

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

IN THE MATTER OF a Complaint against A. E. (Ted) Goldhawk, CGA

BETWEEN:

The Discipline Committee of The Certified General Accountants Association of Ontario

- and -

A.E. (Ted) Goldhawk, CGA

DECISION OF THE PROFESSIONAL CONDUCT TRIBUNAL

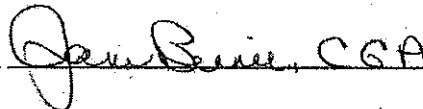
Members of the Professional Conduct Tribunal Panel:

Jane Bennie, CGA, Chair
Robert Haliburton, CGA
Victoria Corbett, Public Representative

Pursuant to section 25, Article 9 of the bylaws, the Professional Conduct Tribunal Panel has reviewed the Statement of Facts and Resolution proposed by the parties in this matter, signed by the Chair of the Discipline Committee, Pierre Bockt FCGA, November 24, 2010 and signed by A.E. (Ted) Goldhawk CGA, December 3, 2010. The Professional Conduct Tribunal Panel has also reviewed a letter dated November 24, 2010 by the Chair of Discipline Committee, Pierre Bockt FCGA. The Professional Conduct Tribunal Panel accepts the attached proposal as set out by the parties. The attached proposal is hereby ratified.

Dated this 15th day of January, 2011

I, Jane Bennie CGA, sign this Decision as Chair of the Panel of the Professional Conduct Tribunal on behalf of the members of the Panel that heard this matter.



Jane Bennie, CGA

STATEMENT OF FACTS AND RESOLUTION

A. AGREED UPON STATEMENT OF FACTS

1. You became a member of CGA Ontario in 1981.
2. Your CGA Ontario certificate number is 3741 and your CGA Canada certificate number is 315429.
3. You are not and have not been registered in public practice with CGA Ontario (the "Association").
4. You do not hold a licence to practise public accounting under the *Public Accounting Act* or its predecessor legislation.
5. On 16 December 2008 you prepared a Review Engagement Report addressed to the shareholders of a client. In the Review Engagement Report you expressed the following opinion:

"Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian general accepted accounting principles."
6. The Review Engagement Report was signed "A.E. Goldhawk, CGE, CGA, TEP, Certified General Accountant".
7. On 17 December 2008 you prepared a second Review Engagement Report addressed to the shareholders of another client. In the Review Engagement Report you expressed the following opinion:

"Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian general accepted accounting principles."
8. That Review Engagement Report was also signed "A.E. Goldhawk, CGE, CGA, TEP, Certified General Accountant".
9. Ontario law requires persons who practise public accounting to be licensed in accordance with the *Public Accounting Act*.
10. The practice of public accounting is defined in the *Act* to include assurance engagements, including an audit conducted with respect to the correctness,

fairness, completeness or reasonableness of a financial statement or any part of a financial statement or any statement attached to a financial statement, if it can reasonably be expected that the services will be relied upon or used by a third party.

11. You did not hold a licence to practise public accounting when you issued the opinions on the financial statements in the Review Engagement Reports.
12. In expressing an opinion on the financial statements in the two Review Engagement Reports without a licence, you violated the *Public Accounting Act*.
13. Rule 102 of the Association's Code of Ethical Principles and Rules of Conduct (the "Code") provides that "a member shall not permit the member's firm name or the member's name to be used with, participate in, or provide services to, any activity that the member knows, or which a reasonable and informed third party, would believe, to be unlawful."
14. It was unlawful, i.e. contrary to the law of Ontario, for you to issue two Review Engagement Reports without a public accounting licence.
15. Had you been prosecuted under the *Public Accounting Act*, you would have been liable to a fine of up to \$25,000 for each of the two offences.
16. Although you were not registered in public practice, you held yourself out as a Certified General Accountant public practitioner.
17. You signed correspondence to the public, including to the Association, on the letterhead of "Goldhawk Accounting & Tax Services" as "A.E. Goldhawk CGA, CFE, TEP".
18. You advertised your firm in the Yellow Pages from at least 2004 under Accountants – Certified General. You were advised by the Association that, as you were not registered in public practice with the Association, you could not hold yourself out as a CGA firm.
19. By at least 2010 you listed your firm in the Yellow Pages under Accountants – Public. You were not licensed as a public accountant or registered with the Association in public practice.
20. When you were advised to cease such publication, you wrote to Yellow Pages advising that the publication was incorrect.
21. Then, as late as October 2010 you advertised to the public that you were a Certified General Accountant in an advertisement placed in the Canal Bank Shuffle publication distributed in and around Thorold, Ontario.

22. You used the CGA designation on your business cards, describing yourself to the public as "Goldhawk Accounting & Tax Services, A.E. (Ted) Goldhawk, CGA, CFB, TEP".
23. You were not permitted to reference your CGA designation as you are not registered in public practice for any of the years since 2001 when you operated your practice as Goldhawk Accounting & Tax Services.
24. In addition to the above, you provided professional services to your clients, although you were not permitted to do so as you were not registered in professional practice with the Association.
25. From the mid 1980s until 2001 you worked in a C.A. firm. In 2001 you parted ways with that firm and brought more than half of your clients and some of the staff with you and continued to provide professional services to those clients.
26. Despite your indications to the committee, you are not registered in public practice with the Association nor are you listed in the section of the Association's roster for CGA Public Practice Firms as registered for public practice.
27. As you were also not registered for tax preparation with the Association, you were also not permitted to prepare income tax returns for any of those years.
28. You were advised in 2004 that if you wished to operate a professional practice and use your designation, you would need to register with the Association. You did not register.
29. You were again advised in October 2009 that if you were intending to continue your professional practice, you were required to register your firm with the Association, purchase liability insurance and make arrangements to complete the requirements to operate a professional practice. You did not take any steps to register your practice.
30. Rule 514 of the Code requires a member engaged in a professional practice to register with the Association.
31. The Code defines a "professional practice" as "a proprietorship, partnership, limited liability partnership or professional corporation that provides professional services."
32. The Code further defines "professional services" as "any accounting, assurance, taxation services, management advisory or consulting services or other related services as may from time to time be recognized by the Association that is performed or offered to be performed by a member for a client or employer, whether or not the member asserts membership in the Association."

33. By providing professional services and offering to provide professional services through the use of your CGA designation in advertising, you were operating a professional practice, as defined by the Code.
34. You were not permitted by the Association to offer or to provide the professional services that you provided to the public.
35. Rule 515 of the Code requires a member engaged in a professional practice to adhere to the practice inspection requirements of the Association.
36. As you did not register your professional practice, you avoided undergoing a practice inspection with the Association.
37. Rule 516 of the Code requires a member engaged in a professional practice to maintain professional liability insurance.
38. You did not maintain insurance for your practice.
39. The total cost of professional liability insurance for the years 2005-2010 was \$5,637.60.
40. You did not purchase the Public Practice Manual (the "PPM") or the CICA Handbook (the "Handbook") for any of 2001 to date.
41. The total cost of the PPM and applicable renewals since 2005 to date is \$1,442.10.
42. The total cost of the Handbook and applicable renewals since 2005 to date is \$2,160.94.
43. You did not keep your professional development up to date and as of August 2010 had not filed your 2009 Declaration of Professional Development with the Association.
44. Rule 509.1 prohibits a member from using a name that is misleading as to the nature of the functions the member can perform. By advertising under Certified General Accountants, you misled or could reasonably have misled the public to believe that you were registered to provide professional services when you were not. By using the CGA designation on your letterhead with your signature and on your business card, you misled or could reasonably have misled the public to believe that you were registered with the Association to provide professional services when you were not.
45. By advertising as a Public Accountant, you misled or could reasonably have misled the public to believe that you were licensed to provide public accounting services when you were not.

46. Rule 601 of the Code requires members to comply with the Association's bylaw Four and the Code.
47. By (i) carrying on a public practice without being registered to do so and without (a) undergoing a practice inspection, (b) maintaining appropriate insurance or (c) subscribing to the Handbook and the PPM, and by (ii) practising public accounting when you were not licensed to do so, you did not comply with multiple provisions of the Association's Code and therefore also did not comply with Rule 601.
48. Rule 606(a) of the Code prohibits members from participating in any action that is detrimental to the Association or the profession.
49. My conduct amounted to professional misconduct and conduct unbecoming a certified general accountant.
50. By acting as a public accountant when you were not licensed to do so and by carrying on a professional practice and a tax practice when you were not registered with the Association to do so, you participated in actions detrimental to the Association and the profession.

B. AGREED UPON RESOLUTION

1. You agree that in issuing the two review engagement reports in 2008 without a public accounting licence, you were in violation of the *Public Accounting Act*. As such, you were engaged in unlawful activity contrary to Rule 102.
2. You recognize that if you had been charged with an offence under the *Public Accounting Act* and found guilty, you could have been fined by the court up to \$25,000 for the first offence and up to \$50,000 for every subsequent offence.
3. You recognize that it was contrary to Rule 514 of the Code for you to provide professional services when you were not registered with the Association to do so.
4. You agree that it was contrary to Rule 515 of the Code for you to carry on a professional practice without complying with the Association's practice inspection requirements.
5. You agree that it was contrary to Rule 516 of the Code for you to carry on a professional practice without maintaining professional liability insurance.
6. You agree that it was contrary to Rule 509.1 of the Code for you to use your designation in advertising to the public when you were not registered to provide professional services to the public.

7. You agree that in violating the above-noted provisions, you did not comply with the Association's Code contrary to Rule 601.
8. You agree that your violation of Ontario's *Public Accounting Act* was or could have been detrimental to the Association or the profession and, as such, was a violation of Rule 606(a).
9. You accept a reprimand from the Association as a result of your breaches of the Code.
10. You accept a suspension of your membership in the Association for a period of 3 months, from the date of ratification of this agreement by the Professional Conduct Tribunal.
11. Along with your acceptance of this resolution, you have enclosed both your CGA Ontario membership certificate and your CGA Canada membership certificate. The certificates will be returned to you upon the conclusion of the three month suspension and upon meeting the Association's reinstatement requirements.
12. You understand and agree that effective immediately you will not operate a professional practice until you have registered and completed the requirements associated with professional practice.
13. You recognize that if you had been charged with an offence under the *Act* and found guilty, you could have been fined by the court up to \$25,000 for a first offence and up to \$50,000 for each subsequent offence.
14. Recognizing that you have violated seven Rules of the Code in addition to the provincial statute, you accept a fine of \$17,000.
15. You agree to pay the sum of \$1,442.10 representing the cost of the PPM that you should have paid for the years 2005 to present.
16. You agree to pay the sum of \$2,160.94 representing the cost of the Handbook that you should have paid for the years 2005 to present.
17. You also agree to pay the sum of \$5,637.60 representing the cost of professional liability insurance that you should have paid for the years 2005 to present.
18. You understand that the committee is not seeking any costs payable from you. However, you understand that if you do not accept this resolution, the matter will proceed to a disciplinary hearing before the Professional Conduct Tribunal and the committee will be seeking costs of that hearing from you.
19. You understand that, as required by the bylaws, the terms of the resolution will be published in Statements and will also be published in a local newspaper.

- 20. You understand that, after a ten day waiting period from the date of acceptance of this proposed resolution, the Committee will present this proposed agreed resolution of this complaint to the Professional Conduct Tribunal. The Tribunal may accept or reject the resolution. If it accepts the resolution of the complaint, this ratification shall be the final disposition of the complaint. Where the Tribunal refuses to accept the proposed resolution, it may grant this committee an opportunity to return before it within 10 days or such other reasonable time as shall be stipulated by the Tribunal, with an amended proposed agreed resolution. Where the Tribunal refuses to ratify a proposed resolution and does not grant the committee an opportunity to return before it with an amended proposed agreed resolution, a Professional Conduct Tribunal panel of three members shall be appointed to conduct a formal hearing pursuant to sections 25 and 28 of Article 9 of the bylaws.

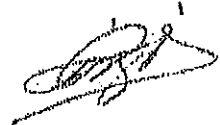
- 21. You further understand that if the committee and you are unable to resolve this complaint through an agreed upon resolution process, the matter will be referred to the Professional Conduct Tribunal for a hearing.

I hereby agree to this above statement of facts and resolution.

Date of Offer:

Name:

24 November 2010

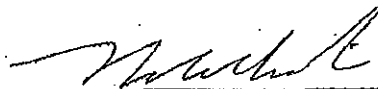


Pierre Bockt, FCGA
Chair, Discipline Committee

Date of Acceptance:

Name:

Dec 3/10



A.E. (Ted) Goldhawk, CGA