011 and 2012 income tax returns.
48. Commencing in June 2012 Richmond rented an office from Valko. It was agreed that Richmond would pay Valko rent of \$750.00 per month, a split of office utilities, hydro and water and payment for any hours of time Richmond used Valko's staff.
49. Richmond paid rent for June, July and August 2012. He did not pay anything toward utilities.
50. Richmond neglected to pay Valko rent or his share of utilities for September, October or November 2012.
51. In or about November 2012, Valko asked Richmond for her files back.

52. When the files were not returned by November 29, Valko reported the matter to the police who attended at Richmond's home to advise him to return Valko's files to her.
53. After the police visit, Richmond returned to Valko what he said were all of her files in his possession.
54. By (a) failing to file T1s for Valko for 2009, 2010, or 2011 and failing to file T2s for Valko's business for 2011; (b) representing to Valko that he had filed her 2010 and 2011 T1 returns when he had not done so; (c) delivering to Valko a copy of the 2011 T1 return which led her to believe he had filed the return; (d) failing to honour his financial commitments to Valko; (e) failing to return Valko's documents to her when requested, Richmond breached the Code Principles related to Trust and Duties, Due Care and Professional Judgment, Deceptive Information, Professional Practice and Responsibilities to the Profession.
55. Further, Richmond's actions as outlined above, amounted to a breach of the Code Rules 301 (Competence), 303 (Adherence to Acknowledged Principles and Standards) and 606 (Detrimental Action).

d) Julie Phillips

56. Julie Phillips is a certified general accountant and operates an accounting practice as Julie Phillips Professional Corporation Certified General Accountant ("Phillips").
57. In or about September 2012 Richmond approached Phillips about starting a limited liability partnership with her and another colleague.
58. In the course of those discussions, Richmond made representations to Phillips concerning his professional income.
59. In or about early October 2012 Richmond and Phillips agreed to enter into a partnership.
60. They further agreed that the cost of the leasing of space and the partnership set up costs, including lawyer's fees, signage, advertising, telephone and internet expenses, would be shared equally between Richmond and Phillips.
61. On or about 16 October 2012 Richmond and Phillips signed a five year lease for office space for their proposed partnership.

62. On or about 29 October 2012, when the first lease payment was due, Richmond advised Phillips that he did not have funds to pay his share of the lease.
63. It was not until 29 October 2012 that Richmond advised Phillips that he had significant financial difficulties as a result of a divorce, difficulty collecting payables from clients and ongoing litigation to collect those fees from clients.
64. It was not until late November 2012 that Richmond disclosed to Phillips that a complaint had been filed against him with the Certified General Accountants Association of Ontario ("CGA Ontario") that he represented could result in the loss of his right to practise as a certified general accountant.
65. In late November 2012 Richmond notified the landlord that he could not pay his portion of the lease obligations.
66. Richmond did not advise Phillips that he had not paid Valko rent for September, October or November 2012.
67. Phillips would not have entered into a partnership with Richmond had he disclosed his true financial position and what he later alleged to be the risk to his ability to operate as a certified general accountant.
68. Phillips would not have signed a lease with Richmond had he disclosed his true financial position and what he later alleged to be the risk to his ability to operate as a certified general accountant.
69. From November 2012 to date, in order to avoid a default under the lease, Phillips has paid the lease payments including rent and common area expenses on the space, although she is not operating from the space.
70. Phillips also paid for the cost of logo development, legal fees and related partnership set up expenses.
71. In (a) actively misrepresenting his financial position to Phillips before she and he signed a five year lease obligation and incurred various start up expenses, (b) failing to disclose negative aspects of his financial position to Phillips before she and he signed a five year lease obligation and incurred various start up expenses, (c) failing to disclose to Phillips the complaint made against him to CGA Ontario and the impact that might have on his ability to practise as a certified general accountant before he and Phillips signed a five year lease obligation and

incurred various start up expenses, Richmond breached the Code Principles related to Deceptive Information, Professional Practice and Responsibilities to the Profession.

e) Eric Campbell

72. Informative Tax carried out accounting work for Eric Campbell and his business 2008438 Ontario Limited, operating as Marquis Automotive ("Campbell").
73. In 2009 Richmond bought Informative Tax and assumed the accounting work for Campbell.
74. Richmond was responsible for the bookkeeping for Campbell.
75. There were numerous errors in the bookkeeping performed by Richmond or those for whom he was responsible for supervising.
76. Ontario Ministry of Revenue conducted a PST audit.
77. As a result it was imposed and Campbell incurred penalties.
78. Campbell requested the return of his source documents which ultimately resulted in the intervention of police.
79. Richmond returned what he said were all the Campbell files in his possession approximately one month after the police visit.
80. Campbell spent time reconstructing what he says were documents given to Richmond which Richmond did not return, including but not limited to historic bank statements.
81. In (a) either making substantial errors in Campbell's bookkeeping records or in failing to adequately supervise his staff who carried out the bookkeeping work for Campbell and (b) refusing or neglecting to return Campbell's client files within a reasonable time of being asked, Richmond breached the Code Principles related to Trust and Duties, Due Care and Professional Judgment and Responsibilities to the Profession.

f) Tom Tittle

82. In or about September 2011 Tittle retained Richmond to file the T2 income tax return for the year ended 30 June 2011 for his business 2115896 Ontario Inc. operating as Magnet Signs.
83. Although Tittle paid Richmond to prepare the T2 return, Richmond never told Tittle that the company owed income tax, never filed the return and never told Tittle that he did not file the return.
84. Tittle did not find out until he retained a new accountant to prepare his 2012 T2 Income tax return that the 2011 T2 return had not been filed. Tittle had the new accountant also prepare the 2011 T2 return.
85. As a result Tittle ended up paying two accountants to prepare his 2011 T2 income tax return.
86. CRA charged and Tittle paid a penalty and interest arrears as a result of Richmond's failure to file the 2011 T2 return.
88. On the financial statements that Richmond did prepare for the company for the year ended 30 June 2011, he showed assets on the liability side of the balance sheet.
89. Further there are items on the statement of income Richmond prepared that should have warranted further investigation. Richmond asked no questions of Tittle concerning, specifically, the increased interest expenses when the company indebtedness did not change, the zero entry for rent and maintenance when Tittle continued to rent space, the zero entry for travel when Tittle continued to travel and the significant reduction in general expenses when Tittle continued to incur the same general range of expenses.
90. In (a) failing to file the 2011 T2 income tax return on time or at all; (b) failing to advise Tittle that Richmond did not file the T2 return; (c) failing to advise Tittle that he owed income tax and the amount of tax owing; (e) preparing financial statements with either obvious errors or areas that required some investigation; and (f) in not asking Tittle any questions concerning those areas that warranted some investigation on the financial statements, Richmond breached the Code Principles related to Trust and Duties, Due Care and Professional Judgment, Professional Practice and Responsibilities to the Profession.
91. Further, Richmond's actions as outlined above, amounted to a breach of the Code Rules 301 (Competence), 303 (Adherence to Acknowledged Principles and Standards), 402 (Association with Financial Information) and 606 (Detrimental Action).

The panel of the Professional Conduct Tribunal did not make a decision on the particular in paragraph 87 as this paragraph was the particular that was withdrawn by counsel for the Discipline Committee.

DECISION

The Discipline Committee has the onus of proving the allegations in the Notice of Hearing in accordance with the civil standard of proof. The standard of proof applied by the panel of the Professional Conduct Tribunal was a balance of probabilities based on clear, convincing and cogent evidence.

Having considered the admissions made by the member, the evidence and the submissions of the parties and the onus and standard of proof, the panel of the Professional Conduct Tribunal finds that Mr. Richmond breached the following provisions of the Code of Ethical Principles and Rules of Conduct:

Rule 301 Competence

A member shall provide to employers and/or clients only those professional services for which he or she has the necessary capabilities, competencies and current skills. A member shall sustain professional competence by keeping informed of, and complying with, developments in the acknowledged standards of the profession in all areas in which the member practises or is relied upon because of the member's profession.

Rule 303 Adherence to Acknowledged Principles and Standards

Members shall adhere to acknowledged principles and standards of professional practice. In addition, all licensees shall be required to establish, maintain and uphold policies and procedures to ensure that all public accounting services are performed in accordance with generally accepted standards of practice of

public accounting. The phrase 'acknowledged principles and standards' expresses a wide meaning; namely, that body of principles and practices that have been generally adopted by the profession and that are applied in the preparation of financial statements and any tax related matter, taken together with the requirements of any governing statutes, subject to (e) below. That is, a member shall adhere to:

(a) Generally accepted accounting principles within financial reporting standards unless departure from these principles is fully disclosed;

(b) Generally accepted auditing standards or general review standards in an assurance engagement;

(c) Accounting and auditing practices that differ from those recommended by the Association, provided that there is substantial authoritative support for the alternative treatment and the departure from the Association's recommendations is disclosed;

(d) Accounting and auditing practices not specifically dealt with by the Association, but which are otherwise generally accepted;

(e) Requirements of any governing act or regulation, providing, however, in the event that there is a conflict between the accounting and auditing standards of the profession and a specific statutory or regulatory requirement, the member shall make appropriate qualification in the report; and

(f) Accounting, auditing practices, and standards recommended by the Association, including those found in:

- i. the *CICA Handbook*; wherein references to the Rules of Conduct/Code of Ethics of the provincial institutes/order appear, this should be read as the *CGA Code of Ethical Principles and Rules of Conduct*;
- ii. the *CGA Independence Standard*; and
- iii. *CGA Canada's Public Practice Manual*.

Rule 402 Association with Financial Information

A member shall not be associated with any letter, report, statement, representation, financial statement or tax filing, whether written or oral, which the member knows, or ought to know, is false or misleading, regardless of any disclaimer of responsibility. It is recognized that compliance with this Rule may place a member in a difficult position vis-à-vis the member's employer or client. Nevertheless, the member has an obligation to comply with this Rule.

Rule 606 Detrimental Actions

- (a) A member shall not participate in any action that is detrimental to the Association or the profession.
- (b) A member shall, subject to Rules R105 and R201 report to the Association any situation of which the member has sufficient personal knowledge and that the member thinks may be detrimental to the Association or the profession.

Code Principle - Trust and Duties

Members shall act in the interest of their clients, employers, and interested third parties, and shall be prepared to sacrifice their self-interest to do so. Members shall honour the trust bestowed on them by others, and shall not use their privileged position without their principal's knowledge and consent. Members shall strive to be independent of mind and in appearance.

Code Principle - Due Care and Professional Judgment

Members shall strive to continually upgrade and develop their technical knowledge and skills in the areas in which they practise as professionals. This technical expertise shall be employed with due professional care and judgment.

Code Principle - Deceptive Information

Members shall not be associated with any information that the member knows, or ought to know, to be false or misleading, whether by statement or omission.

Code Principle - Practice of the Profession

Members shall act openly and fairly towards others in the practice of their profession.

Code Principle - Responsibilities to the Profession

Members shall always act in accordance with the duties and responsibilities associated with being members of the profession and shall carry on work in a manner that will enhance the image of the profession and the Association. A member shall comply with the *Association Bylaws* and the *Code of Ethical Principles and Rules of Conduct* of the Association as amended from time to time, and with any

order or resolution of the board of directors or its committees, under the *Association Bylaws*.

Having considered the admissions made by the member, the evidence and the submissions of the parties and the onus and standard of proof, the panel of the Professional Conduct Tribunal finds that Mr. Richmond did not breach the following provision of the Code of Ethical Principles and Rules of Conduct:

Rule 304 Terms of Engagement

It is recommended that a member clearly state in writing to a client the nature and scope of services to be rendered under the terms of his or her engagement. A letter of engagement is mandatory when a member is providing compilation or assurance engagements and encouraged for all other professional engagements.

The panel of the Professional Conduct Tribunal finds the member guilty of professional misconduct.

REASONS FOR DECISION

Rule 301 Competence

A member shall provide to employers and/or clients only those professional services for which he or she has the necessary capabilities, competencies and current skills. A member shall sustain professional competence by keeping informed of, and complying with, developments in the acknowledged standards

of the profession in all areas in which the member practises or is relied upon because of the member's profession.

By (a) failing to file T1s for Valko for 2009, 2010, or 2011 and failing to file T2s for Valko's business for 2011; (b) representing to Valko that he had filed her 2010 and 2011 T1 returns when he had not done so; (c) delivering to Valko a copy of the 2011 T1 return which led her to believe he had filed the return; (d) failing to return Valko's documents to her when requested, Mr. Richmond breached Rule 301.

In (a) failing to file the 2011 T2 income tax return for Tittle on time or at all; (b) failing to advise Tittle that Richmond did not file the T2 return; (c) failing to advise Tittle that he owed income tax and the amount of tax owing; (d) preparing financial statements for Tittle with either obvious errors or areas that required some investigation; and (e) in not asking Tittle any questions concerning those areas that warranted some investigation on the financial statements, Mr. Richmond breached Rule 301.

By (a) leading Marcella to believe that his 2011 T1 return was not filed when, in fact, he had filed the return; (b) filing an inaccurate 2011 T1 return for Marcella which needed adjustments to correct; (c) not filing Nail-It's 2010 HST return; (d) not filing Nail-It's 2011 HST return; (e) purporting to not file client's returns and not return his client's documents until an invoice more than four times the previous years' invoices was paid; (f) not returning Marcella's client documents; and (g) compelling Marcella to retain counsel to obtain his documents, Mr. Richmond breached Rule 301.

Rule 303 Adherence to Acknowledged Principles and Standards

Members shall adhere to acknowledged principles and standards of professional practice. In addition, all licensees shall be required to establish, maintain and uphold policies and procedures to ensure that all public accounting services are performed in accordance with generally accepted standards of practice of public accounting. The phrase 'acknowledged principles and standards' expresses a wide meaning; namely, that body of principles and practices that have been generally adopted by the profession and that are applied in the preparation of financial statements and any tax related matter, taken together with the requirements of any governing statutes, subject to (e) below. That is, a member shall adhere to:

(a) Generally accepted accounting principles within financial reporting standards unless departure from these principles is fully disclosed;

(b) Generally accepted auditing standards or general review standards in an assurance engagement;

(c) Accounting and auditing practices that differ from those recommended by the Association, provided that there is substantial authoritative support for the alternative treatment and the departure from the Association's recommendations is disclosed;

(d) Accounting and auditing practices not specifically dealt with by the Association, but which are otherwise generally accepted;

(e) Requirements of any governing act or regulation, providing, however, in the event that there is a conflict between the accounting and auditing standards of the profession and a specific statutory or regulatory requirement, the member shall make appropriate qualification in the report; and

(f) Accounting, auditing practices, and standards recommended by the Association, including those found in:

- i. the *CICA Handbook*; wherein references to the Rules of Conduct/Code of Ethics of the provincial institutes/order appear, this should be read as the *CGA Code of Ethical Principles and Rules of Conduct*;
- ii. the *CGA Independence Standard*; and
- iii. *CGA Canada's Public Practice Manual*.

In (a) failing to file the 2011 T2 income tax return for Tittle on time or at all; (b) failing to advise Tittle that Richmond did not file the T2 return; (c) failing to advise Tittle that he owed income tax and the amount of tax owing; (d) preparing financial statements for Tittle with either obvious errors or areas that required some investigation; and (e) in not asking Tittle any questions concerning those areas that warranted some investigation on the financial statements, Mr. Richmond breached Rule 303.

By (a) failing to file T1s for Valko for 2009, 2010, or 2011 and failing to file T2s for Valko's business for 2011; (b) representing to Valko that he had filed her 2010 and 2011 T1 returns when he had not done so; (c) delivering to Valko a copy of the 2011 T1 return which led her to believe he had filed the return; (d) failing to return Valko's documents to her when requested, Mr. Richmond breached Rule 303.

By (a) leading Marcella to believe that his 2011 T1 return was not filed when, in fact, he had filed the return; (b) filing an inaccurate 2011 T1 return for Marcella which needed adjustments to correct; (c) not filing Nail-It's 2010 HST return; (d) not filing Nail-It's 2011 HST return; (e) purporting to not file client's

returns and not return his client's documents until an invoice more than four times the previous years' invoices was paid; (f) not returning Marcella's client documents; and (g) compelling Marcella to retain counsel to obtain his documents, Mr. Richmond breached Rule 303.

Rule 402 Association with Financial Information

A member shall not be associated with any letter, report, statement, representation, financial statement or tax filing, whether written or oral, which the member knows, or ought to know, is false or misleading, regardless of any disclaimer of responsibility. It is recognized that compliance with this Rule may place a member in a difficult position vis-à-vis the member's employer or client. Nevertheless, the member has an obligation to comply with this Rule.

In (a) preparing financial statements for Tittle with either obvious errors or areas that required some investigation; and (b) in not asking Tittle any questions concerning those areas that warranted some investigation on the financial statements, Mr. Richmond breached Rule 402.

By filing an inaccurate 2011 T1 return for Marcella which needed adjustments to correct, Mr. Richmond breached Rule 402.

Rule 606 Detrimental Actions

(a) A member shall not participate in any action that is detrimental to the Association or the profession.

(b) A member shall, subject to Rules R105 and R201 report to the Association any situation of which the member has sufficient personal knowledge and that the member thinks may be detrimental to the

Association or the profession.

In (a) failing to file the 2011 T2 income tax return for Tittle on time or at all; (b) failing to advise Tittle that Richmond did not file the T2 return; (c) failing to advise Tittle that he owed income tax and the amount of tax owing; (d) preparing financial statements for Tittle with either obvious errors or areas that required some investigation; and (e) in not asking Tittle any questions concerning those areas that warranted some investigation on the financial statements, Mr. Richmond breached Rule 606.

By (a) failing to file T1s for Valko for 2009, 2010, or 2011 and failing to file T2s for Valko's business for 2011; (b) representing to Valko that he had filed her 2010 and 2011 T1 returns when he had not done so; (c) delivering to Valko a copy of the 2011 T1 return which led her to believe he had filed the return; (d) failing to honour his financial commitments to Valko; (e) failing to return Valko's documents to her when requested, Mr. Richmond breached Rule 606.

By (a) leading Marcella to believe that his 2011 T1 return was not filed when, in fact, he had filed the return; (b) filing an inaccurate 2011 T1 return for Marcella which needed adjustments to correct; (c) not filing Nail-It's 2010 HST return; (d) not filing Nail-It's 2011 HST return; (e) purporting to not file client's returns and not return his client's documents until an invoice more than four times the previous years' invoices was paid; (f) not returning Marcella's client documents; (g) compelling Marcella to retain counsel to obtain his documents and (h) attempting to serve Marcella with legal proceedings by including a statement of claim in a box of returned client files, Mr. Richmond breached Rule 606.

Code Principle - Trust and Duties

Members shall act in the interest of their clients, employers, and interested third parties, and shall be prepared to sacrifice their self-interest to do so. Members shall honour the trust bestowed on them by others, and shall not use their privileged position without their principal's knowledge and consent. Members shall strive to be independent of mind and in appearance.

By (a) failing to file the four 2010 Returns for Canadian Landscaping on time, (b) failing to advise Canadian Landscaping that the four 2010 Returns had not been filed on time, (c) failing to advise Canadian Landscaping that he had not filed the three 2011 Returns, (d) failing to advise Canadian Landscaping that he required additional information to complete the three 2011 Returns, (e) failing to supervise his staff to whom he gave responsibility for filing the Returns for Canadian Landscaping, (f) failing to open client mail from CRA/WSIB that was delivered to his office and (g) by purporting to charge Canadian Landscaping a fee of \$1,000 when he was requested to give his client its accounting records when he had not advised the client that there were any outstanding invoices or work to be charged, Mr. Richmond breached the provision of the Association's Code of Ethical Principles and Rules of Conduct (the "Code") Principle related to Trust and Duties.

In (a) failing to file the 2011 T2 income tax return for Tittle on time or at all; (b) failing to advise Tittle that Richmond did not file the T2 return; (c) failing to advise Tittle that he owed income tax and the amount of tax owing; (d) preparing financial statements for Tittle with either obvious errors or areas that required some investigation; and (e) in not asking Tittle any questions concerning those areas that warranted some investigation on the financial statements, Mr. Richmond breached the Code Principle related to Trust and Duties.

By (a) failing to file T1s for Valko for 2009, 2010, or 2011 and failing to file T2s for Valko's business for 2011; (b) representing to Valko that he had filed her 2010 and 2011 T1 returns when he had not done so; (c) delivering to Valko a copy of the 2011 T1 return which led her to believe he had filed the return; (d) failing to honour his financial commitments to Valko; (e) failing to return Valko's documents to her when requested, Mr. Richmond breached the Code Principle related to Trust and Duties.

In (a) either making substantial errors in Campbell's bookkeeping records or in failing to adequately supervise his staff who carried out the bookkeeping work for Campbell, (b) refusing or neglecting to return Campbell's client files within a reasonable time of being asked and which ultimately resulted in the intervention of police, (c) not returning documents given to Richmond by Campbell including but not limited to historic bank statements, Mr. Richmond breached the Code Principle related to Trust and Duties.

By (a) leading Marcella to believe that his 2011 T1 return was not filed when, in fact, he had filed the return; (b) filing an inaccurate 2011 T1 return for Marcella which needed adjustments to correct; (c) not filing Nail-It's 2010 HST return; (d) not filing Nail-It's 2011 HST return; (e) purporting to not file client's returns and not return his client's documents until an invoice more than four times the previous years' invoices was paid; (f) not returning Marcella's client documents; (g) compelling Marcella to retain counsel to obtain his documents and (h) attempting to serve Marcella with legal proceedings by including a statement of claim in a box of returned client files, Mr. Richmond breached the Code Principle related to Trust and Duties.

Code Principle - Due Care and Professional Judgment

Members shall strive to continually upgrade and develop their technical knowledge and skills in the areas in which they practise as professionals. This technical expertise shall be employed with due professional care and judgment.

In (a) failing to file the 2011 T2 income tax return for Tittle on time or at all; (b) failing to advise Tittle that Richmond did not file the T2 return; (c) failing to advise Tittle that he owed income tax and the amount of tax owing; (d) preparing financial statements for Tittle with either obvious errors or areas that required some investigation; and (e) in not asking Tittle any questions concerning those areas that warranted some investigation on the financial statements, Mr. Richmond breached the Code Principle related to Due Care and Professional Judgment.

By (a) failing to file T1s for Valko for 2009, 2010, or 2011 and failing to file T2s for Valko's business for 2011; (b) representing to Valko that he had filed her 2010 and 2011 T1 returns when he had not done so; (c) delivering to Valko a copy of the 2011 T1 return which led her to believe he had filed the return; (d) failing to return Valko's documents to her when requested, Mr. Richmond breached the Code Principle related to Due Care and Professional Judgment.

In (a) either making substantial errors in Campbell's bookkeeping records or in failing to adequately supervise his staff who carried out the bookkeeping work for Campbell, (b) refusing or neglecting to return Campbell's client files within a reasonable time of being asked and which ultimately resulted in the intervention of police, (c) not returning documents given to Richmond by Campbell including but not

limited to historic bank statements, Mr. Richmond breached the Code Principle related to Due Care and Professional Judgment.

By (a) leading Marcella to believe that his 2011 T1 return was not filed when, in fact, he had filed the return; (b) filing an inaccurate 2011 T1 return for Marcella which needed adjustments to correct; (c) not filing Nail-It's 2010 HST return; (d) not filing Nail-It's 2011 HST return; (e) purporting to not file client's returns and not return his client's documents until an invoice more than four times the previous years' invoices was paid; (f) not returning Marcella's client documents; and (g) compelling Marcella to retain counsel to obtain his documents , Mr. Richmond breached the Code Principle related to Due Care and Professional Judgment.

Code Principle - Deceptive Information

Members shall not be associated with any information that the member knows, or ought to know, to be false or misleading, whether by statement or omission.

By (a) representing to Valko that he had filed her 2010 and 2011 T1 returns when he had not done so; (b) delivering to Valko a copy of the 2011 T1 return which led her to believe he had filed the return, Mr. Richmond breached the Code Principle related to Deceptive Information.

In (a) actively misrepresenting his financial position to Phillips before she and he signed a five year lease obligation and incurred various start up expenses, (b) failing to disclose negative aspects of his financial position to Phillips before she and he signed a five year lease obligation and incurred various start up

expenses, (c) failing to disclose to Phillips the complaint made against him to CGA Ontario and the impact that might have on his ability to practise as a certified general accountant before he and Phillips signed a five year lease obligation and incurred various start up expenses, Mr. Richmond breached the Code Principle related to Deceptive Information.

By (a) leading Marcella to believe that his 2011 T1 return was not filed when, in fact, he had filed the return; (b) filing an inaccurate 2011 T1 return for Marcella which needed adjustments to correct; (c) not filing Nail-It's 2010 HST return; (d) not filing Nail-It's 2011 HST return; (e) purporting to not file client's returns and not return his client's documents until an invoice more than four times the previous years' invoices was paid; and (f) attempting to serve Marcella with legal proceedings by including a statement of claim in a box of returned client files, Mr. Richmond breached the Code Principle related to Deceptive Information.

Code Principle - Practice of the Profession

Members shall act openly and fairly towards others in the practice of their profession.

In (a) failing to file the 2011 T2 income tax return for Tittle on time or at all; (b) failing to advise Tittle that Richmond did not file the T2 return; (c) failing to advise Tittle that he owed income tax and the amount of tax owing; (d) preparing financial statements for Tittle with either obvious errors or areas that required some investigation; and (e) in not asking Tittle any questions concerning those areas that warranted some investigation on the financial statements, Mr. Richmond breached the Code Principle related to Practice of the Profession.

By (a) failing to file T1s for Valko for 2009, 2010, or 2011 and failing to file T2s for Valko's business for 2011; (b) representing to Valko that he had filed her 2010 and 2011 T1 returns when he had not done so; (c) delivering to Valko a copy of the 2011 T1 return which led her to believe he had filed the return; (d) failing to honour his financial commitments to Valko; (e) failing to return Valko's documents to her when requested, Mr. Richmond breached the Code Principle related to Practice of the Profession.

In (a) actively misrepresenting his financial position to Phillips before she and he signed a five year lease obligation and incurred various start up expenses, (b) failing to disclose negative aspects of his financial position to Phillips before she and he signed a five year lease obligation and incurred various start up expenses, (c) failing to disclose to Phillips the complaint made against him to CGA Ontario and the impact that might have on his ability to practise as a certified general accountant before he and Phillips signed a five year lease obligation and incurred various start up expenses, Mr. Richmond breached the Code Principle related to Practice of the Profession.

By (a) leading Marcella to believe that his 2011 T1 return was not filed when, in fact, he had filed the return; (b) filing an inaccurate 2011 T1 return for Marcella which needed adjustments to correct; (c) not filing Nail-It's 2010 HST return; (d) not filing Nail-It's 2011 HST return; (e) purporting to not file client's returns and not return his client's documents until an invoice more than four times the previous years' invoices was paid; (f) not returning Marcella's client documents; (g) compelling Marcella to retain counsel to obtain his documents and (h) attempting to serve Marcella with legal proceedings by

including a statement of claim in a box of returned client files, Mr. Richmond breached the Code Principle related to Practice of the Profession.

Code Principle - Responsibilities to the Profession

Members shall always act in accordance with the duties and responsibilities associated with being members of the profession and shall carry on work in a manner that will enhance the image of the profession and the Association. A member shall comply with the *Association Bylaws* and the *Code of Ethical Principles and Rules of Conduct* of the Association as amended from time to time, and with any order or resolution of the board of directors or its committees, under the *Association Bylaws*.

In (a) failing to file the 2011 T2 income tax return for Tittle on time or at all; (b) failing to advise Tittle that Richmond did not file the T2 return; (c) failing to advise Tittle that he owed income tax and the amount of tax owing; (d) preparing financial statements for Tittle with either obvious errors or areas that required some investigation; and (e) in not asking Tittle any questions concerning those areas that warranted some investigation on the financial statements, Mr. Richmond breached the Code Principle related to Responsibilities to the Profession.

By (a) failing to file T1s for Valko for 2009, 2010, or 2011 and failing to file T2s for Valko's business for 2011; (b) representing to Valko that he had filed her 2010 and 2011 T1 returns when he had not done so; (c) delivering to Valko a copy of the 2011 T1 return which led her to believe he had filed the return; (d) failing to honour his financial commitments to Valko; (e) failing to return Valko's documents to her

when requested, Mr. Richmond breached the Code Principle related to Responsibilities to the Profession.

In (a) either making substantial errors in Campbell's bookkeeping records or in failing to adequately supervise his staff who carried out the bookkeeping work for Campbell, (b) refusing or neglecting to return Campbell's client files within a reasonable time of being asked and which ultimately resulted in the intervention of police, (c) not returning documents given to Richmond by Campbell including but not limited to historic bank statements, Mr. Richmond breached the Code Principle related to Responsibilities to the Profession.

In (a) actively misrepresenting his financial position to Phillips before she and he signed a five year lease obligation and incurred various start up expenses, (b) failing to disclose negative aspects of his financial position to Phillips before she and he signed a five year lease obligation and incurred various start up expenses, (c) failing to disclose to Phillips the complaint made against him to CGA Ontario and the impact that might have on his ability to practise as a certified general accountant before he and Phillips signed a five year lease obligation and incurred various start up expenses, Mr. Richmond breached the Code Principle related to Responsibilities to the Profession.

By (a) leading Marcella to believe that his 2011 T1 return was not filed when, in fact, he had filed the return; (b) filing an inaccurate 2011 T1 return for Marcella which needed adjustments to correct; (c) not filing Nail-It's 2010 HST return; (d) not filing Nail-It's 2011 HST return; (e) purporting to not file client's returns and not return his client's documents until an invoice more than four times the previous years'

invoices was paid; (f) not returning Marcella's client documents; (g) compelling Marcella to retain counsel to obtain his documents and (h) attempting to serve Marcella with legal proceedings by including a statement of claim in a box of returned client files, Mr. Richmond breached the Code Principle related to Responsibilities to the Profession.

Rule 304 Terms of Engagement

It is recommended that a member clearly state in writing to a client the nature and scope of services to be rendered under the terms of his or her engagement. A letter of engagement is mandatory when a member is providing compilation or assurance engagements and encouraged for all other professional engagements.

The panel did not make a finding that the member breached Rule 304 because the particulars of the allegations relating to Ms. Valko were not in the Notice of Hearing and therefore in the panel's opinion, it would have been unfair to the member to make a finding on Rule 304.

Professional Misconduct

As supported by the evidence in the findings of facts, for the following reasons, the Panel finds the member to be guilty of professional misconduct:

The member failed to file tax returns and HST returns which he said he would do and for which he was paid.

The member failed to advise clients that they owed taxes and in the amount owed.

The member failed to supervise staff.

The member purported not to file returns until invoices were paid.

The member failed to do work that he said he would do.

The member deceived clients about the status of their returns, by either leading them to believe they were filed when they were not or not advising when they were filed.

The member filed inaccurate returns.

The member refused to return client records or did not return client records.

The member misrepresented his financial situation to another certified general accountant with whom he made arrangements for sharing office space and expenses to be used for accounting work under the terms of a 5 year lease.

Dated this 4th day of November 2014

I, Betty Kuchta, sign this Decision and Reasons for Decision as Chair of the panel of the Professional Conduct Tribunal on behalf of the members of the panel that heard this matter.

A handwritten signature in cursive script, reading "Betty Kuchta", written over a horizontal line.

Betty Kuchta