

## Desktop Review – unethical behaviours involving client monies

APESB Technical Staff have performed a desktop review to research whether there were any instances of unethical behaviours by accountants relating to client monies.

This paper sets out a summary of recent instances of unethical behaviours as reported in the media. The summaries below reproduce key points/sentences from the articles listed.

1. [Accountant admits transferring cash to 'fraud account' to pay gambling debts](#), ABC News, 31 July 2023

- An accountant, Mr James Redmond Burrows, has pled guilty to 113 fraud-related charges over four years. He defrauded his clients and the ATO of more than \$1.4 million to fund his gambling addiction, with some business clients defrauded by almost \$300,000.
- The offending was a mix of fraudulent income tax and business tax claims, claiming money that his clients were not entitled to, like franking credit dividends or stealing the money directly from client accounts and claiming it was for a legitimate purpose.
- Mr Burrows had established a 'fraud account' where he put his client's income tax returns or GST tax refunds before using the money for gambling.
- Some small businesses had granted him unrestricted access to their online banking systems in order to manage their taxation. Mr Burrow would transfer money out of their accounts to the JRB Trust account (the trust account for his accounting practice), and then he would transfer the money to his fraud account.
- As many of the income tax returns were paid to JRB Accounting, not Burrows as an individual, the ATO cannot compensate the individuals affected.
- Mr Burrows pleaded guilty to state charges of 44 counts of computer-related fraud, 23 counts of fraud, 28 counts of inserting false information as data, one count of stealing by an agent and, one count of stealing and 16 federal charges of obtaining financial advantage by deception.

2. [TPB slaps 5-year ban on accountant involved in \\$26m fraud](#), Accountants Daily, 22 September 2023

- A Western Sydney accountant, Mr Benjamin Carter, has been accused of stealing \$26 million from clients to finance his lavish lifestyle and gambling habit.
- A TPB investigation found that Mr Carter lodged false BAS and other documents for unwitting clients and lied about their tax returns and debts that did not exist.
- He spent \$350,000 in client refunds and ATO payments on himself and misappropriated \$440,000 intended for share purchases on behalf of clients.
- Police alleged that Mr Carter used his position as a tax agent to commit wide-scale fraud amounting to \$26 million for personal gain, using misappropriated funds to place over 50,000 individual bets.

3. [TPB bans tax agent for five years over fraudulent grants](#), *Accountants Daily*, 21 February 2023
  - The Tax Practitioners Board (TPB) has terminated a tax agent's registration and banned them from reapplying for five years for dishonestly securing COVID-19 payments for businesses.
  - The tax agent had lodged 27 applications on behalf of their clients with a state government for payments from a fund that provided grants to support small businesses suffering from the impacts of COVID-19.
  - When the payments were approved, the TPB found the agent received them into the bank account of a related company and failed to pass on large portions of the grant payments to the clients at all, or in the few cases they did; it was only after significant delays.
  
4. [Accountant Scott Fleay jailed for stealing more than \\$4.6 million from WA chicken farmers](#), *ABC News*, 4 December 2020
  - An accountant and former councillor, Mr Scott Fleay, has been sentenced to six years in jail for stealing more than \$4.6 million from a wealthy chicken farmer who had entrusted him to look after his financial affairs.
  - He became the Jabados' accountant after they sold their Forrestdale chicken farm for \$28 million in 2006. When Mrs Jabado fell ill, Mr Fleay was given an enduring power of attorney over their affairs — which gave him access to their bank accounts.
  - Over three years, he then transferred funds into accounts he controlled.
  - The District Court was told Mr Fleay had repaid all the stolen money well before any charges were laid, plus an extra million dollars that he had mistakenly transferred to Mr Jabado after his wife's death in 2010.
  
5. [Former Belvoir Park Golf Club treasurer sentenced after stealing almost half a million dollars](#), *ABC News*, 20 October 2023
  - A former accountant, Travis Austerberry, was sentenced to three years in jail after stealing almost half a million dollars from a regional Victorian golf club to fund his gambling addiction.
  - Using his privileges as the treasurer, Mr Austerberry transferred \$479,695 from the Belvoir Park Golf Club to his bank account between April 2020 and November 2022. He made 271 transfers, which he disguised as tax-related payments from the golf club's account of amounts. The transfers ranged from \$250 to \$5,892 each and occurred over 967 days.
  - Mr Austerberry used the login details of another volunteer without her permission to approve his transfers. He used the other volunteer's login details while she was still in the position and then continued after she had left.

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