



CPA Alberta Conduct Case Summaries

February 2024 – April 2024

May 2024

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Daniel Roberts CPA, the registrant against whom a complaint was made:

FACTS

From October 2020 to February 5, 2022, Mr. Roberts became the Controller of BB Ltd. Its CEO was RL and its CFO was KC.

As Controller, Roberts: managed accounts payable; assisted KC with cash flow planning, annual budgeting and job profitability analysis, and creating budget projections for BB Ltd., using information in the company's accounting software and field ticketing software in which BB Ltd.'s jobs were recorded to make estimates; assisted KC with preparing financial statements using information provided by KC into compliance and borrowing certificates, which were provided to BB Ltd.'s external accountants and lenders, Bank A and Bank C; and, had involvement with BB Ltd.'s Accounts Receivable Clerk and Accounting Manager.

In 2021, Mr. Roberts became aware of what he described as fraudulent accounting practices at BB Ltd., which he learned from his review of differences between the entries in the company's accounting software and field ticketing software. He was told that accounting issues were a misunderstanding and that blame lay with the Accounts Receivable Clerk or Accounting Manager. Mr. Roberts later raised other concerns with KC for which he received no satisfactory explanations.

Mr. Roberts also raised issues with RL, which generated ambivalence from RL. At one point, Mr. Roberts specifically articulated his concerns to RL about a specific category of account records in the company's accounting files. RL offered an explanation that was not satisfactory to Mr. Roberts; he was of the view that KC and RL were aware of and were deliberately making misstatements and fraudulent financial reports on behalf of BB Ltd.

Mr. Roberts came to realize that KC was manipulating BB Ltd.'s financial records to make the company's financial situation look better than it was. He was aware that: the budget projections that he prepared were modified by RL and KC; the information that was to be contained in BB Ltd.'s monthly reporting to its lenders was misstated; a large majority of the information in the specific category of account records was false, containing an aggregate amount of between \$4M and \$5M worth of false information; and, in March 2021, the revenue that BB Ltd. was reporting for the purposes of Canada Emergency Wage Subsidy applications was based, at least in part, on what he referred to as artificial sales and artificial invoices in January 2021.

In 2021, BB Ltd. switched lenders, from Bank A to Bank C. At that time, Mr. Roberts was involved in preparing BB Ltd.'s monthly financial statements that went to the lenders and, consequently, he was aware that a high percentage of financial information was misstated and fraudulent in relation to the receivables list and the revenues of BB Ltd. Mr. Roberts was specifically aware that certain aspects of the information that was provided to Bank C were misstated. On December 1, 2021, Mr. Roberts wrote an email to KC – titled "DO NOT FORWARD TO [Bank A]!" – regarding BB Ltd.'s October 2021 financial statements. In the email, Mr. Roberts pointed out that BB Ltd.'s reporting to Bank A was unsupportable: it was going to show more current accounts receivable than they showed revenue.

Mr. Roberts did not inform Bank A, Bank C, or BB Ltd.'s external accountants of any of his concerns. Specifically, he did not make them aware of financial records being manipulated, or that information contained in loan/credit agreement reporting to its lenders was misstated.

On January 21, 2022, a Court-appointed Interim Receiver was empowered and authorized to preserve and protect BB Ltd.'s records. The Receiver got full access to BB Ltd.'s accounting files, server, emails, and other electronic company information, reviewed BB Ltd.'s receipts, disbursements, and bank accounts, and had discussions with BB Ltd.'s senior management (RL, KC, and Mr. Roberts). The Receiver noted many irregularities in the balance sheets, including evidence of unsupported transactions that raised questions about the validity of a large amount of accounts receivable and accounts payable, inventory, and the status of BB Ltd.'s account with the CRA.

On February 2, 2023, as part of the settlement of a claim against him in Bank C's lawsuit against BB Ltd., RL, KC, and him, Mr. Roberts gave a statutory declaration outlining his knowledge of and involvement with certain of BB Ltd.'s transactions. He acknowledged learning of improprieties at BB Ltd. and allowing them to continue, he identified that some customer accounts included misstated and fraudulent information relating to receivables, and he acknowledged that he did not inform any external stakeholders – including Bank A, Bank C, and BB Ltd.'s external accountants – of any of the improprieties occurring at the company.

FINDINGS

Daniel Roberts CPA admitted to unprofessional conduct when, while employed as the Controller for BB Ltd., he associated with information that he knew, or should have known was false or misleading, in that he:

1. Was aware of journal entries in the accounting records of BB Ltd. that misrepresented financial information, including revenues and accounts receivable;
2. Was aware that the financial reporting provided to Bank A and Bank C on behalf of BB Ltd. with respect to loan/credit agreements were false and misleading, and did not inform the banks of the misrepresentations; and
3. Was aware that the financial statements of BB Ltd. were false and misleading, and did not inform BB Ltd.'s external professional accounting firm of the misrepresentations.

SANCTIONS

Daniel Roberts CPA and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. Written reprimand;
2. Payment of a fine of \$10,000 within 120 days of the statement of costs being served;
3. Within one year, completion of a course which is acceptable to the CIC Secretary, on the topic of ethics, with evidence of completion of the course to be provided to the Tribunal Secretary, and provided that, if the course is not completed within one year, the registration of Mr. Roberts will be suspended immediately and without notice for a term of one year;
4. Payment of costs of the investigation, hearing, and compliance with the orders, in accordance with CPA Alberta Bylaw 1601, within 120 days of the statement of costs being served;
5. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557; and
6. If Mr. Roberts fails to comply with these sanctions within the time specified, his registration will be cancelled.

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Joshua Lucas Allen and Joshua L. Allen Professional Corporation, the former registrants against whom a complaint was made:

FACTS

Mr. Allen was the sole proprietor of Allen PC. His registration was cancelled on October 31, 2022, for non-payment of fees. Allen PC's registration was cancelled on February 23, 2022 for failure to pay practice review fees and failure to provide evidence of professional liability insurance.

Between April 7 and October 21, 2021, members of CPA Alberta's Practice Review department attempted to communicate with Mr. Allen at least 14 times by email and voice message regarding his obligations to submit practice review forms, schedule a practice review of Allen PC, and provide evidence of professional development course attendance and completion. Mr. Allen responded only twice, at which time he committed to submitting certain information but did not do so.

Consequently, the Practice Review Committee initiated a complaint against Mr. Allen and Allen PC on October 27, 2021. The Complaints Inquiry Committee Secretary gave Mr. Allen notice of the complaint and solicited his response to it by way of three separate letters sent by email and courier between November 24, 2021 and February 10, 2022. Mr. Allen did not respond to the complaint.

During the investigation of the complaint, Mr. Allen indicated that, during the time that the Practice Review department and CIC Secretary were attempting to communicate with him, he had been dealing with severe health challenges and financial hardship, often making it difficult to respond.

FINDINGS

Joshua Lucas Allen and Joshua L. Allen Professional Corporation admitted to unprofessional conduct, in that they

1. Failed to cooperate with the requirements of the practice review process of CPA Alberta in that Mr. Allen, on behalf of Allen PC, failed to provide a response to communications from the Practice Review department of CPA Alberta that required a response during the period April 2021 to October 2021;
2. Failed to cooperate with the requirements of the Complaints Inquiry Process of CPA Alberta in that Mr. Allen, on his own and on behalf of Allen PC, failed to provide a response to communications of the CIC Secretary during the period January 10, 2022 to June 9, 2022 that required a response, and the communications of the Investigator that required a response in July 2022; and
3. Failed to ensure that Mr. Allen, as the registrant that was the designated member for a professional accounting firm that ceased to practice, carried professional liability insurance for 6 years following the cessation of the Allen PC firm's practice, covering professional services rendered prior to the cessation of practice.

SANCTIONS

Joshua Lucas Allen and Joshua L. Allen Professional Corporation and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. Payment of a fine of \$2,000 within 1 year of the statement of costs being served;

2. Payment of 75% of the costs of the investigation, hearing, and compliance with the orders, in accordance with CPA Alberta Bylaw 1601, within 1 year of the statement of costs being served;
3. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557; and
4. If Mr. Allen and Allen PC fail to comply with these sanctions within the time specified, their registrations will be deemed cancelled.

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Jocelyn Lanovaz CPA, CGA and J. Lanovaz Professional Corporation, Chartered Professional Accountant, the registrants against whom a complaint was made:

FACTS

Ms. Lanovaz was the member responsible for Lanovaz PC in respect of CPA Alberta practice review and conduct and discipline matters.

Between October 8, 2021 and June 28, 2022, members of CPA Alberta's Practice Review department attempted to communicate with Ms. Lanovaz at least 11 times by email and voice message regarding her obligations to submit practice review forms and to schedule a practice review of Lanovaz PC. Ms. Lanovaz responded only twice, once asking for (and being granted) an extension, and the other time committing to submitting certain information but did not do so.

Consequently, the Practice Review Committee initiated a complaint against Ms. Lanovaz and Lanovaz PC on October 4, 2022. The Complaints Inquiry Committee Secretary gave Ms. Lanovaz notice of the complaint and solicited her response to it by way of two separate letters – both sent by email and the second one sent also by courier – on October 12, 2022 and November 21, 2022, respectively. Ms. Lanovaz did not respond to the complaint.

During the investigation of the complaint, Ms. Lanovaz attributed her lack of responsiveness to her caregiving responsibilities with her mother.

FINDINGS

Jocelyn Lanovaz CPA, CGA and J. Lanovaz Professional Corporation, Chartered Professional Accountant admitted to unprofessional conduct, in that they

1. Failed to cooperate with the requirements of the practice review process of CPA Alberta in that Ms. Lanovaz on behalf of Lanovaz PC, failed to provide a response to communications from the Practice Review department of CPA Alberta that required a response during the period January 18, 2022 to June 28, 2022; and
2. Failed to cooperate with the requirements of the Complaints Inquiry Process of CPA Alberta in that Ms. Lanovaz, on her own and on behalf of Lanovaz PC, failed to provide a response to communications of the CIC Secretary that required a response.

SANCTIONS

Jocelyn Lanovaz CPA, CGA and J. Lanovaz Professional Corporation, Chartered Professional Accountant and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. Written reprimand;
2. Payment of the costs of the investigation, hearing, and compliance with the orders, in accordance with CPA Alberta Bylaw 1601, within 30 days of the statement of costs being served;
3. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557; and
4. If Ms. Lanovaz and Lanovaz PC fail to comply with these sanctions within the time specified, their registrations will be cancelled.

IN THE MATTER OF a discipline hearing into the conduct of Victor Zembe Mema:

FACTS

Mr. Mema became a member of CMA Alberta in September 2014. He became a member of CPA Alberta effective July 1, 2015 when the *CPA Act* came into effect.

From April 2013 to August 2015, Mr. Mema was the CFO of the DS. From March 2016 to October 2017, he was the CFO of the CN.

On January 22, 2018, the CIC Secretary initiated a complaint against Mr. Mema. It was based on information that came to CPA Alberta's attention pertaining to Mr. Mema's time as CFO of the DS. On May 25, 2018, CPA Alberta received a complaint regarding Mr. Mema's alleged conduct while CFO of the CN.

In respect of Mr. Mema's time as CFO of the DS, Mr. Mema was required to submit monthly logs for expenses incurred on the DS credit card. This was part of a process whereby the DS paid off all the cardholder statements monthly and, therefore, paid any personal expenses before a cardholder identified them. However, there was no log for Mr. Mema in relation to April 2014. Moreover, Mr. Mema's logs for the period from November 2014 onwards were not signed by Mr. Mema or his supervisor, and there was no supporting documentation in relation to those logs.

In September and October 2015, Mr. Mema had email exchanges with the DS finance department relating to repayment of those expenses. In December 2015, he received a letter from the CAO for the DS which provided a list of the charges that Mr. Mema had identified as personal, totaling \$7,738.64. The CAO asked Mr. Mema to repay that amount and another amount by January 22, 2016. Nothing happened until the DS initiated a lawsuit against Mr. Mema in November 2017 in respect of the balance owing for personal expenses that Mr. Mema charged to the DS credit card.

Mr. Mema admitted in his testimony that he incurred \$7,743.29 in personal expenses, including cash advances, on his DS credit card from the time he was hired until he resigned at the end of July 2015. He contended that he was authorized to do so or that it was reasonable for him to believe that he was authorized.

The Tribunal found, however, that there was no standard practice of using DS credit cards for personal expenses separate and apart from any business purpose. It found that there was no reasonable basis for Mr. Mema to conclude that using the DS credit card for purely personal expenses was authorized by the DS through practices or otherwise. (The Tribunal also did not consider it reasonable for Mr. Mema to have refused to pay a debt that he acknowledged to be owing on the basis of the possibility that he might have a claim for a bonus. It would have been open to Mr. Mema to pay his debt and still pursue a bonus if he considered himself entitled to one.)

In respect of Mr. Mema's time as CFO of the CN, the first expense at issue was charged to the CN's credit card on March 31, 2016 and the last on October 11, 2017. From September to November 2016, the Manager of Financial Services of the CN made verbal and written requests for Mr. Mema to reimburse the CN for outstanding personal charges which Mr. Mema incurred on the CN credit card from June to August 2016, including offering to set up a payroll deduction to deal with the charges. The matter was elevated to the Director of Finance for CN. Mr. Mema then provided a cheque post-dated to January 20, 2017 for \$4,294 (despite the amount to be repaid being \$7,443.86 at the time). The cheque was ultimately returned due to insufficient funds.

Thereafter, the matter was again elevated, this time to the Chief Administrative Officer for the CN. After that, payroll deductions were set up starting in February 2017. However, Mr. Mema continued to incur personal charges on the credit card. By September 2017, the balance owing was \$3,251.15. In October 2017, Mr. Mema's credit card was cancelled and the CAO expressed an expectation that the balance be paid in full immediately. Despite this, the last payment (which was deducted from Mr. Mema's pay) did not occur until February 3, 2018.

Mr. Mema admitted in his testimony that he incurred \$14,148.97 in personal expenses on his CN credit card from the time he was hired until his departure from the CN. He contended that he was authorized to do so or that it was reasonable for him to believe that he was authorized.

The Tribunal determined, however, that there was a clear prohibition on the use of CN credit cards for purely personal transactions by way of the credit cardholder agreement and policy manual dealing with credit cards. The agreement and policy did not refer to any exception for personal transactions incidental to business purposes, but there appeared to have been an accepted practice of using credit cards in relation to a transaction where there was a personal expense that was incidental to a business expense such as where there was a conference dinner and a spouse attended with the cardholder on the basis those would be identified, coded and repaid.

In the case of both the DS and CN misconduct, the Tribunal concluded that a member of the public would not expect any accountant to take the personal benefit of public funds. It was of the view that any member of the public would be surprised and concerned if such conduct was considered professional and ethical in the circumstances of this case and would have a diminished view of the accounting profession if it were. Mr. Mema's claim that he intended to repay the expenses eventually was not a defence either to using the funds in the first place or taking a lengthy period of time to repay them.

The Tribunal concluded that: Mr. Mema put his own personal interests before those of his employer and the constituents of the DS and CN; Mr. Mema did not maintain the trust inherent in a fiduciary relationship in using public funds for his personal benefit; Mr. Mema's conduct did not maintain the good reputation of the profession nor did it serve the public interest; Mr. Mema did not act with the requisite integrity and due care given his fiduciary role and his obligations as CFO, an ethical leader; and, Mr. Mema obtained a benefit for personal advantage without the consent of his employer.

In respect of the investigation into the CN complaint, the investigator conducted two phone interviews with Mr. Mema and followed up with a written list of questions pertaining directly to use of the CN credit card, repayment of personal charges, and Mr. Mema's personal financial situation. The purpose of the questions was to find out why Mr. Mema had made the decision to use a corporate card rather than his own personal card to incur charges that he had identified as purely personal charges. Mr. Mema's answers to five of the investigator's were non-responsive (although some information and comments were provided to the investigator through Mr. Mema's counsel later on). The Tribunal found him to have given answers that were "technically accurate but not responsive or helpful" and "at best evasive, and at worst misleading". He was also found to have given answers at the hearing that he ought to have given in 2018 during the investigation.

The Discipline Tribunal considered Mr. Mema's failure to answer questions in a responsive manner and failing to provide information about his financial situation when these issues were raised with him to be unprofessional conduct.

FINDINGS

Victor Zembe Mema was found guilty of unprofessional conduct, in that he:

1. Failed to carry out his duties as Chief Financial Officer of the DS with integrity and due care, in that he used his corporate credit card, issued by the DS, for use towards not less than \$7,743.29 of personal expenses, and he failed to promptly reimburse the DS for the unauthorized personal expenses when his employment ended in August 2015;
2. Failed to act with integrity and due care in carrying out his duties as Chief Financial Officer of the CN in that he used his corporate credit card, issued by the CN, towards \$14,148.97 of personal expenses, and he failed to promptly reimburse the CN for the unauthorized personal expenses when the CN requested repayment of them; and
3. Failed to cooperate with the regulatory processes of CPA Alberta in that he failed to respond on a timely basis to requests of the CPA Alberta contract investigator, Tony Ratcliffe, which required a response.

SANCTIONS

The discipline tribunal ordered that the sanctions to be imposed in consequence thereof would be:

1. Cancellation of the registration of Mr. Mema;
2. Payment of a fine of \$30,000 within 12 months of the statement of costs being served;
3. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557;
4. Additional publication as follows:
 - a. in relation to the First Complaint, placement of a Notice of Cancellation in the *Edmonton Journal* and *Coast Reporter*, advising that more information can be obtained at CPA Alberta;
 - b. in relation to the Second Complaint, placement of a Notice of Cancellation in the *Edmonton Journal*, *Calgary Herald* and on the *News Nanaimo* website, advising that more information can be obtained at CPA Alberta;
5. Payment of 35% of the complaint review costs and complaint investigation costs, and 35% of the costs relating to the hearing, within 12 months of the statement of costs being served; and
6. Payment of 100% of compliance costs, if any

STATUS

Mr. Mema has appealed the decision of the Discipline Tribunal.

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and George Walter Gurba, against whom a complaint was made:

FACTS

Mr. Gurba became the Controller at Company I on November 27, 2017. He was responsible for the reconciliation and review of company bank and credit card statements. As the head of Finance for the company, Mr. Gurba had the head of Accounts Receivable and the head of Accounts Payable at the company reporting to him.

At the start of his employment, Mr. Gurba reported to the General Manager of Company I. After the GM was terminated on December 11, 2018, Mr. Gurba reported to GD, the President of Company I. Only GD and Mr. Gurba had bank authorization authority for Company I, and only Mr. Gurba had access to its payroll system.

While he was the Controller, Mr. Gurba received payments totaling \$24,691.90 through company payroll transfers, in conjunction with his semi-monthly salary payments, to his bank account, consisting of the following payments: \$1,846.68 on August 31, 2019; \$2,168.54 on September 15, 2019; \$2,657.15 on February 15, 2020; \$3,176.54 on March 15, 2020; \$3,986.75 on March 31, 2020; \$1,201.65 on May 31, 2020; \$2,543.13 on June 15, 2020; \$4,125.25 on July 31, 2020; and \$2,986.21 on October 15, 2020. These payroll transfers were identified as expense reimbursements on the pay statements; however, they were done with no supporting documentation. Mr. Gurba asserted that the transfers were authorized by GD, to facilitate Mr. Gurba's working from his residence during stay-at-home mandates that started in March 2020, including purchasing equipment for and creating an office space in his residence. GD disputed that Mr. Gurba was required to work offsite, and he disputed that he authorized Mr. Gurba to purchase home office equipment.

Also while he was the Controller, Mr. Gurba authorized the following payments from Company I to his personal credit card account: \$7,867.25 on April 30, 2020; and \$7,215.13 on May 28, 2020. These payments were made with no authorization and no prior approval. Mr. Gurba asserted that: these payments were made for various purchases by others at Company I, at a time when there were supply chain challenges; some of the purchases were made from vendors that only accepted a certain type of credit card; back-up documentation for the purchases existed; and, some of the payments were made from Company I to his personal credit card account in error. The investigation of the complaint revealed that many of the purchases made during the period prior to the credit card payments did not have any evident connection to Company I-related expenditures, and no back-up documentation was uncovered.

On December 7, 2020, GD questioned Mr. Gurba about various financial transactions that had occurred under Mr. Gurba's oversight at Company I. That same day, Mr. Gurba resigned from his employment at Company I.

FINDINGS

George Walter Gurba admitted to unprofessional conduct, in that, while acting as the Controller for Company I, he failed to carry out his duties with integrity and due care, in that he received payments or benefits from Company I that he knew or ought to have known he was not authorized to receive, as follows:

- a. During the period of August 31, 2019 to October 15, 2020, received the following payments, with no supporting documentation, authorization or prior approval, through payroll

transfers: \$1,846.68 on August 31, 2019; \$2,168.54 on September 15, 2019; \$2,657.15 on February 15, 2020; \$3,176.54 on March 15, 2020; \$3,986.75 on March 31, 2020; \$1,201.65 on May 31, 2020; \$2,543.13 on June 15, 2020; \$4,125.25 on July 31, 2020; and, \$2,986.21 on October 15, 2020; and

- b. Authorized the following payments, with no authorization or prior approval, from Company I to his personal credit card account:
 - i. April 30, 2020 in the amount of \$7,867.25; and
 - ii. May 28, 2020 in the amount of \$7,215.13.

SANCTIONS

George Walter Gurba and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. Voluntary resignation of registration pursuant to section 75 of the *CPA Act*, under the following conditions:
 - a. Under section 56(2) of the *CPA Act* and in accordance with CPA Alberta Resolution 5.1.1.2, Mr. Gurba will return to CPA Alberta his certificates of membership, issued by CMA Alberta and by CPA Alberta, forthwith after approval and acceptance of this sanction agreement; and
 - b. Pursuant to section 75(2) of the *CPA Act*, the time period after the acceptance of the sanction agreement that must elapse before an application for reinstatement of registration will be considered will be reduced to two (2) years;
2. Within one year, completion of a course that is acceptable to the CIC Secretary in the area of professional ethics, with evidence of completion being provided to the Tribunal Secretary;
3. Payment of a fine of \$15,000 within 1 year of the statement of costs being served;
2. Payment of 50% of the costs of the investigation, hearing, and compliance with the orders, to a maximum of \$7,500, in accordance with CPA Alberta Bylaw 1601, within 1 year of the statement of costs being served;
3. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557; and
4. If Mr. Gurba fails to comply with these sanctions within the time specified, his registration will be deemed cancelled.

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Yannick Mahé CPA, the registrant against whom a complaint was made:

FACTS

Mr. Mahé was one of three owners of Forward Physiotherapy & Wellness Ltd. (FPAW). He was also the Clinic Manager of FPAW, responsible for accounting and procurement. Dr. AD was a chiropractor who practised out of FPAW.

Among the services provided at FPAW was chiropractic treatments for clients with coverage through the Benefits Administrator E. Benefits Administrator E employed a process wherein it would request a document, essentially a referral for treatment, from a treating chiropractor in respect of a client receiving the treatment.

On August 3, 2022, AK had an appointment at FPAW with Dr. AD for chiropractic treatment. Upon learning that AK was a Benefits Administrator E client, but prior to Dr. AD's approval, Mr. Mahé prepared a template referral form in respect of AK, using Dr. AD's referral pre-signed template, with patient information that Mr. Mahé summarized from the charts on file – consisting of a diagnosis and eight recommended treatments. That same day, FPAW submitted the referral form relating to AK that Mr. Mahé prepared to Benefits Administrator E, and also a chiropractic claim dated August 3, 2022 for payment of \$100.00 to FPAW. Dr. AD reported that she did not have knowledge of or approve the referral form relating to AK.

On January 31, 2023, WC had an appointment at FPAW with Dr. AD for chiropractic treatment. The appointment description was for “initial custom foot orthotic, biomechanical and gait assessment with 3D volumetric laser scan.” Upon being told that WC was a Benefits Administrator E client, Mr. Mahé reviewed WC's file and noted that there was no referral for chiropractic treatment. Prior to Dr. AD's approval, Mr. Mahé prepared a template referral form in respect of WC, using Dr. AD's referral pre-signed template, with patient information that he summarized from the charts on file – consisting of a diagnosis and eight recommended treatments. That same day, FPAW submitted the referral form relating to WC that Mr. Mahé prepared to Benefits Administrator E, and also a chiropractic claim assigned to FPAW. The next day, following Dr. AD's chiropractic assessment of WC, Mr. Mahé amended the referral form relating to WC and recorded the patient information for WC as consisting of low back pain and no treatment plan and obtained Dr. AD's approval.

On February 11, 2023, internal controls were updated to the template referral form process by FPAW to remove the possibility of unreviewed referral forms being sent externally without being reviewed by the responsible practitioner.

Dr. AD submitted a complaint against Mr. Mahé. During the investigation of the complaint, Mr. Mahé was asked whether the referral forms relating to AK and WC were sent to Benefits Administrator E. Mr. Mahé replied that they were not when, in fact, they were transmitted to Benefits Administrator E by FPAW.

FINDINGS

Yannick Mahé CPA admitted to unprofessional conduct, in that he associated with information that he ought to have known was false or misleading in that he, in the position of Clinic Manager for FPAW:

- a. Prepared a template chiropractic referral form on January 31, 2023 for WC, on behalf of Dr. AD, prior to Dr. AD authorizing the referral form, for the purposes of processing an

assignment of benefit claim reimbursement for WC in which FPAW obtained a fee payment of \$50.00 from WC's benefit provider;

- b. Prepared a template chiropractic referral form in August 2022 for AK, on behalf of Dr. AD, prior to Dr. AD authorizing the referral form, for the purposes of processing an assignment of benefit claim reimbursement for AK in which FPAW obtained a fee payment of \$100.00 from AK's benefit provider; and
- c. Advised the Investigator that the referral forms prepared in advance of Dr. AD's authorization were not submitted externally, when in fact they were, and claims were subsequently paid to FPAW as a result of the receipt of the referral forms.

SANCTIONS

Yannick Mahé CPA and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. Written reprimand;
2. Payment of a fine of \$1,000 within 30 days of the statement of costs being served;
3. Payment of 50% of the costs of the investigation, hearing and compliance with the orders, in accordance with CPA Alberta Bylaw 1601, within 30 days of the statement of costs being served;
4. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557; and
5. If Mr. Mahé fails to comply with these sanctions within the time specified, his registration will be cancelled.

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Robert Erickson CPA, CA, the registrant against whom a complaint was made:

FACTS

Mr. Erickson was one of the partners of DCB, Chartered Professional Accountants. The other partner of DCB was GB CPA, CA.

In October 2014, Mr. Erickson's brother – NE CPA, CA – began working as a part-time consultant to DCB. Among the services NE performed were working paper preparation for compilation and review engagements. Initially, NE did his work from within DCB's offices and billed DCB personally.

On June 29, 2015, RNE Accounting Solutions Inc. was registered as an Alberta corporation. Starting in August 2015, NE billed DCB through RNE. The working relationship between DCB and RNE followed negotiations between Mr. Erickson and NE, on behalf of DCB and RNE, respectively. In early 2018, NE began performing services for DCB from an offsite office that RNE had established.

In January 2021, due to staffing issues at DCB, Mr. Erickson entered into a subcontracting arrangement with LC CPA, CGA, who had been given notice that she was laid off from DCB as one of DCB's staff accountants, effective January 29, 2021. Mr. Erickson and LC continued the subcontracting arrangement after LC was recalled to work at DCB, effective August 3, 2021. Mr. Erickson invoiced DCB for LC's work under this arrangement – as well as for additional client file work that Mr. Erickson did afterhours – through RNE. Mr. Erickson was aware that GB did not know that LC, and sometimes Mr. Erickson, were doing work through RNE. Whenever such work was done through RNE, it was put in NE's name.

On September 12, 2022, a client of DCB for whom Mr. Erickson was performing services contacted DCB's offices and was referred to GB, as Mr. Erickson was on vacation. The client was displeased about Mr. Erickson's alleged failure to perform services – specifically, 2018, 2019, 2020, and 2021 year end work – in a timely manner. GB took steps to address the client's concerns and looked into DCB's file materials pertaining to the client. In doing so, he learned that the client's file work had been done by LC, the client's 2018 year end had been filed immediately before Mr. Erickson left on vacation, and the work-in-progress time entries consisted of three line items (with only 0.25 hours' of LC's time, one hour of Mr. Erickson's time to review the client's 2018 year end, and a subcontractor charge of \$1,612.50 for NE's time, despite there being no evidence that NE spent any time on the client file). GB inquired of LC about her lack of time entries on the client file, with LC referring GB to Mr. Erickson. Thereafter, Mr. Erickson contacted GB and confirmed that NE had not, in fact, done any work on the client file, and that LC had done the work through RNE.

GB also investigated other DCB client work. He determined that RNE had recorded completing file work on 22 client files that were invoiced in January, June, July, and August 2022. DCB's client account management system identified that NE had done the work on them. NE had, in fact, only prepared the working papers on one of the 22 client files. Instead, LC had done the work on 18 of them, and Mr. Erickson had done the work on 2 of them. GB determined that, in the November 2021 to August 2022 time period, LC invoiced 336.75 hours on RNE invoices and recorded 33.75 hours in DCB's time records in respect of those client files.

GB confronted LC, who stated that she was paid \$42.00 per hour by RNE for the work she did on DCB client files – the same as her rate of pay from DCB. However, RNE charged DCB \$75.00 per hour for that work, resulting in RNE retaining a gross profit of \$33.00 per hour of LC's work. LC also

told GB that she did that work after hours, gave Mr. Erickson the files when she completed them, and sent her hours on the files to Mr. Erickson via text message. RNE issued a T4 Statement of Remuneration Paid to LC for income she earned performing work for DCB clients, including over \$50,000 in employment income in the 2021 tax year. Then, from January to August 2022, LC earned an average of almost \$2,400 in net pay per month from RNE.

GB then obtained a corporate search result for RNE and learned that it was not solely NE's company, as he had previously understood. Rather, its shareholders were NE's holding company, NE's wife, Mr. Erickson's wife, and a company owned by Mr. Erickson and his parents.

Upon his return from vacation, Mr. Erickson met with GB and confirmed that LC was paid by RNE for work she performed on DCB client files. He also confirmed that RNE was charging DCB for LC's work using NE's rate of \$75.00 per hour. When confronted by GB about the ownership of RNE, Mr. Erickson initially stated that GB's earlier understanding was correct – that is, that RNE was NE's company. However, when GB challenged him, Mr. Erickson confirmed what GB had already learned: that RNE was also owned in part by Mr. Erickson and other members of his family.

GB also determined that NE and Mr. Erickson – in addition to LC – were doing some DCB client file work and charging DCB \$75.00 per hour. When confronted by GB about RNE's billings, Mr. Erickson initially stated that NE had done the billed work. However, when GB challenged him, Mr. Erickson confirmed that it was, in fact, he who had done some of the work.

FINDINGS

Robert Erickson CPA, CA admitted to unprofessional conduct, in that he created or associated with representations that he knew, or ought to have known, were false or misleading in that he:

- a. Carried on a business relationship, through RNE – an entity owned by him and his close relatives, including NE – with DCB – a firm in which he was a partner:
 - i. While the other partners of DCB believed that RNE was owned solely by NE; and
 - ii. Without being candid with GB – also a partner in DCB – when asked about his involvement in RNE and the billings from RNE to DCB; and
- b. Prepared entries in Caseware that indicated that:
 - i. NE had prepared or reviewed working papers or performed professional services for clients of DCB when in fact he had completed the work; and
 - ii. NE had prepared working papers or performed professional services for clients of DCB when in fact LC completed the work.

SANCTIONS

Robert Erickson CPA, CA and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. Payment of a fine of \$3,000 within 30 days of the statement of costs being served;
2. Payment of costs of the investigation, hearing, and compliance with the orders, in accordance with CPA Alberta Bylaw 1601, to a maximum of \$5,000, within 30 days of the statement of costs being served;
3. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557; and
4. If Mr. Erickson fails to comply with these sanctions within the time specified, upon reasonable prior notice, his registration will be cancelled.

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Carl Schwartz and Carl D. Schwartz (the accounting firm), the former registrants against whom a complaint was made:

FACTS

Mr. Schwartz was the sole proprietor of the Schwartz firm. His registration was cancelled on January 12, 2022, for non-payment of fees. The Schwartz firm's registration was also cancelled on January 12, 2022.

Starting November 2020 and continuing until May 2023, Mr. Schwartz underwent medical testing relating to shortness of breath, sleep apnea, and neuromuscular concerns.

Between May 6 and October 26, 2021, members of CPA Alberta's Practice Review department attempted to communicate with Mr. Schwartz at least 8 times by email and voice message regarding his obligations to submit practice review forms and to schedule a practice review of the Schwartz firm. Mr. Schwartz did not respond to any of the attempts to communicate with him.

Consequently, the Practice Review Committee initiated a complaint against Mr. Schwartz and the Schwartz firm on December 8, 2021. The Complaints Inquiry Committee Secretary gave Mr. Schwartz notice of the complaint and solicited his response to it by way of two separate letters – both sent by email and also by courier – on January 12, 2022 and March 2, 2022. Mr. Schwartz did not respond to the complaint.

During the investigation of the complaint, Mr. Schwartz explained that he had been suffering from a respiratory illness that affected his ability and willingness to respond to CPA Alberta correspondence, and he provided medical records that showed that he sought medical treatment for his illness.

FINDINGS

Carl Schwartz and Carl D. Schwartz (the accounting firm) admitted to unprofessional conduct, in that they:

1. Failed to cooperate with the requirements of the practice review process of CPA Alberta in that Mr. Schwartz, on behalf of the Schwartz firm, failed to provide a response to communications from the Practice Review department of CPA Alberta that required a response during the period May 2021 to October 2021;
2. Failed to cooperate with the requirements of the Complaints Inquiry Process of CPA Alberta in that Mr. Schwartz, on his own and on behalf of the Schwartz firm, failed to provide a response to communications of the CIC Secretary during the period January 22, 2022 to March 10, 2022; and
3. Failed to ensure that Mr. Schwartz, as the registrant who was the designated member of a professional accounting firm that ceased to practice, carried professional liability insurance for 6 years following the cessation of the Schwartz firm's practice, covering professional services rendered prior to the cessation of practice.

SANCTIONS

Carl Schwartz and Carl D. Schwartz (the accounting firm) and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. Payment of \$1,000 in costs of the investigation, hearing, and compliance with the orders, in accordance with CPA Alberta Bylaw 1601, within 90 days of the statement of costs being served;
2. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557; and
3. If Mr. Schwartz and the Schwartz firm fail to comply with these sanctions within the time specified, their registrations will be deemed cancelled.