

IN THE MATTER OF  
A PROFESSIONAL CONDUCT TRIBUNAL  
OF THE CERTIFIED GENERAL ACCOUNTANTS OF ONTARIO

B E T W E E N :

CGAO Discipline Committee

- and -

Howard Stanleigh

Tribunal panel members:

Alexis Perera, CGA, chairperson  
Roseline Brennan, CGA  
David Handley

Hearing held:

May 6, 2005

Appearances:

Karen Jolley, for the Discipline Committee  
Jerome Stanleigh, for Howard Stanleigh  
Alan Jeans, complainant  
Betty Lou Acchione, complainant

DECISION

By Notice of Hearing dated October 19, 2004, the CGAO advised Mr. Howard Stanleigh that a complaint had been made against him and that the Discipline Committee had referred the complaint to a Professional Conduct Tribunal for a hearing. The Notice of Hearing alleged that Mr. Stanleigh had violated a number of rules of the CGAO's *Code of Ethical Principles and Rules of Conduct*. A hearing was scheduled for December 16, 2004. The hearing was subsequently adjourned and commenced on May 6, 2005.

At the hearing, the Discipline Committee and Mr. Stanleigh, through their respective counsel, presented an agreed statement of facts to the Tribunal. The statement read as follows:

1. *Throughout the material time Howard Stanleigh was a member of the Certified General Accountants Association of Ontario ("CGA Ontario").*
2. *For the years 1994, 1995 and 1996 Howard Stanleigh was retained to act as the accountant for Grand Valley Sand and Gravel and for the company's owners, Mario and Betty Lou Acchione. Howard Stanleigh prepared personal tax returns for the Acchiones and financial statements and corporate tax returns for Grand Valley Sand and Gravel.*

3. Howard Stanleigh also provided business consulting advice to the Acchiones and their company. He assisted Mario Acchione a business dispute between Mario and Mario's brother and business partner, Gerry Acchione.

4. Howard Stanleigh introduced the Acchiones to Naz Panjwani, who was also a certified general accountant. Naz Panjwani initially assisted Howard Stanleigh in doing the books for Grand Valley Sand and Gravel, while Howard Stanleigh continued to prepare the financial statements and tax returns.

5. Eventually the accounts passed to Naz Panjwani and he prepared personal returns for Mario and Betty Lou Acchione and prepared financial statements and corporate tax returns for Grand Valley Sand and Gravel for the years 1997, 1998, 1999, 2000 and 2001.

6. From the end of 1996 onward throughout the material time, Howard Stanleigh was a director and shareholder and the president of C.I.G.I. (Consortium Investment Group) Inc. ("CIGI").

7. Howard Stanleigh offered an investment opportunity to his family and friends, including Naz Panjwani.

8. In total Howard Stanleigh collected approximately \$300,000 by September 1997 for investment in what was described as a Capital Enhancement Program.

9. Naz Panjwani brought the investment opportunity being offered by Howard Stanleigh to the attention of the Acchiones. Howard Stanleigh met with the Acchiones and explained the investment to them. Mario Acchione expressed an interest to Howard Stanleigh in earning 10% weekly on his investment.

10. Howard Stanleigh knew or should have known from his dealings with the Acchiones that they had little or no investment experience. They did not invest in RRSPs. They had a few hundred dollars in Canada savings bonds for their children.

11. After having spoken to Howard Stanleigh, in January 1998 Betty Lou Acchione obtained a bank draft for \$10,200 payable to Naz Panjwani and deposited that bank draft into Naz Panjwani's bank account.

12. In January 1998, Naz Panjwani gave Howard Stanleigh a bank draft made payable to CIGI. That bank draft included, in part, the Acchione investment money.

13. After the Acchiones had invested their money, Howard Stanleigh represented to them that the money was invested in a "Bank of America Program" that will produce the following results based on a \$10,000 investment: By February 28, 1998 - \$5,000 profit; by March 31, 1998 - \$7,500 profit; by April 30, 1998 - \$11,240 profit. Total profit \$23,750.00 (average of 19% interest/week.)"

14. In February 1998, Howard Stanleigh represented to the investors that they could withdraw some money by the end of February 1998, but he counselled against doing so. He advised them to let their investment grow.

15. *The Acchiones further invested in the same manner as above in July 1998. At that time their daughter Theresa Acchione, a family friend Heather McLaren and Mr. Acchione's sister and her husband, Nina and Al Jeans all gave Naz Panjwani money in trust for the CIGI investment (the "Acchione Group")*
16. *Naz Panjwani gave the money he had received from the Acchione Group in trust to CIGI.*
17. *Howard Stanleigh received the Acchione Group investment money for the purposes of investments described in a written contract as a "Capital Enhancement Program" (the "contract").*
18. *Naz Panjwani prepared the contract that each of the Acchione Group signed.*
19. *In the first contract signed by Mario and Betty Lou Acchione, Naz Panjwani is described as the agent. Naz Panjwani witnessed the signatures of Betty Lou and Mario Acchione.*
20. *In the second contract of Mario and Betty Lou Acchione, the investor is described as "Naz Panjwani in trust for Mario and Betty Lou Acchione" and Howard Stanleigh is listed as agent. Naz Panjwani signed the agreement in trust for Mario and Betty Lou Acchione. Howard Stanleigh signed as agent and on behalf of CIGI.*
21. *Betty Lou and Mario Acchione signed a document addressed to Naz Panjwani confirming that they had a copy of the contract he had signed on their behalf in trust.*
22. *In the contract with Heather McLaren, the investor is described as "Naz Panjwani in trust for Heather McLaren" and Howard Stanleigh is listed as agent. Naz Panjwani signed the agreement in trust for Heather McLaren. Howard Stanleigh signed as agent and on behalf of CIGI.*
23. *In the contract with Theresa Acchione, the investor is described as "Naz Panjwani in trust for Theresa Acchione" and Howard Stanleigh is listed as agent. Naz Panjwani signed the agreement in trust for Theresa Acchione. Howard Stanleigh signed as agent and on behalf of CIGI.*
24. *In each of the Acchione Group contracts it is acknowledged that Howard Stanleigh was responsible for ensuring that the investors' funds were protected at all times.*
25. *There is no evidence that the funds are protected or that their whereabouts are known or that the funds can or will be returned.*
26. *The contract stipulated that the investment money would be placed in a "High Yield Bank Transaction" that was "secured by a triple A 106 bank guarantee". It further represented that the money would be held on deposit until such a transaction with such a guarantee could be obtained.*
27. *There is no evidence that the funds invested on behalf of the third parties who advanced moneys to Howard Stanleigh were placed in a High Yield Bank Transaction or that they were secured by a triple A 106 bank guarantee or, in the alternative, that the*

) fund were held on deposit until such a transaction with such a guarantee could be obtained.

28. The contract provided that Howard Stanleigh promised "to guarantee all legal documents to be signed in Zurich, Switzerland must be first received and approved by a lawyer and a bank expert hired and acting on behalf of CIGI, the Agent and the Investor. This will ensure the legal validity of the 106 Bank Guarantee or Equivalent before any funds are wired by Canada to Switzerland."

29. Stanleigh has not disclosed information about with whom the funds are lodged because he executed a confidentiality agreement. In the confidentiality agreement, Mr. Stanleigh claims that if he disclosed any information concerning the location of the funds and the parties involved there would be an immediate forfeiture of principal and interest.

30. Documents were not received or approved by a lawyer or a bank expert for the investor or CIGI or the agent.

31. The contract provided that CIGI and Howard Stanleigh on behalf of CIGI would direct the bank to set up automatic wire transfers to deposit a minimum of ten percent interest of their original investment per week into an offshore bank numbered account for the investor. It was represented that the minimum ten percent interest per week may be paid out on a bi-weekly basis depending on the terms of the Capital Enhancement Program.

) 32. Howard Stanleigh on behalf of CIGI did not disclose to investors the true nature of the investment made with their money.

33. Howard Stanleigh did not disclose to investors the risks associated with the investment.

34. Howard Stanleigh did not advise investors that, in some instances, their investment money would not be placed in the promised investment vehicle but would be used to repay other prior investors.

35. Howard Stanleigh made representations to the investors about the nature of the investment without taking appropriate objective steps to determine the accuracy of the economic viability of the investment information he provided.

36. In November 1998, Howard Stanleigh represented to the investors that a \$10,000 investment made in November 1998 would make a profit of \$58,908 or 589% by November 1999.

37. Howard Stanleigh made representations to the investors about the profits or returns being earned on the investments without taking objective steps to ensure that the profits or returns represented were tangible and would be paid.

) 38. Howard Stanleigh did not provide the investors with a complete list of investors' names and information as agreed to by contract.

39. *Howard Stanleigh represented to the Acchione Group members that CIGI and he would complete the Capital Enhancement Program within 30 business days of the signing of the contract by them and the simultaneous issuance of funds to them.*

40. *Howard Stanleigh guaranteed to the Acchiones a certified cheque for the amount of the investment made by them within 5 business days of their written request.*

41. *The Acchione Group members requested their money verbally many times. Mr. Jeans also requested in writing that the money be returned.*

42. *Howard Stanleigh, who had guaranteed the return of the investment made, did not return the money on behalf of CIGI, neither principal nor interest. CIGI, which had also guaranteed the return of the investment made, did not return the money,*

43. *Howard Stanleigh breached his trust, contract or fiduciary duties to the Acchione Group members who provided him with money for investment on particular terms. Howard Stanleigh failed to return to the Acchione Group members the investment principal and any profits earned since 1998, despite their written demands.*

44. *The Acchiones advanced \$7,000 U.S. and received \$20,000 U.S. They then advanced \$24,300 U.S. Their net unreturned investment without taking interest into account is \$11,300 U.S.*

45. *Theresa Acchione advanced \$10,000 Cdn (\$6,587.18 U.S.).*

46. *Heather McLaren advanced \$10,000 Cdn (\$6,587.18 U.S.).*

47. *The Jeans advanced \$50,000 Cdn and \$9,966 U.S.*

48. *These monies in paragraphs 44-47 inclusive have not been returned.*

49. *When the Acchione Group members demanded return of their money, Howard Stanleigh represented to them that the money would be coming shortly and asked them to be patient. Howard Stanleigh did little or no or insufficient due diligence with respect to the assurances he passed on that the funds would be wired shortly.*

50. *Howard Stanleigh failed to provide the discipline committee of CGA Ontario with full and complete disclosure of all financial and other records that related to the money received from investors and the investment transaction ultimately entered into by CIGI.*

51. *Howard Stanleigh did not or did not demonstrate to the discipline committee of CGA Ontario that he maintained accounting records consistent with the obligations of a trustee or fiduciary as they related to the handling of money received from investors and the periodic accumulation of profits or returns made by the respective investors' money.*

52. *The above actions in failing to do appropriate due diligence, in investing moneys contrary to the terms of the contracts, in encouraging investors to keep their money in the investment and in failing to return the moneys when asked, among other things, are of a nature to discredit the profession in violation of Rule 101 of the Code of Ethical Principles and Rules of Conduct (the "Code") - Discredit.*

53. *Howard Stanleigh's handling of the investment funds and his inability to return the funds was contrary to the terms of the contract and the general law relating to trusts. Further, Howard Stanleigh cannot or will not produce records as are necessary to account properly for the money contrary to Rule 206 of the Code – Trusteeship.*

54. *Howard Stanleigh's failure to carry out appropriate due diligence with respect to the representations he made to investors about their returns and his delivery of those representations without appropriate corroboration and his encouragement to investors that they maintain their money in the investment all violate Code Rules 301 – Competence, Rule 306 - Sufficient Information and Rules 401 – Communication Issued in Connection with Financial Information and 402 – Association with Financial Information.*

55. *In not disclosing the risks to the clients of their investment, Howard Stanleigh did not disclose facts or information relevant to the investors in violation of Rule 403 of the Code – Known Omission.*

56. *When Howard Stanleigh became aware of the delay in returning the funds, he failed to advise the investors to take action rather than himself signing a confidentiality agreement limiting the information he could give to Acchione Group and to other investors. In doing so and in taking the steps he did in the foregoing paragraphs, Howard Stanleigh did not disclose a material discrepancy when it became known to him in violation of Rule 404 of the Code – Material Discrepancy.*

57. *In having the investors participate in this investment without full information and without explaining the risks, Howard Stanleigh violated Rule 606 of the Code – Participation in action detrimental to the Association*

58. *In not responding to the discipline committee and in entering into a confidentiality agreement that apparently prohibited him from making full disclosure to the discipline committee, Howard Stanleigh breached Rule 611 of the Code - Assistance to the Board.*

At the hearing, the Discipline Committee entered into evidence a number of documents relating to the above facts (which are not necessary to summarize). Mr. Stanleigh consented to the admission of the documents into evidence.

No witnesses were called to testify at the hearing. However, Howard Stanleigh made a statement, expressing regret for what had occurred and emphasizing that he takes his confidentiality obligations seriously. He stated that he sincerely believes that the complainants' investment monies will be returned to them shortly, at least in their principal amounts, if not with interest.

As noted in the agreed statement of facts, Howard Stanleigh admitted to a number of breaches of the Rules. The Tribunal heard no evidence to contradict these admissions and, based on the evidence presented, we find that Mr. Stanleigh did in fact violate Rules 101, 206, 301, 306, 401, 402, 403, 404, 606, and 611.

Counsel for both the Discipline Committee and Mr. Stanleigh made submissions to the tribunal and then made a joint recommendation for penalty. Specifically, the parties asked the Tribunal to impose the following:

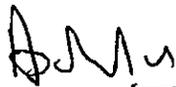
1. an order that Howard Stanleigh be expelled from membership in the Association;
2. an order that Howard Stanleigh pay a fine of \$2,500 to the Association;
3. an order that the Tribunal's decision be published in the *CGAO Statements*, the *Toronto Star* and in a local York Region newspaper;
4. in the event that the four complainants' investment monies (the entire principal invested, without interest) are not returned to them on or before June 30, 2005, an order that Howard Stanleigh pay each of them restitution in the following amounts:
  - Betty Lou Acchione : \$11,300
  - Theresa Acchione: \$10,000
  - Heather McLaren: \$10,000
  - Alan Jeans: \$50,000
5. in the event that the four complainants' investment monies are not returned to them on or before June 30, 2005, an order that Howard Stanleigh provide the CGAO with a complete list of all the investors, to enable the CGAO to write to the other investors and advise them of the Tribunal's decision; and
6. an order that Howard Stanleigh pay the Discipline Committee's costs in the amount of \$2,500.

After considering all the facts and submissions of the parties, the Tribunal has concluded that the joint submission of the parties with respect to penalty is reasonable and so orders all of the above. The reasons for our conclusion are as follows:

- Even though Mr. Stanleigh has spared the CGAO the necessity of a long discipline hearing by agreeing to the above statement of facts, this does not mitigate the serious nature of the breaches in this case. A CGA must always act professionally and display honesty and integrity in the highest order. Any deviation from this norm would result in the erosion of public confidence in the accounting profession and in the Certified General Accountants Association. On many occasions, Mr. Stanleigh has displayed towards his clients breaches of fiduciary trust, gross negligence and lack of accountability. The Association, in its obligations as a self-regulating professional body, needs to actively protect the public interest. Therefore the Tribunal agrees with the expulsion of Mr. Stanleigh from the membership of the Association.
- As a self-regulating profession, the Association must not only protect the public interest but must also be seen to protect the public interest. Thus the publication order is warranted in this case. In any event, according to the recent amendments to By Law Four, publication is automatic unless the member demonstrates that it would not be in the public interest and that it would be unduly unfair to the member. There is no evidence to warrant an exception to publication in this case.

- As a CGA, Mr. Stanleigh carried the weight of influence and responsibility created by a position of trust associated with being a professional accountant. He has failed to provide the Disciplinary Committee with full and complete disclosure of all financial matters relevant to this case. Mr. Stanleigh also has failed to demonstrate to the said committee that he had maintained accounting records consistent with the obligations of a Trustee/Fiduciary. In our opinion, these failures, together with the breach of the trust placed in him by his clients, are sufficiently serious to warrant the imposition of a fine in the amount of \$2,500, in addition to the expulsion order.
- The complainants (investors) in this case relied heavily on Mr. Stanleigh's CGA designation, among other things, in placing their trust, faith and hard earned savings in him. Mr. Stanleigh has breached the fiduciary trust owed to investors that provided him with money for investment. The Tribunal therefore is satisfied that, in the circumstances of this case, if the four complainants' outstanding principal investment monies are not returned to them on or before June 30, 2005, Howard Stanleigh ought to be liable to compensate each of them. The jointly proposed restitution order, which could reimburse the complainants with the principal amounts invested, is reasonable.
- The CGA of Ontario has incurred substantial costs in terms of money and human resources to investigate this complaint and bring this case to a closure. Thus the Tribunal agrees with the order for Mr. Stanleigh to pay the Discipline Committee's costs in the amount of \$2,500.

Dated this 24<sup>th</sup> day of May, 2005



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Alexis Perera, CGA  
For the Tribunal

## NOTICE

**This decision of the Professional Conduct Tribunal may be appealed to an Appeal Tribunal within thirty (30) days of the sending of this decision. The Notice of Appeal must be in writing, addressed to the Secretary of the Association (Certified General Accountants Association of Ontario, 240 Eglinton Avenue East, Toronto, Ontario, M4P 1K8) and must contain the grounds for the appeal.**

**TAKE NOTE THAT, in an appeal, the Appellant bears the onus of obtaining copies of the transcript of the hearing before the Professional Conduct Tribunal for the Appeal Tribunal (4 copies) and for the Respondent (1 copy). According to Article 9 of By-Law Four, a Notice of Appeal that fails to contain the grounds for the appeal, together with evidence that demonstrates that a transcript of the hearing giving rise to the appeal has been ordered, shall be invalid.**

**Sack  
Goldblatt  
Mitchell**

*Barristers  
& Solicitors*

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June 1, 2005

**Via Facsimile and Mail  
Via Registered Mail**

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Dear Sirs/Madam:

**Re: Professional Conduct Tribunal Decision - Complaint Against  
Howard Stanleigh**

The Tribunal has instructed me to issue the enclosed correction to its decision dated May 24, 2005.

Sincerely



Cynthia Petersen  
CP;jh, cope 343

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CRIMINAL**

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A PROFESSIONAL CONDUCT TRIBUNAL  
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- and --

Howard Stanleigh

Tribunal panel members:

Alexis Perera, CGA, chairperson

Roseline Brennan, CGA

David Handley

**CORRECTION**

The Tribunal hereby amends its decision dated May 24, 2005 as follows:

On page 7 of the decision, the paragraph numbered 4 should read:

“... an order that Howard Stanleigh pay each of them restitution  
in the following amounts:

Betty Lou Acchione: \$11,300 US

Theresa Acchione: \$10,000

Heather McLaren: \$10,000

Alan Jeans: \$50,000 plus \$9,966 US”

Dated: June 1, 2005