

Discipline Notice

On March 23, 2022, a panel of the Discipline Committee (the "Panel") of Chartered Professional Accountants of Manitoba ("CPA Manitoba"), held a hearing into a charge of professional misconduct (the "Charge") against Mr. Arthur Leon Schellenberg, CPA, CA, a registered member of CPA Manitoba (the "Member"). The Charge alleged breaches of Rules 201.1 and 201.2 of the Code of Professional Conduct of CPA Manitoba.

The Member appeared before the Panel without legal representation. The Panel was advised that the Member was entering a plea of not guilty to the Charge.

The Panel heard submissions from counsel for the Complaints Investigation Committee (the "CIC") and a witness providing evidence on behalf of the CIC that:

- On January 31, 2018, the Manitoba Securities Commission (the "MSC") issued an Order (the "Order") as a consequence of a hearing in relation to the Member's conduct. The Order resulted from findings by the MSC that the Member had "acted as a securities advisor, investment counsel and/or advisor under the Act without being appropriately registered".
- The Order required that the Member must pay compensation for financial loss to several individuals totaling \$159,237.71, an administrative penalty in the amount of \$25,000.00 and costs in the amount of \$95,766.66.
- As of the hearing date of March 23, 2022, the CIC advised the Panel that the orders for financial compensation and all of the financial penalties ordered remained unpaid.
- The above constituted a breach of sub-rule 102.1(d) of the CPA Manitoba Code of Professional Conduct in that the Member failed to notify CPA Manitoba of the Order or the finding of guilt. Further, the CIC argued that the Member's conduct throughout justified a finding of a breach of rules 201.1 and 201.2.

The Panel heard submissions from the Member who was testifying on his own behalf:

- The Member offered no evidence to refute the CIC's evidence that the MSC issued the Order against him or the CIC's evidence that the financial compensation, costs and administrative penalties aspects of the Order remained unpaid.
- The Member's position was that the findings of the MSC were in error and that accordingly, there had been no breach of the CPA Manitoba Code of Professional Conduct as alleged, and that as a consequence, no sanctions should be ordered.



Decision:

- The Panel found the member guilty in relation to the Charge in that the Member had breached the following rules of the Code of Professional Conduct of CPA Manitoba:
 - **Rule 201.1** *A registrant shall act at all times with courtesy and respect and in a manner which will maintain the good reputation of the profession and serve the public interest.*
 - **Rule 201.2** *There is a rebuttable presumption that a registrant has failed to maintain the good reputation of the profession or serve the public interest when the registrant is charged under Rule 201.1 on account of any matter referred to in Rule 102.1(a), (c), (d) and (e) and a certified copy of a document which provides proof of guilt in respect of such matters is filed with the discipline committee. For purposes of this Rule, documents which provide proof of guilt include a certificate of conviction, order, decision, settlement agreement which includes an admission of guilt or other similar relevant document.*

The Panel ordered:

- That the Member pay a fine in the amount of \$10,000 and costs in the amount of \$30,000.
- That the Member be suspended from July 1, 2022 for six (6) months or until the financial restitution ordered by the Manitoba Securities Commission to the individuals totaling \$159,237.71 is paid, whichever period of time is longer.
- That the Member be given ninety (90) days to pay the order of costs and fine awarded herein by the Panel unless alternate arrangements are made which are acceptable to CPA Manitoba.
- That this decision including the name of the Member be made available to the public subject to section 84(1) of the Chartered Professional Accountants Act.

Inquiries regarding this matter or the complaint process can be obtained from:

Anita Wilson, CPA, CA
Director, Ethics & Regulatory Affairs & Registrar
CPA Manitoba
Phone: 204-987-4567
Email: awilson@cpamb.ca