

**IN THE MATTER OF: ALLEGATIONS OF PROFESSIONAL MISCONDUCT
AGAINST JOE YALKEZIAN, CPA, CGA, BEFORE THE
DISCIPLINE COMMITTEE**

SETTLEMENT AGREEMENT

Made pursuant to Section 34 (3) (c) of the *Chartered Professional Accountants of Ontario Act, 2017* and CPA Ontario Regulations 15-1, s. 26.4 and 6-2, s.19

Overview

1. The Professional Conduct Committee (“**PCC**”) approved draft Allegations (“**Allegations**”) against Joe Yalkezian, CPA, CGA (attached as **Schedule “A**”). Documents referred to in this Settlement Agreement (“**Agreement**”) are found in the Document Brief (**Doc**).
2. The Allegations pertain to Mr. Yalkezian’s failure to conduct himself in a manner that will maintain the good reputation of the profession and serve the public interest contrary to Rule 201.1 of the CPA Ontario Code of Professional Conduct (“**Code**”), and to promptly notify CPA Ontario that he was subject to a disciplinary process and entered into a settlement agreement with the Financial Planning Standards Council (“**FPSC**”, now “**FP Canada**”), contrary to Rule 102.3 of the Code (see Schedule A).
3. The PCC and Mr. Yalkezian agree with the facts and conclusions set out in this Settlement Agreement for the purpose of this proceeding only, and that this Agreement of facts and conclusions is without prejudice to Mr. Yalkezian in any other proceedings of any kind, including, but without limiting the generality of the

foregoing, any civil or other proceedings which may be brought by any other person, corporation, regulatory body, or agency.

A. *Member's background*

4. Mr. Yalkezian obtained his CGA designation on January 1, 1995. He subsequently obtained his CPA designation and joined CPA Ontario in 2014. Mr. Yalkezian operates a tax practice, which he established in 1992.
5. Mr. Yalkezian was registered as a dealing representative of AFP and subsequently of GPWM, members of the Mutual Fund Dealers Association of Canada (the “MFDA”) from June 1, 2011 through March 31, 2020.
6. Mr. Yalkezian was also certified by FPSC as a Certified Financial Planner professional in August 1998.

B. *The MFDA Proceedings*

7. On November 16, 2021, a Hearing Panel of the MFDA, on the basis of a settlement (**Doc – 1**) reached between Mr. Yalkezian and staff of MFDA, found that:
 - (a) Between June 2011 and June 2019, Mr. Yalkezian engaged in personal financial dealings with clients when he: (a) paid monies to three clients so that they could pay the borrowing costs of their leveraged investments; (b) was indebted to a client at the time when he commenced servicing the client's account and thereafter borrowed additional monies from the client; and (c) loaned monies to nine clients. The MFDA Hearing Panel determined that Mr. Yalkezian's conduct gave rise to conflicts or potential conflicts of

interest which Mr. Yalkezan failed to disclose to the AFP or GPWM, or failed to address by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to MFDA Rules 2.1.4, 2.5.1, 1.1.2, and 2.1.1, and policies and procedures of AFP and GPWM;

- (b) In or about October 2013, Mr. Yalkezan misled GPWM with regard to the source of monies that three clients used to pay the borrowing costs of their leveraged investments, contrary to MFDA Rules 2.2.1 and 2.1.1; and
 - (c) Between in or about 2016 and March 2020, Mr. Yalkezan engaged in an unapproved outside activity, contrary to MFDA Rules 1.3.2 (formerly Rule 1.2.1(c)), 2.1.1, 2.5.1 and 1.1.2, and the policies and procedures of GPWM.
8. The MFDA Hearing Panel ordered that Mr. Yalkezan was prohibited from conducting securities related business in any capacity while in the employ of or associated with any MFDA Member for a period of 5 years and required Mr. Yalkezan to pay a \$25,000 fine and \$5000 in costs (Doc – 1).

C. *The FP Canada Proceedings*

9. On July 25, 2022, Mr. Yalkezan entered into a settlement agreement (**Doc – 2**) with FP Canada's Standards Council ("**FPCSC**") in which he admitted to allegations filed in March 2022 arising from the MFDA's order. These allegations were as follows:

- 1. [Mr. Yalkezan] is presumptively barred from continued certification with FP Canada as a result of the MFDA Order dated November 16, 2021 prohibiting him from conducting securities-related business in any capacity for a period of five (5) years;

2. In addition and/or in the alternative, the admissions of [Mr. Yalkejian] in the Settlement Agreement, that he engaged in personal financial dealings with clients which gave rise to conflicts or potential conflicts that he failed to disclose, and that he misled his employer, which was approved by the MFDA Hearing Panel on November 16, 2021, reflect adversely on his integrity or fitness as a Certificant, the certification marks or the profession; and he thereby breached Rule 2 of the Rules of Professional Conduct in force commencing on July 2021.
10. Mr. Yalkejian admitted to the facts set out in the settlement agreement with FPCSC, as well as that these facts supported the allegations of professional misconduct against him.
 11. On September 9, 2022, based on the settlement agreement, an FPCSC Discipline Hearing Panel determined that Mr. Yalkejian had engaged in professional misconduct, as alleged at paragraph 9 above (**Doc – 3**). At paragraph 21 of its Decision and Reasons, the FPCSC Discipline Hearing Panel set out Mr. Yalkejian's admissions about personal financial dealings with clients, as follows:
 21. In particular, the [Mr. Yalkejian] admitted in the MFDA Settlement Agreement that he had engaged in the following personal financial dealings with thirteen (13) clients over a period of eight (8) years:
 - a. [Mr. Yalkejian] made monthly payments to three (3) clients. Those payments were used to cover the borrowing costs of the clients' leveraged investments recommended by [Mr. Yalkejian]. Between June 2011 and June 2019, the Respondent made payments to client BV in the total amount of \$71,227, and between June 2012 and January 2015 he made payments to clients GS and ERS (who were spouses) in the amount of \$22,938 each; totalling \$117,103.
 - b. With respect to client RB:
 - i. On June 12, 2012, [Mr. Yalkejian] borrowed \$50,000 from RB, who was not yet a client of [Mr. Yalkejian's]. The loan was recorded as a promissory note which stated that [Mr. Yalkejian] would repay the amount on June 12, 2013 with an interest rate of five (5) percent per annum. [Mr. Yalkejian] did not repay the outstanding loan by June 12, 2013 and deferred repayment of the loan to June 12, 2014 and then to June 12, 2015. In January 2015, RB became a client of [Mr. Yalkejian]; the loan remained outstanding at the time. At the time he became a client, RB was 82 years old. According to the MFDA Settlement Agreement, RB "was a vulnerable client by virtue of his age."

- ii. On March 20, 2015, after RB became a client, [Mr. Yalkezian] borrowed an additional \$40,000 from him. This loan was to be repaid on June 12, 2015 at an interest rate of five (5) percent per annum. The loan repayment was ultimately deferred to June 12, 2017.
- iii. On June 12, 2016, [Mr. Yalkezian] borrowed an additional \$20,000 from RB, at which point the total amount owing to RB in respect of the three loans, including interest, was \$123,283.66. [Mr. Yalkezian] recorded this total as a promissory note that would be repaid on June 12, 2017 with interest at five (5) percent per annum. Payment was again deferred to June 12, 2018.
- iv. On June 12, 2018, [Mr. Yalkezian] repaid \$45,306.74 to RB. The remaining amount was not repaid until December 12, 2018 and April 12, 2019 when payments totalling \$90,613.49 were made to RB, repaying the loan in full.
- v. [Mr. Yalkezian] states that he used the borrowed funds to pay for his business and personal expenses.

22. [Mr. Yalkezian] also admitted in the MFDA Settlement Agreement that between July 2014 and August 2018 he had loaned monies to nine (9) additional clients totalling \$142,400.

23. Finally, [Mr. Yalkezian] also admitted in the MFDA Settlement Agreement that in October 2013 he completed two (2) Leverage Approval Forms for clients BV, GS and ERS. [Mr. Yalkezian] filed these forms with his employer, [GPWM]. Client BV's form stated that the source of funds used to cover the interest payments on the leveraged investment was from the client's account. The forms for clients GS and ERS stated that the clients' revenue was the source of the funds used to cover the interest payments. However, as [Mr. Yalkezian] admitted in the MFDA Settlement Agreement, at the time he filed the relevant forms, he in fact was making the monthly payments for each client's account. When he filed the forms, therefore, [Mr. Yalkezian] engaged in misleading conduct vis-à-vis his employer, GPWM.

12. The FPCSC Discipline Hearing Panel ordered that Mr. Yalkezian's Certified Financial Planner certification and entitlement to use the Certified Professional Planner certification marks be suspended for twenty-four months, that he complete certain continuing education courses, and that he pay costs to FP Canada.

D. Failure to Notify CPA Ontario

13. Rule 102.3 of the Code requires members to promptly notify CPA Ontario after having, in any jurisdiction in relation to a disciplinary or similar process of another

professional regulatory body, (a) been found guilty of a failure to comply with the requirements of that professional regulatory body and/or (b) entered into a settlement agreement with that professional regulatory body with respect to a matter referred to in (a).

14. Mr. Yalkezian was required to promptly notify CPA Ontario both 1) after entering into the settlement agreement with FPCSC; and 2) being found guilty of a failure to comply with the requirements of FP Canada.
15. Despite being aware of the FPCSC allegations against him as of March 2022, entering into the settlement with FPCSC in July 2022, and receiving the FPCSC Decisions and Reasons in September 2022, Mr. Yalkezian did not promptly advise CPA Ontario that he was subject to a disciplinary process and had entered into a settlement agreement with FPCSC. Rather, CPA Ontario learned of the FPCSC settlement agreement and decision through an online search, and followed-up with Mr. Yalkezian about these findings in March 2023 (**Doc – 4**).
16. In March 2023, Mr. Yalkezian responded to CPA Ontario's correspondence to advise that he had uploaded the FPCSC Decisions and Reasons, and his settlement agreement with FPCSC, to his CPA Ontario file in September 2022 (**Doc – 5**). However, Mr. Yalkezian admits and acknowledges that he was aware of the FPCSC disciplinary process in March 2022, and entered into a settlement agreement with FPCSC in July 2022 – months before he uploaded these documents to his CPA Ontario profile.

17. Mr. Yalkezian admits that he did not promptly advise CPA Ontario that he was subject to a disciplinary process and had entered into a settlement agreement with FPCSC to resolve that process.

E. The Member's Admissions

18. On the basis of all of the above, Mr. Yalkezian acknowledges and admits that he engaged in the conduct to which he admitted before the MFDA and the FPCSC as described in paragraph 7 above, and in further detail in paragraph 11 above, which in turn cites paragraph 21 of the Decision and Reasons of the FPCSC.

19. In particular, Mr. Yalkezian acknowledges and admits that:

(a) In or about the period June 1, 2011 through March 31, 2020, while registered as a dealing representative of AFP and subsequently of GPWM, members of the MFDA, he failed to act in a manner which will maintain the good reputation of the profession and serve the public interest, contrary to Rule 201.1 of the Code in that:

(i) Between in or about June 2011 and June 2019, he engaged in personal financial dealings with clients when he:

- 1) paid monies to three clients so that they could pay the borrowing costs of their leveraged investments;
- 2) was indebted to a client at the time when he commenced servicing the client's account and thereafter borrowed additional monies from the client; and

3) loaned monies to nine clients;

thereby giving rise to conflicts or potential conflicts of interest which Mr. Yalkezian failed to disclose to AFP or GPWM or failed to address by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to MFDA Rules 2.1.4, 2.5.1, 1.1.2, and 2.1.1, and the policies and procedures of AFP and GPWM;

(ii) In or about October 2013, he misled GPWM with regard to the source of monies that three clients used to pay the borrowing costs of their leveraged investments, contrary to MFDA Rules 2.2.1 and 2.1.1;

(iii) Between in or about 2016 and March 2020, he engaged in an unapproved outside activity, contrary to MFDA Rules 1.3.2 (formerly Rule 1.2.1(c)), 2.1.1, 2.5.1 and 1.1.2, and the policies and procedures of GPWM; and

(b) In or about the period March 1, 2022 through March 28, 2023, while certified by the FP Canada as a certified financial planning professional, he failed to promptly notify CPA Ontario that he was subject to a disciplinary process and entered into a settlement agreement with FPSC, contrary to Rule 102.3 of the Code.

F. Breaches of the Code

20. As set out above, Mr. Yalkezian admits that he failed to conduct himself in a manner that will maintain the good reputation of the profession and serve the public

interest. Mr. Yalkezian's conduct – his personal financial dealings with clients, failure to disclose conflicts of interest to clients, and other conduct in contravention of MFDA's Rules - contravened Rule 201.1 of the Code.

21. Mr. Yalkezian further admits and acknowledges that he was required to promptly advise CPA Ontario that he was subject to a disciplinary process and entered into a settlement agreement with FP Canada, and that he failed to do so, contrary to Rule 102.3 of the Code.

G. *Mitigating factors*

22. In making the admissions herein, Mr. Yalkezian has cooperated with the PCC and saved the PCC and the Discipline Committee the time and expense of a lengthy hearing.

23. Mr. Yalkezian has no prior history before the Discipline Committee.

H. *Terms of Settlement*

24. Mr. Yalkezian and the PCC agree to the following Terms of Settlement:

- (a) Mr. Yalkezian will receive a written reprimand;
- (b) Mr. Yalkezian shall pay a fine of \$15,000 to CPA Ontario;
- (c) Mr. Yalkezian's membership in CPA Ontario will be suspended for a period of twelve months from the date on which this Agreement is accepted by the Discipline Committee;
- (d) Notice of the Terms of this Settlement Agreement is to be published in the manner set out in CPA Ontario Regulation 6-2 sections 45, 48, 50 and 52

with notice to be given to all members of CPA Ontario, the Public Accounting Standards Committee, all provincial CPA bodies, in the *Globe and Mail* and *National Post* newspapers, with costs of publication to be borne by Mr. Yalkezian, and shall be made available to the public; and

- (e) Mr. Yalkezian shall pay costs in the amount of \$10,000 to CPA Ontario;
- (f) Mr. Yalkezian will be allowed 12 months from the time the Discipline Committee accepts this Agreement to pay the fine and costs referred to herein; and
- (g) A failure by Mr. Yalkezian to comply with any of the terms of settlement will result in the immediate suspension of his CPA Ontario membership until he complies, provided that if his suspension under this section exceeds 30 days, his membership in CPA Ontario will be revoked without further notice to him.

25. The PCC and Mr. Yalkezian expressly consent to and authorize the Registrar to take any actions associated with his membership in CPA Ontario as prescribed and agreed to herein.

26. For greater certainty, the PCC and Mr. Yalkezian expressly authorize and consent to CPA Ontario:

- (a) providing notice of this Settlement Agreement and its terms to all CPA Ontario members, to the Public Accounting Standards Committee, and to all provincial CPA bodies; and

- (b) publishing notice of the Settlement Agreement and the Terms of Settlement as set out herein.

27. Should the Discipline Committee approve this Settlement Agreement, Mr. Yalkezan agrees to and hereby waives his right to a full hearing, judicial review, or appeal of the matter subject to the Agreement. Upon Mr. Yalkezan's fulfillment of the requirements of this Agreement, the draft Allegations attached as Schedule "A", approved by the PCC, shall be forever stayed.

28. Should the Discipline Committee approve this Settlement Agreement, no party will make any public statement that is inconsistent with this Settlement Agreement. Following approval, CPA Ontario may in its sole discretion issue a release in respect of this outcome.

29. If for any reason this Agreement is not approved by the Discipline Committee, then:

- (a) the terms of this Agreement, including all settlement negotiations between the PCC and Mr. Yalkezan leading up to its presentation to the Discipline Committee, shall be without prejudice to the PCC and Mr. Yalkezan; and
- (b) the PCC and Mr. Yalkezan shall be entitled to all available proceedings, remedies, and challenges, including proceeding to a hearing on the merits of the allegations, or negotiating a new settlement agreement, unaffected by this Agreement or the settlement negotiations.

I. Disclosure of Agreement and Independent Legal Advice

30. This Agreement and its terms will be treated as confidential by the PCC and Mr. Yalkezan, until approved by the Discipline Committee, and forever if for any reason whatsoever this Agreement is not approved by the Discipline Committee, except with the written consent of the PCC and Mr. Yalkezan, or, as may be required by law.

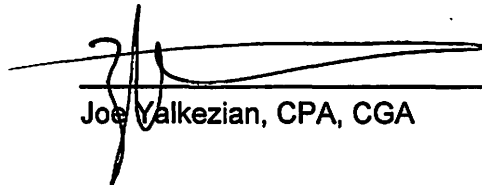
31. Any obligations of confidentiality shall terminate upon approval of the Agreement by the Discipline Committee.

32. Mr. Yalkezan confirms that he has utilized independent legal counsel in negotiating and entering this Agreement.

All of which is agreed to for the purpose of this proceeding alone this 21st day of December 2023.



Alexandra Hersak, LLB.
Vice President
Investigations and Prosecutions
on behalf of the
Professional Conduct Committee



Joe Yalkezan, CPA, CGA



SCHEDULE "A"

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CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO

CHARTERED PROFESSIONAL ACCOUNTANTS OF ONTARIO ACT, 2017

TO: Joe Yalkezan, CPA, CGA

AND TO: The Discipline Committee of CPA Ontario

The Professional Conduct Committee of CPA Ontario hereby makes the following Allegations of professional misconduct against Joe Yalkezan, CPA, CGA, a member of CPA Ontario:

1. THAT the said Joe Yalkezan, in or about the period June 1, 2011 through March 31, 2020, while registered as a dealing representative of AFP and subsequently of GPWM, members of the Mutual Fund Dealers Association ("MFDA"), failed to act in a manner which will maintain the good reputation of the profession and serve the public interest, contrary to Rule 201.1 of the CPA Ontario Code of Professional Conduct in that:
 - a. Between in or about June 2011 and June 2019, Yalkezan engaged in personal financial dealings with clients when he:
 - i. paid monies to three clients so that they could pay the borrowing costs of their leveraged investments;
 - ii. was indebted to a client at the time when he commenced servicing the client's account and thereafter borrowed additional monies from the client; and
 - iii. loaned monies to nine clients;thereby giving rise to conflicts or potential conflicts of interest which Yalkezan failed to disclose to AFP or GPWM or failed to address by the exercise of responsible business judgment influenced only by the best interests of the clients, contrary to MFDA Rules 2.1.4, 2.5.1, 1.1.2, and 2.1.1, and the policies and procedures of AFP and GPWM.
 - b. In or about October 2013, Yalkezan misled GPWM with regard to the source of monies that three clients used to pay the borrowing costs of their leveraged investments, contrary to MFDA Rules 2.2.1 and 2.1.1; and
 - c. Between in or about 2016 and March 2020, Yalkezan engaged in an unapproved outside activity, contrary to MFDA Rules 1.3.2 (formerly Rule 1.2.1(c)), 2.1.1, 2.5.1 and 1.1.2, and the policies and procedures of GPWM.

2. THAT the said Joe Yalkezian, in or about the period March 1, 2022 through March 28, 2023, while certified by the Financial Planning Standards Council ("FPSC", now FP Canada) as a certified financial planning professional, failed to promptly notify CPA Ontario that he was subject to a disciplinary process and entered into a settlement agreement with FPSC, contrary to Rule 102.3 of the CPA Ontario Code of Professional Conduct.

Dated at Brampton, Ontario this 15th day of September, 2023.



L. DAVIDSON, CPA, CGA – CHAIR
PROFESSIONAL CONDUCT COMMITTEE