

UNDER THE NEW BRUNSWICK *CHARTERED ACCOUNTANTS ACT* 1998

IN THE MATTER OF a professional conduct complaint against **René Duguay, CPA, CA** of Lamèque, New Brunswick, and against the firm **Duguay Gagnon, comptables agréés** of Caraquet, New Brunswick by the complainant **la Caisse populaire de Shippagan** in relation to alleged violations of Rules 202 (Integrity and Due Care), 204.1 (Objectivity: Audit Engagement), 206 (Compliance with Professional Standards), and 210.2 (Conflict of Interest) of the Rules of Professional Conduct adopted by the New Brunswick Institute of Chartered Accountants pursuant to section 8(2)(l)(iv) of the *Chartered Accountants Act* 1998;

AND IN THE MATTER OF a professional conduct complaint against **René Duguay, CPA, CA** of Lamèque, New Brunswick, and against the firm **Bourque Haché Duguay, comptables agréés** of Caraquet, New Brunswick by the complainant **la Caisse populaire de Shippagan** in relation to alleged violations of Rules 202 (Integrity and Due Care), 204.1 (Objectivity: Audit Engagement), 206 (Compliance with Professional Standards), and 210.2 (Conflict of Interest) of the Rules of Professional Conduct adopted by the New Brunswick Institute of Chartered Accountants pursuant to section 8(2)(l)(iv) of the *Chartered Accountants Act* 1998.

B E T W E E N:

**CHARTERED PROFESSIONAL ACCOUNTANTS
OF NEW BRUNSWICK**

- AND -

RENÉ DUGUAY, CPA, CA

**DECISION OF THE NBICA DISCIPLINE TRIBUNAL
RESPECTING LIABILITY AND PENALTY INVOLVING THE
RESPONDENT RENÉ DUGUAY, CPA, CA**

Panel

André Gauvin, CPA, CA (Chairperson)
France Ringuette, CPA, CA
Maurice Richard, CPA, CA

Counsel: Joël Michaud, for CPA New Brunswick
Sylvie I. Michaud, for René Duguay, CPA, CA



Introduction

1. Given the prevailing Covid-19 pandemic, the hearing took place via the Zoom platform on July 7, 2020 in which participated René Duguay, CPA, CA, his counsel, Sylvie I. Michaud, Q.C., and counsel for CPA New Brunswick, Joël Michaud.
2. At the outset, a Joint Book of Documents was entered as evidence. The “crystallized” complaints against Mr. Duguay are found at tabs 1 and 2 of the Book. Tab 3 consists of the original communication to the New Brunswick Institute of Chartered Accountants (NBICA) on behalf of the Caisse Populaire de Shippagan making allegations against Mr. Duguay and others. The Report of the Complaints Enquiry Committee (CEC under the now-repealed *Chartered Accountants Act, 1998*) referring some of the allegations to this Committee is found at tab 4. At tab 5, we find a decision of a differently constituted panel of this Committee which imposed an interim suspension on Mr. Duguay on August 25, 2016.
3. Finally, the parties included at tab 6 a document entitled “Agreement Respecting Liability and Penalty involving the Respondent René Duguay, CPA, CA”. In it, Mr. Duguay admits liability to the charges referred by the CEC to this Committee and the parties jointly submit the following penalty:
 - a) Pursuant so sections 99(1)(d) and (e) of the *NBICA By-laws*, that the rights and privileges René Duguay, CPA, CA, be permanently suspended and that his membership be revoked; and,
 - b) Pursuant to section 99(2) of the *NBICA By-laws*, the René Duguay, CPA, CA pay costs to CPA New Brunswick in the amount of \$15,000.

Process

4. The parties confirmed there would be no evidence tendered at the hearing other than the Joint Book, and proceeded to make arguments in support of the proposed sanction, relying in part on a Book of Authorities submitted by counsel for CPA New Brunswick. Counsel submitted three authorities explaining how a discipline panel is to assess a joint recommendation on sanction and three authorities involving cases presenting some similarities with the case at hand.
5. We heard from Mr. Duguay that he was in agreement with the proposed disposition.

Analysis

6. The complaints allege the following (allegations dismissed by the CEC crossed out):

René Duguay, CPA, CA and Bourque Haché Duguay - 2002:

A. Auditor Independence – Rule 204.1 of the NBICA's Rule of Professional Conduct (« ROPC »)

~~#1. That Rene Duguay, CA, while a partner with the firm Bourque Haché Duguay and while engaged as an auditor to express an audit opinion on the financial statements of the Caisse for the year ended May 31, 2002, did, through his ownership of Series 96 Investment Equity shares of the Caisse, fail to hold himself free of any influence, interest or relationship (a) which, in respect of the said engagement for the fiscal year ended May 31, 2002, impaired his professional judgement or objectivity, or (b) which, in the view of a reasonable observer, would impair his professional judgement or objectivity in respect of the said engagement for the fiscal year ended May 31, 2002, contrary to Rule 204.1 of the NBICA's ROPC.~~

~~#2. That Rene Duguay, CA, while a partner with the firm Bourque Haché Duguay and while engaged as an auditor to express an audit opinion on the financial statements of the Caisse for the year ended May 31, 2002, did, through his wife's ownership of Series 96 Investment Equity Shares of the Caisse, fail to hold himself free of any influence, interest or relationship (a) which, in respect of the said engagement for the fiscal year ended May 31, 2002, impaired his professional judgement or objectivity, or (b) which, in the view of a reasonable observer, would impair his professional judgement or objectivity in respect of the said engagement for the fiscal year ended May 31, 2002, contrary to Rule 204.1 of the NBICA's ROPC.~~

B. Rule 202 – Integrity and Due Care

~~#3 That Rene Duguay, CA, while a partner with the firm Bourque Haché Duguay and while engaged as an auditor to express an audit opinion on the financial statements of the Caisse for the year ended May 31, 2002, did fail to perform said professional services with integrity and due care as contemplated by Sections 5025.24 and 5100.02 of the CICA Handbook, contrary to Rule 202 of the NBICA's ROPC.~~

C. Compliance With Professional Standards – Rule 206 of the ROPC

~~#4. That Rene Duguay, CA, while a partner with the firm Bourque Haché Duguay and while engaged as an auditor to express an audit opinion on the financial statements of the Caisse for the year ended May 31, 2002, did not perform said assurance engagement with due care and with an objective state of mind, as contemplated by Sections 5025.24 and 5100.02 of the CICA Handbook, contrary to Rules 204.1 and 206 of the NBICA's ROPC.~~

~~#5. That Rene Duguay, CA, while a partner with the firm Bourque Haché Duguay and while engaged as an auditor to express an audit opinion on the financial statements of the Caisse for the year ended May 31, 2002, did not obtain sufficient appropriate evidence to provide him with a reasonable basis to support the opinions expressed in the Auditor's Report on the financial statements of the Caisse for the year ended May 31, 2002, as contemplated by Section 5025.53 of the CICA Handbook, contrary to Rule 206 of the NBICA's ROPC..~~



#6. That Rene Duguay, CA, while a partner with the firm Bourque Haché Duguay and while engaged as an auditor to express an audit opinion on the financial statements of the Caisse for the year ended May 31, 2002, issued an unqualified audit opinion on the said financial statements of the Caisse when said financial statements were not in compliance with Section 3025 of the CICA Handbook, as contemplated by the Reporting Standards (iv) of Section 5100.02 of the CICA Handbook, contrary to Rule 206 of the NBICA's ROPC.

D. Rule 210.2 Conflict of Interest

~~#7. That Rene Duguay, CA, while a partner with the firm Bourque Haché Duguay and while engaged as an auditor to express an audit opinion on the financial statements of the Caisse for the year ended May 31, 2002, did accept, commence and continue said audit engagement in circumstances where a reasonable observer would conclude, on the basis of his ownership and the ownership of his wife of Series 96 Investment Equity shares of the Caisse, that he was in a position where his interests would conflict with the interests of the Caisse, contrary to Rule 210.2 of the NBICA's ROPC.~~

René Duguay, CPA, CA and Duguay Gagnon – 2003

A. Auditor Independence – Rule 204.1 of the NBICA's Rule of Professional Conduct (« ROPC »)

~~#1. That Rene Duguay, CA, while a partner with the firm Duguay Gagnon and while engaged as an auditor to express an audit opinion on the financial statements of the Caisse for the year ended May 31, 2003, did, through his ownership of Series 96 Investment Equity shares of the Caisse, fail to hold himself free of any influence, interest or relationship (a) which, in respect of the said engagement for the fiscal year ended May 31, 2003, impaired his professional judgement or objectivity, or (b) which, in the view of a reasonable observer, would impair his professional judgement or objectivity in respect of the said engagement for the fiscal year ended May 31, 2003, contrary to Rule 204.1 of the NBICA's ROPC.~~

~~#2. That Rene Duguay, CA, while a partner with the firm Duguay Gagnon and while engaged as an auditor to express an audit opinion on the financial statements of the Caisse for the year ended May 31, 2003, did, through his wife's ownership of Series 96 Investment Equity Shares of the Caisse, fail to hold himself free of any influence, interest or relationship (a) which, in respect of the said engagement for the fiscal year ended May 31, 2003, impaired his professional judgement or objectivity, or (b) which, in the view of a reasonable observer, would impair his professional judgement or objectivity in respect of the said engagement for the fiscal year ended May 31, 2003, contrary to Rule 204.1 of the NBICA's ROPC.~~

B. Rule 202 – Integrity and Due Care

#3 That Rene Duguay, CA, while a partner with the firm Duguay Gagnon and while engaged as an auditor to express an audit opinion on the financial statements of the Caisse for the year ended May 31, 2003, did fail to perform said professional services with integrity and due care as contemplated by

Sections 5025.24 and 5100.02 of the CICA Handbook, contrary to Rule 202 of the NBICA's ROPC.

C. Compliance With Professional Standards – Rule 206 of the ROPC

#4. That Rene Duguay, CA, while a partner with the firm Duguay Gagnon and while engaged as an auditor to express an audit opinion on the financial statements of the Caisse for the year ended May 31, 2003, did not perform said assurance engagement with due care and with an objective state of mind, as contemplated by Sections 5025.24 and 5100.02 of the CICA Handbook, contrary to Rules 204.1 and 206 of the NBICA's ROPC.

#5. That Rene Duguay, CA, while a partner with the firm Duguay Gagnon and while engaged as an auditor to express an audit opinion on the financial statements of the Caisse for the year ended May 31, 2003, did not obtain sufficient appropriate evidence to provide him with a reasonable basis to support the opinions expressed in the Auditor's Report on the financial statements of the Caisse for the year ended May 31, 2003, as contemplated by Section 5025.53 of the CICA Handbook, contrary to Rule 206 of the NBICA's ROPC..

#6. That Rene Duguay, CA, while a partner with the firm Duguay Gagnon and while engaged as an auditor to express an audit opinion on the financial statements of the Caisse for the year ended May 31, 2003, issued an unqualified audit opinion on the said financial statements of the Caisse when said financial statements were not in compliance with Section 3025 of the CICA Handbook, as contemplated by the Reporting Standards (iv) of Section 5100.02 of the CICA Handbook, contrary to Rule 206 of the NBICA's ROPC.

D. Rule 210.2 Conflict of Interest

~~**#7.** That Rene Duguay, CA, while a partner with the firm Duguay Gagnon and while engaged as an auditor to express an audit opinion on the financial statements of the Caisse for the year ended May 31, 2003, did accept, commence and continue said audit engagement in circumstances where a reasonable observer would conclude, on the basis of his ownership and the ownership of his wife of Series 96 Investment Equity shares of the Caisse, that he was in a position where his interests would conflict with the interests of the Caisse, contrary to Rule 210.2 of the NBICA's ROPC.~~

7. The CEC also dismissed both Complaints as against the firms. In the result, all that is outstanding are allegations against Duguay.
8. By Decision dated August 25, 2016, this (differently constituted) Tribunal suspended the rights and privileged of René Duguay, CPA, CA, in whole, until the final disposition of the matter.
9. As previously stated, the parties jointly submit that Mr. Duguay's rights and privileges be permanently suspended, that his membership be revoked, and that he pay CPA New Brunswick costs of \$15,000.



10. We accept that while we are not strictly bound by the joint recommendation, we are to adopt it unless we feel it is "*inappropriate; not within the range of sentences; unfit or unreasonable; and/or contrary to the public interests*"¹.
11. We have considered decisions involving breaches similar to those admitted to by Mr. Duguay to determine if the sanctions proposed were appropriate and within the range of sentences² and have come to the conclusion that they were. We are also satisfied that the sanctions are not contrary to the public's interests.

Disposition

12. In the result, we hereby impose on Mr. Duguay the following sanctions:
 - a) Pursuant so sections 99(1)(d) and (e) of the *NBICA By-laws*, that the rights and privileges René Duguay, CPA, CA, be permanently suspended and that his membership be revoked; and,
 - b) Pursuant to section 99(2) of the *NBICA By-laws*, the René Duguay, CPA, CA pay costs to CPA New Brunswick in the amount of \$15,000.
13. In furtherance of section 100 of the NBICA By-Laws, we direct the Registrar of CPA New Brunswick to provide copies of this decision to:
 - a) The Chair of the Complaints Enquiry Committee of CPA New Brunswick;
 - b) René Duguay;
 - c) The Caisse Populaire de Shippagan ; and,
 - d) Board members of CPA New Brunswick.
14. We also direct that a Public Notice of the decision and a copy be posted on CPA New Brunswick's webpage.

(Signatures on following page)

¹ *Law Society of Saskatchewan v. Rault*, 2009 SKCA 81, at para. 28; see also, *R. v. Steeves* 2010 NBCA 57, and *R. v. Anthony-Cook*, 2016 SCC 43.

² *Vanziffle v. The Institute of Chartered Accountants of British Columbia*, 1993 CanLii 1317; *Delahaye v. Chartered Professional Accountants of Ontario* (unreported); and *Horsley v. Chartered Accountants of Ontario* (unreported).



Dated at Dieppe, New Brunswick, on July 31, 2020.



André Gauvin, CPA, CA

Dated at Edmundston, New Brunswick, on July _____, 2020.

France Ringuette, CPA, CA

Dated at Dieppe, New Brunswick, on July _____, 2020.

Maurice Richard, CPA, CA
(Retired)

Dated at Dieppe, New Brunswick, on July _____, 2020.

André Gauvin, CPA, CA

Dated at Edmundston, New Brunswick, on July 31st, 2020.

France Ringuette CPA, CA
France Ringuette, CPA, CA

Dated at Dieppe, New Brunswick, on July _____, 2020.

Maurice Richard, CPA, CA
(Retired)