

IN THE MATTER OF
**CHARTERED PROFESSIONAL ACCOUNTANTS
OF BRITISH COLUMBIA**

(“CPABC”)

AND
A COMPLAINT AGAINST

ROLF ANTHONY EUGSTER, CPA, CA

(“Member”)

For the CPABC:
B. Martyniuk

For the Member:
On his own behalf

Hearing held in Vancouver BC on September 20, 2021

DECISION

1. The Member received his CA designation in 1978. The Statement of Complaint alleges multiple violations by the Member of the *CPABC Code of Professional Conduct* and its predecessor the *ICABC Rules of Professional Conduct* in relation to decisions of the BC Securities Commission.

Background

2. Between 2011 and 2017, the Member was the Chief Financial Officer of ecoTECH Energy Group, which was a public company subject to the provisions of the *BC Securities Act*.
3. In 2012, the Executive Director of the Securities Commission issued a cease trade order requiring that there be no trading in ecoTECH securities until it filed additional records required by the *Act*.

4. While the cease trade order was in effect, ecoTECH issued 2,009,634 shares to 16 investors for a total of \$55,100, and approximately 73 million shares to 15 persons, including the Member, as compensation for services rendered to ecoTECH.
5. In his capacity as CFO, the Member executed 15 of the 16 subscription agreements for the issuance of ecoTECH shares to the investors.
6. After a merits hearing, the Securities Commission in June of 2019 determined that the Member had contravened the *Securities Act* with regard to the shares being issued in the face of the cease trade order of which he was aware. After a subsequent penalty hearing, the Securities Commission issued various restriction orders against the Member as well as a financial penalty of \$15,000.
7. The Member did not inform CPABC that he had been found to have violated the *Securities Act*. When CPABC wrote to the Member in January 2020 advising him of his obligation under CPABC Bylaw 511(1)(c) that “*a member must immediately notify the Registrar in writing ... upon a violation of the provisions of any securities legislation*”, the Member responded by saying the Securities Commission decision was under appeal to the BC Supreme Court.
8. At the hearing, the Member acknowledged he knew at the time that no appeal had been initiated and that no appeal has since been initiated. The Member also acknowledged that the financial penalty remains unpaid and that he has no intention of paying it.

Considerations

9. The allegations against the Member in the Statement of Complaint are uncontroverted. They have all been proven and for the most part were admitted by the Member.
10. In the circumstances, CPABC contends that the Member’s conduct contravened Bylaw 511(1)(c) as well as other conduct requirements of the *CPABC Code of Professional Conduct* and the corresponding requirements of the preceding *ICABC Rules of Professional Conduct*, with the contraventions constituting professional misconduct under section 53(2)(c) of the *Chartered Professional Accountants Act*.

11. The mainly relevant provisions of the *Code of Professional Conduct* state:

101.1 All registrants ... shall comply with the CPA Code of Professional Conduct ...

102.1 Registrants shall promptly notify CPABC after having been ... found guilty of a violation of the provisions of any securities legislation ...

201.1 A registrant shall act at all times ... in a manner which will maintain the good reputation of the profession and serve the public interest.

202.1 A registrant shall perform professional services with integrity and due care.

205 A registrant shall not ... sign or associate with any letter, report, statement, representation or financial statement which the member knows, or should know, is false or misleading ...

213 A registrant shall not associate with any activity that the registrant knows, or should know, to be unlawful.

12. While not disputing his impugned conduct, the Member contends that he ought not to be subjected to any CPABC disciplinary proceedings because the Securities Commission was wrong in its decision that he violated the *Securities Act*. He invites CPABC instead to redecide the merits of the decision because the Securities Commission did not consider his explanation of ecoTECH's substantial compliance with its disclosure obligations. However, the decision expressly reflects the opposite:

[49] All of these submissions are irrelevant. Whether the market did or did not have sufficient information about ecoTECH, arising from its disclosure documents filed in the United States or Canada, is not relevant. Nor is the validity of the issuance of the cease trade order relevant. The fact is that the cease trade order was in existence during the period in which ecoTECH breached its terms. There is no question that the Commission had the jurisdiction to issue it when it did. It is not open to the respondents, after the fact and after a breach of the terms of that order, to argue whether the order was necessary in the first instance.

13. In any event, regardless of the merits of the Securities Commission Decision, the Member offered no explanation or justification for his lack of appreciation of the gravity of the matter, for his manifest lack of understanding of the responsibilities of a CFO of a public company, or for his cavalier disregard of his professional

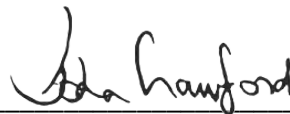
responsibilities as a member of CPABC. To the contrary, he exacerbated that disregard by expressing overt and relentless disdain for the profession throughout the hearing.

14. In the result, the Panel considers the Member's execution of subscription agreements with investors as the CFO of echoTECH while he knew a cease trade order was in effect; his failure to notify CPABC of the Securities Commission having found him to be in violation of *the Securities Act* and having issued restrictions and a financial penalty against him; his knowingly false representation to CPABC that the Securities Commission Decision was under appeal to the Supreme Court of BC when he knew it was not; and his determination to not pay the outstanding financial penalty, constitute breaches of Rules 101.1, 102.1, 201.1, 202.1, 205, and 213, as well as Bylaw 511(1)(c), and that the Member has thereby committed professional misconduct under Section 53(2)(c) of the *Chartered Professional Accountants Act*.

Conclusion

15. Accordingly, the Panel hereby orders that:
 - a. the membership of Rolf Anthony Eugster in the CPABC is hereby suspended for a minimum of 2 years; and thereafter until he successfully completes the CPABC online program *Ethics At Our Core* or a comparable program with the approval of the CPABC VP of Professional Conduct; and
 - b. Rolf Anthony Eugster pay to CPABC, in accordance with the Tariff of Costs in Bylaw Regulation 1208/1, its costs relating to conduct of the hearing and the investigation resulting in the hearing immediately upon being presented with its Statement of Costs, with regard to which the Panel reserves the jurisdiction to determine the amount of the costs in the event of a disagreement between Mr. Eugster and CPABC.

October 20, 2021



For the Panel:

John D. Crawford, FCPA, FCA, Chair

Norm Mayr, FCPA, FCA

Jeff Corbett, PEng, FEC