

**IN THE MATTER OF a Proceeding under
the *Certified General Accountants Act, 2010* and the Bylaws**

**IN THE MATTER OF Peter Voudouris, a member of
The Certified General Accountants Association of Ontario
(Chartered Professional Accountants of Ontario)**

B E T W E E N:

The Discipline Committee of The Certified General Accountants Association of Ontario
(Chartered Professional Accountants of Ontario)

- and -

Peter Voudouris

DECISION AND REASONS FOR DECISION OF THE PROFESSIONAL CONDUCT TRIBUNAL

Members of the Professional Conduct Tribunal Panel:

D. Alan Jones, CPA, CGA, Chair
Jane Rivers, CPA, CGA
Victoria Corbett, Public Representative

Appearances:

Karen E. Jolley, Counsel for the Discipline Committee
John Polyzogopoulos, Counsel for the Member
Peter Voudouris, Member
Lisa S. Braverman, Independent Legal Counsel to the Professional Conduct Tribunal

Hearing Dates:

June 10, 2015, June 11, 2015, June 12, 2015, June 15, 2015, June 16, 2015, June 17, 2015, July 20, 2015,
July 21, 2015, July 22, 2015, July 23, 2015, August 31, 2015, September 1, 2015, September 2, 2015,
September 3, 2015, Toronto.

OVERVIEW

A panel of the Professional Conduct Tribunal of The Certified General Accountants Association of Ontario (Chartered Professional Accountants of Ontario) heard this matter on June 10, 2015, June 11, 2015, June 12, 2015, June 15, 2015, June 16, 2015, June 17, 2015, July 20, 2015, July 21, 2015, July 22, 2015, July 23, 2015, August 31, 2015, September 1, 2015, September 2, 2015, September 3, 2015, at Toronto. At the conclusion of the hearing, the panel reserved its decision.

ALLEGATIONS

Counsel for the Discipline Committee entered into evidence the Notice of Hearing dated May 22, 2012, Exhibit 1, and the Affidavit of Service, Exhibit 2, relating to the Notice of Hearing.

The allegations against the member are that he breached the following provisions of the Code of Ethical Principles and Rules of Conduct as stated in the Notice of Hearing:

Rule 101 Discredit

A member shall not participate in, or knowingly provide services to, any practice, pronouncement or act that would be of a nature to discredit the profession.

Rule 108 Conduct Unbecoming

It shall be unethical for a member, while acting in a professional capacity or otherwise, to engage in misconduct of a reprehensible or serious nature which reflects on the member's or student's honesty, integrity, or trustworthiness or, is relevant to the person's suitability as a member of the profession.

Code Principle – Trust and Duties

Members shall act in the interest of their clients, employers, and interested third parties, and shall be prepared to sacrifice their self-interest to do so. Members shall honour the trust bestowed on them by others, and shall not use their privileged position without their principal's knowledge and consent. Members shall strive to be independent of mind and in appearance.

R606 (a) Detrimental Actions

A member shall not participate in any action that is detrimental to the Association or the profession.

Considering Ms. Jolley's submissions and considering Mr. Polyzogopoulos' consent to amending the wording of Rule 101 in the Notice of Hearing, the panel has decided to amend the wording of Rule 101 in the Notice of Hearing to reflect the language of Rule 101 that existed in 2009 as follows:

Rule 101 Discredit

A member shall not permit the member's firm name or the member's name to be used with, participate in, or knowingly provide services to, any practice, pronouncement or act that would be of a nature to discredit the profession.

The particulars of the allegations against the member as stated in the Notice of Hearing are as follows:

Particulars:

1. Peter Voudouris ("Voudouris") became a member of CGA Ontario (the "Association") in 1992.
2. From 1997 to 2010, Voudouris was the personal accountant for Elie Lambrou ("Lambrou") and the accountant for Lambrou's business The Upholstery Shoppe.
3. In that capacity, Voudouris prepared Lambrou's personal income tax returns and the income tax returns and compiled financial statements for The Upholstery Shoppe. Voudouris also undertook the bookkeeping for The Upholstery Shoppe.
4. Lambrou provided Voudouris with his company's sales records, expenses, purchases, cheques and payroll information. Voudouris was aware that Lambrou owned his residence mortgage free and that Lambrou's company owned its property mortgage free.
5. Since at least 2002, on the recommendation of Voudouris, his partner Zollo had acted as Lambrou's financial advisor and invested his RRSP funds in reputable mutual funds.
6. Keybase Financial, which shares space with Voudouris, advised Lambrou each year that Voudouris had reviewed and approved the investment plan each year and on that basis Lambrou followed the recommendations.

7. In May 2007 Voudouris approached Lambrou for a \$75,000 loan. Lambrou understood the loan was for a client of Voudouris. However, Voudouris advised that it was a personal loan for himself. Lambrou wrote two cheques from The Upholstery Shoppe to Voudouris totalling \$55,000 and provided him with \$20,000 in cash for the balance.
8. Voudouris prepared no documentation in respect of the loan.
9. The loan was eventually repaid at a rate of 12% interest.
10. Peter Tsatsaris ("Tsatsaris") had also been a client of Voudouris for many years.
11. In the latter part of 2008 Tsatsaris approached Voudouris about investing with him in the purchase of five McDonalds' restaurant locations (the "McDonalds' transaction").
12. The proposed investment by Voudouris was approximately \$400,000.
13. By late 2008, Tsatsaris owed Voudouris \$91,473.00 in unpaid accounting invoices and accrued interest for work that Voudouris had undertaken on behalf of Tsatsaris and his businesses in 2005 to 2007.
14. Tsatsaris proposed to credit Voudouris with the amount of those unpaid invoices such that he would be credited with a \$400,000 investment in the McDonalds' transaction if he made a cash investment of between \$275,000 and \$300,000. He would receive a 20% interest in the McDonalds' transaction.
15. Throughout 2006 and 2007 Voudouris had also advanced money to Tsatsaris because Tsatsaris advised he was experiencing cash flow problems. Tsatsaris did not repay the loans.
16. Instead he advised that he would offer to include Voudouris in the proposal he was working on for the McDonalds' transaction, referenced in paragraph 11 above.
17. Further, in the preceding few years, Voudouris had cashed cheques from Tsatsaris that totalled \$17,000. All cheques were returned NSF.
18. After Voudouris invested the majority of his estimated \$300,000 with Tsatsaris, Tsatsaris asked Voudouris if he knew any other potential investor for the McDonalds' transaction so that Tsatsaris could reduce his majority position.
19. Knowing of the financial wherewithal of Lambrou, in or about March 2009 Voudouris contacted Lambrou to see if he was interested in becoming a partner in the McDonalds' transaction.
20. Aside from meeting with Tsatsaris, Voudouris did not undertake any or any substantive due diligence to confirm the legitimacy of the McDonald's transaction before advising Lambrou of the investment opportunity.

21. Voudouris and Lambrou initially met to discuss the McDonalds' transaction.
22. After the meeting, when Lambrou indicated that he might be interested, Voudouris arranged a meeting in his office with himself, Lambrou and Tsatsaris.
23. But for the introduction by Voudouris, Lambrou would not have met Tsatsaris or been involved in the McDonalds' transaction.
24. Lambrou suggested to Voudouris that they see a lawyer about the investment involved, but Voudouris advised that he was not prepared to see a lawyer at this stage.
25. Voudouris advised Lambrou that he was not to call the McDonalds' head office about the transaction.
26. Voudouris, Lambrou and Tsatsaris held at least six meetings at the office of Voudouris.
27. Voudouris did not advise Lambrou that Tsatsaris had not paid his outstanding invoices and did not advise that the amount of those invoices and accrued interest in the order of \$91,000 would be credited to Voudouris' investment contribution to the McDonalds' transaction.
28. Voudouris did not advise Lambrou that he had been lending Tsatsaris money in recent years due to Tsatsaris' cash flow issues.
29. Voudouris did not advise Lambrou that he had cashed cheques from Tsatsaris in the amount of \$17,000 that had been returned NSF.
30. Voudouris did not advise Lambrou until after he had advanced \$367,000 that Tsatsaris was two years behind in filing his tax returns.
31. Had Lambrou known of the four factors noted above, he would have considered that an arrangement with Tsatsaris may be a risk.
32. Voudouris incorporated Legend Property Services Inc. in or about 23 January 2006 ("Legend").
33. Voudouris advised Lambrou how best to structure the advance of the funds. He advised Lambrou to draw money against a line of credit to be placed against his home rather than to obtain a bank loan at a higher rate of interest. Lambrou followed that advice.
34. At the first meeting among Voudouris, Lambrou and Tsatsaris on or about 2 April 2009, Lambrou wrote a cheque that same day from The Upholstery Shoppe payable to Legend in the amount of \$80,000. This was the approximate amount of surplus cash in Lambrou's business.
35. The next day, 3 April 2009, Voudouris wrote a cheque from Legend payable to Rose Tsatsaris, the wife of Tsatsaris ("Rose"), in the amount of \$70,000.

36. Lambrou thereafter advised that he could not advance further funds until documentation was prepared.
37. As a result, Voudouris undertook to draw up an agreement. He prepared a term sheet and presented it to Lambrou at the next meeting. It was agreed that Lambrou would advance \$350,000 + expenses for a 20% interest in the McDonalds' transaction.
38. On or about 16 April 2009 the date he was given the term sheet to sign, Lambrou wrote a further cheque from the Upholstery Shoppe payable to Legend in the amount of \$70,000.
39. On the same day, 16 April 2009, Voudouris wrote a cheque from Legend payable to Rose in the amount of \$70,000.
40. Thereafter Lambrou asked Voudouris for further reassurance concerning Tsatsaris. In response, Voudouris gave Lambrou a copy of the face sheet of Tsatsaris' income tax return to demonstrate that he was Voudouris' client.
41. Upon receipt of that documentation, Lambrou advanced a further \$217,000 as follows.
42. On or about 4 May 2009 Lambrou wrote a cheque from the Upholstery Shoppe payable to Legend in the amount of \$100,000.
43. The next day, 5 May 2009, Voudouris wrote a cheque from Legend payable to Tsatsaris in the amount of \$90,000.
44. On or about 20 May Voudouris wrote two cheques from Legend payable to himself, the first in the amount of \$3,000 and the second in the amount of \$1,000. He wrote a third cheque the same day from Legend payable to cash in the amount of \$1,000.
45. On or about 6 June 2009 Voudouris wrote a cheque from Legend payable to Tsatsaris in the amount of \$5,000.
46. On or about 21 May 2009 Lambrou wrote a further cheque from the Upholstery Shoppe payable to Legend in the amount of \$100,000.
47. The same day, 21 May 2009, Voudouris wrote a cheque from Legend payable to Tsatsaris in the amount of \$95,000.
48. When Lambrou questioned Voudouris about the transaction thereafter, Voudouris showed him an original letter on the letterhead of McDonalds dated 1 May 2009 and provided him with a copy of the letter that purported to set out the transaction closing procedures.
49. After further questions from Lambrou about the safety of the transaction, Voudouris gave Lambrou a copy of a 23 June 2009 letter from McDonalds to Tsatsaris outlining the status of the transaction.

50. Thereafter Voudouris showed Lambrou a copy of a letter from McDonalds to Tsatsaris dated 3 July 2009 concerning the purchase of 1,000 common shares of McDonalds which was alleged to be a requirement of the standard franchise agreement.
51. On or about 7 July 2009 Lambrou wrote a further cheque from the Upholstery Shoppe payable to Legend in the amount of \$17,000 purportedly to cover his 20% interest in the required purchase of 1,000 McDonald's shares.
52. Thereafter, Voudouris wrote a cheque from Legend payable to himself and deposited that cheque to his personal account. Then, on 7 July 2009, Voudouris wrote two cheques to Tsatsaris from his personal account which together totalled \$17,000.
53. On or about 12 August 2009 Voudouris wrote a cheque from Legend payable to cash, which he gave to Tsatsaris, in the amount of \$7,000.
54. In December 2009 Voudouris gave Lambrou a final letter from McDonalds to Tsatsaris on the status of the transactions.
55. In total, Lambrou drew \$100,000 against a line of credit he placed against his residence, \$200,000 against a line of credit against the commercial building owned by his company and \$80,000 in cash from his business.
56. At no time has Lambrou received back any of his investment funds. He has not received any interest in any McDonald's restaurants.
57. Tsatsaris has been charged with fraud in relation to other alleged schemes involving the purchase of an interest in other McDonalds' locations.
58. The letters from McDonalds given by Voudouris to Lambrou appear to be fraudulent.
59. Voudouris' conduct in involving Lambrou in the McDonalds' transaction, in failing to undertake any or any substantive due diligence before involving Lambrou, in advising Lambrou not to speak to McDonalds, in tendering documents to Lambrou purportedly from McDonalds without making any inquiry about their legitimacy, in withholding relevant information from Lambrou about the nature of his own investment and about the financial history of Tsatsaris, Voudouris' conduct amounted to professional misconduct.

MEMBER'S PLEA

The member denied the allegations set out in the Notice of Hearing.

MOTIONS/OBJECTIONS

Objection #1

On June 15, 2015, Mr. Voudouris objected to questions being asked on re-examination about the tape excerpts in Exhibit 8. The Discipline Committee opposed the objection.

Having considered the submissions of the parties, the Professional Conduct Tribunal panel made the following decision:

The panel has considered Mr. Polyzogopoulos' objection along with Ms. Jolley's comments and Ms. Braverman's advice. The panel has decided to allow Ms. Jolley to ask questions about the tape excerpts in Exhibit 8. Mr. Polyzogopoulos – if you have any further objections while the witness is being asked questions about these tape excerpts, then the panel will be prepared to hear those objections.

Objection #2

On June 16, 2015, Mr. Voudouris objected to admitting the investigation report of Mr. Yakimovich into evidence and to asking Mr. Yakimovich questions about what he was told during the investigation. The Discipline Committee opposed the objection.

Having considered the submissions of the parties, the Professional Conduct Tribunal panel made the following decision:

The panel has considered Mr. Polyzogopoulos' objection along with Ms. Jolley's submissions and Ms. Braverman's advice. The panel has decided to admit the investigation report into evidence. The panel notes that it has been common practice for the investigation report to be marked as an exhibit at CGAO Professional Conduct Tribunal hearings. The panel has also decided to allow Ms. Jolley to continue her questioning of the investigator including asking the investigator questions about what Mr. Lambrou told the investigator. Mr. Polyzogopoulos – as Mr. Yakimovich proceeds through his evidence, you have the right to make further objections if you choose to do so. You also have the right to cross examine the investigator.

Motion #1

On June 17, 2015, Mr. Voudouris moved for an adjournment of the hearing. The Discipline Committee opposed the motion.

Having considered the submissions of the parties, the Professional Conduct Tribunal panel made the following decision:

Thanks very much for your submissions Mr. Polyzogopoulos and Ms. Jolley and for your advice Ms. Braverman. At this time, Ms. Jolley can do her re-direct with Mr. Yakimovich and then we'll stop for the day. Mr. Polyzogopoulos can start his case when we reconvene on Monday, July 20.

Objection #3

On July 22, 2015, the Discipline Committee objected to admitting the documents in Exhibit 10B, Tabs 57-69 into evidence. Mr. Voudouris opposed the objection.

Having considered the submissions of the parties, the Professional Conduct Tribunal panel made the following decision:

The Professional Conduct Tribunal has considered the objection of Ms. Jolley on the admissibility of materials in Exhibit 10B, Tabs 57-69. Without reading the material, the panel knows, through the submissions of Ms. Jolley and Mr. Polyzogopoulos that there was a previous Professional Conduct Tribunal hearing with a decision rendered, including penalty. Through counsels' submissions, this Tribunal also knows that Mr. Voudouris appealed the decision and the appeal was upheld. Subsequently, the appeal and previous decisions were quashed in Divisional Court on the basis that Mr. Voudouris had been denied procedural and natural justice. On Ms. Jolley's submission and that of Ms. Braverman, the Tribunal agrees that if the Tribunal were to read the materials in Exhibit 10B, Tabs 57-69, this could be considered by an outside observer as creating a reasonable apprehension of bias. To be fair to the process, the panel will not admit into evidence the materials in Exhibit 10B from Tabs 57 to 69. On Mr. Polyzogopoulos' point about costs and his comment that those proceedings were a form of discipline, citing a Law Society discipline decision, re Zaretsky, and the need for costs to be considered in the penalty phase, the Tribunal accepts those comments. Our decision not to consider the materials in Exhibit 10B, Tabs 57-69, does not preclude Mr. Polyzogopoulos, on behalf of Mr. Voudouris, to bring forward those costs associated with those prior proceedings.

The Professional Conduct Tribunal orders that all copies of Exhibit 10B be returned to Mr. Polyzogopoulos to allow him to remove Tabs 57 to 69. Mr. Polyzogopoulos can refile Exhibit 10B with the Professional Conduct Tribunal with Tab 56 only.

Motion #2

On July 23, 2015, Mr. Voudouris moved to withdraw his evidence as to whether he suffered financial loss. The Discipline Committee opposed the motion.

On July 23, 2015, the Discipline Committee moved for production of tax returns and financial statements for 2000-2013. Mr. Voudouris opposed the motion.

Having considered the submissions of the parties, the Professional Conduct Tribunal panel made the following decision:

The Professional Conduct Tribunal thanks the parties for their submissions. The Professional Conduct Tribunal has considered these two questions:

- 1) On the question of whether Mr. Voudouris can withdraw his evidence as to whether he suffered financial losses, the Tribunal has decided not to allow Mr. Voudouris to withdraw this part of his evidence. Ms. Jolley can continue with her cross examination. In closing arguments, both parties are able to make submissions on what weight, if any, should be given to this evidence.
- 2) On the question of production of Mr. Voudouris' tax returns and financial statements for 2000-2013, the Tribunal has decided not to order the production of these documents.

Ms. Jolley, in her closing argument, asked the Professional Conduct Tribunal panel to draw an adverse inference against Mr. Voudouris. The Professional Conduct Tribunal panel has decided not to draw an adverse inference against Mr. Voudouris, regarding whether Mr. Voudouris suffered financial loss.

Motion #3

On September 3, 2015, Mr. Voudouris moved to file written submissions relating to his final argument. The Discipline Committee opposed the motion.

Having considered the submissions of the parties, the Professional Conduct Tribunal panel made the following decision:

The panel has considered the submissions of both parties and of our counsel, Ms. Braverman. The majority of the panel, with Ms. Rivers dissenting, makes the following ruling:

- 1) Mr. Polyzogopoulos will present his argument orally as the panel ruled yesterday.

- 2) The panel will not accept Mr. Polyzogopoulos' written submissions today.
- 3) When Mr. Polyzogopoulos finishes his oral argument, Ms. Jolley will reply orally.
- 4) At the conclusion of the hearing, both Mr. Polyzogopoulos and Ms. Jolley are invited by the Tribunal, to supplement their oral arguments with written submissions.
- 5) The written submissions will be exchanged between the parties and forwarded to the panel through their counsel, no later than Oct 9th/2015.
- 6) Once the written submissions are received and considered, the Tribunal will begin their deliberations.

FACTS AND EVIDENCE

Counsel for the Discipline Committee entered into evidence the following documents:

Exhibit Number	Description
EXHIBIT NO. 1	Notice of Hearing
EXHIBIT NO. 2	Affidavit of Service
EXHIBIT NO. 3	Excerpt from Schedule A to By-Law Four: Code of Ethical Principles and Rules of Conduct, 2009
EXHIBIT NO. 4	Letter from Ms. Jolley to Mr. Voudouris, dated June 7, 2012
EXHIBIT NO. 5	Agreed Statement of Facts and Agreement Regarding Authenticity of Documents
EXHIBIT NO. 6A	Discipline Brief
EXHIBIT NO. 6B	Investigation Report
EXHIBIT NO. 7	Affidavit of Service
EXHIBIT NO. 8	Tape Excerpts Brief on behalf of the Discipline Committee
EXHIBIT NO. 9	Voudouris Transcript Brief
EXHIBIT NO. 11	Letter from CRA to Mr. Lambrou Re: Notice of Objection for the Taxation Year 2000, dated June 17, 2014
EXHIBIT NO. 12	Revised Agreed Statement of Facts and Agreement Regarding Authenticity of Documents (replaces Exhibit No. 5)
EXHIBIT NO. 15	James N. Yakimovich Curriculum Vitae
EXHIBIT NO. 17	Business Names Report - Voudouris & Zollo, dated March 12, 2012
EXHIBIT NO. 18	MFDA Settlement Agreement Re: Joseph Zollo, File No. 200610, dated February 16, 2007 (was Exhibit "A")

EXHIBIT NO. 19	MFDA Order Re: Joseph Zollo, File No. 200610, dated March 20, 2007
EXHIBIT B	MFDA Case Summary, Enforcement, No. 200610, dated May 2, 2007

Counsel for Mr. Voudouris entered into evidence the following documents:

Exhibit Number	Description
EXHIBIT NO. 10A	Volume 1 – Document Book of Peter Voudouris
EXHIBIT NO. 10B	Volume 2 – Document Book of Peter Voudouris
EXHIBIT NO. 10C	Volume 3 – Document Book of Peter Voudouris
EXHIBIT NO. 13	“Ideas Canada Foundation” documents regarding Donation Tax Savings Program, dated November 1, 2000
EXHIBIT NO. 14	Keybase Financial Group Inc. RRSP documents for tax years 2004, 2005, 2006, 2007, 2008 and 2009
EXHIBIT NO. 16	The Upholstery Shoppe Accounting Records for Year End: December 31, 2002 6050298 Canada Inc. O/A The Upholstery Shoppe Accounting Records for Years End: July 31, 2003 and July 31, 2004
EXHIBIT NO. 20	Keybase Financial Group Inc. documents - two clearer resolution pages from Exhibit No. 14

Counsel for the Discipline Committee advised the panel that an agreement had been reached on certain facts and introduced an Agreed Statement of Facts and Agreement Regarding Authenticity of Documents, Exhibit 5. Subsequently, a revised Agreed Statement of Facts and Agreement Regarding Authenticity of Documents, Exhibit 12, was introduced. The Agreed Statement of Facts, provides as follows:

1. Voudouris became a member of the CGAO in 1992.
2. Voudouris’ CGAO membership certificate number is 330016 and his CGA Canada membership number is 9529.
3. From approximately 1997 to October 2010, Voudouris was the personal accountant for the complainant, Elie Lambrou (“**Lambrou**”), and the accountant for Lambrou’s business, a numbered corporation carrying on business as The Upholstery Shoppe.

4. In that capacity, Voudouris prepared Lambrou's personal income tax returns and the income tax returns and compiled financial statements for The Upholstery Shoppe.
5. Voudouris also undertook some bookkeeping for The Upholstery Shoppe.
6. Lambrou provided Voudouris with his company's sales records, expenses, purchases, cheques and payroll information.
7. Since at least 2002 up until 2005, on the recommendation of Voudouris, his partner, Joseph Zollo, had acted as Lambrou's financial advisor and invested Lambrou's RRSP funds in reputable mutual funds.
8. In or about 2005, Keybase Financial, which shares office space with Voudouris, became Lambrou's financial adviser and on an annual basis from 2005 up until 2010, Keybase Financial's representative, Noreen Mabie, prepared an investment plan for Lambrou and reviewed it with him.
9. In May 2007 Voudouris approached Lambrou for a \$75,000 loan. Lambrou's position is that he understood the loan was for a client of Voudouris. Voudouris' position is that it was a personal loan for himself.
10. Lambrou wrote two cheques from The Upholstery Shoppe to Voudouris totaling \$55,000 and provided him with \$20,000 in cash for the balance.
11. The parties prepared no documentation in respect of the loan.
12. The loan was repaid at a rate of 12% interest.
13. Peter Tsatsaris ("**Tsatsaris**") had also been a client of Voudouris for many years.
14. In the latter part of 2008, Tsatsaris approached Voudouris about investing with him in the purchase of five McDonalds restaurant locations (the "**McDonalds Transaction**").
15. The proposed investment by Voudouris was to be approximately \$350,000 for a 20% interest.
16. Tsatsaris showed Voudouris a letter that appeared to be from McDonald's Restaurants relating to the McDonalds Transaction similar to a letter dated 3 March 2009, but dated earlier.
17. By late 2008, Tsatsaris owed Voudouris \$67,255 in unpaid accounting invoices for work that Voudouris had undertaken on behalf of Tsatsaris and his businesses between 2005 and 2007. With accrued interest to 2012, this debt amounted to \$91,473.
18. Throughout 2006 and 2007 Voudouris had also advanced money to Tsatsaris because Tsatsaris advised he was experiencing cash flow problems. Specifically, between May 31, 2006 and October 26, 2007, Voudouris loaned Tsatsaris \$95,500. Tsatsaris did not repay the loans.

19. Tsatsaris proposed to repay Voudouris the amount of the unpaid invoices and loans by crediting him with a \$350,000 investment in the McDonalds Transaction if Voudouris made a cash investment of approximately \$187,745. Voudouris would receive a 20% interest in the McDonalds Transaction.
20. Between January 7, 2009, and March 20, 2009, Voudouris advanced to Tsatsaris a total of \$119,000 towards his investment in his 20% interest in the McDonalds Transaction.
21. Between April 24, 2009, and October 15, 2009, Voudouris advanced to Tsatsaris a further \$45,000 towards his investment in his 20% interest in the McDonalds Transaction.
22. After Voudouris invested the majority of his estimated \$187,745 with Tsatsaris, Tsatsaris asked Voudouris if he knew any other potential investor for the McDonalds Transaction so that Tsatsaris could reduce his majority position.
23. In or about March 2009, Voudouris contacted Lambrou to see if he was interested in becoming a partner in the McDonalds Transaction.
24. Voudouris took Tsatsaris' representations about the McDonalds Transaction and the letter he had produced in that regard at face value. He trusted that Tsatsaris had presented him with a legitimate transaction and Voudouris did not undertake any substantive due diligence to confirm the legitimacy of the McDonalds Transaction before investing his own money or before approaching Lambrou about the investment opportunity.
25. After a brief initial phone call, Voudouris and Lambrou met to discuss the McDonalds Transaction.
26. After the meeting, when Lambrou indicated that he might be interested, Voudouris arranged a meeting in his office with himself, Lambrou and Tsatsaris.
27. It was at this meeting that Lambrou first met Tsatsaris.
28. Voudouris, Lambrou and Tsatsaris held many meetings at the office of Voudouris.
29. Lambrou maintains that Voudouris did not advise him that Tsatsaris had not paid his outstanding invoices.
30. Lambrou maintains that Voudouris did not advise him that the amount of those invoices would be credited to Voudouris' investment contribution to the McDonalds Transaction.
31. Lambrou maintains that Voudouris did not advise Lambrou that he had been lending Tsatsaris money in recent years due to Tsatsaris' cash flow issues.

32. Voudouris maintains that he told Lambrou that Tsatsaris owed him a substantial amount of money for services performed and loans made and that part of Voudouris' investment in the McDonalds Transaction was by way of credit for money owed to him by Tsatsaris.
33. Lambrou visited each of the five McDonalds restaurant locations and took pictures of them before he decided to invest.
34. Voudouris incorporated Legend Property Services Inc. in or about 23 January 2006 ("**Legend**").
35. At the second meeting among Voudouris, Lambrou and Tsatsaris on or about 2 April 2009, Lambrou wrote a cheque that same day from The Upholstery Shoppe payable to Legend in the amount of \$80,000. This was the approximate amount of surplus cash in Lambrou's business.
36. Lambrou delivered this cheque to Voudouris at a meeting in Voudouris' office at which Tsatsaris was also present.
37. Lambrou was aware that Voudouris and Tsatsaris would be going to the bank together following the meeting to deposit the cheque.
38. Voudouris wrote a cheque from Legend payable to Rose Tsatsaris, the wife of Tsatsaris ("**Rose**"), in the amount of \$70,000 dated April 3, 2009.
39. After he made his first advance on 2 April 2009, Lambrou advised Voudouris that he was going to borrow funds to make his remaining investment in the McDonalds Transaction. He asked Voudouris whether he should take out a loan for that purpose or whether he should draw on his existing line of credit, which was secured by a mortgage registered against title to Lambrou's home.
40. That line of credit pre-existed the first discussion between Lambrou and Voudouris regarding the McDonalds Transaction.
41. Voudouris told Lambrou that it would be beneficial to him to draw money against his line of credit rather than to obtain a bank loan, which would be at a higher rate of interest than the line of credit.
42. In early to mid-April 2009 Voudouris undertook to draw up an agreement regarding the McDonalds Transaction.

43. It was agreed that Lambrou would advance \$350,000 + expenses for a 20% interest in the McDonalds Transaction.
44. On or about 16 April 2009, the date of the term sheet, Lambrou wrote a further cheque from The Upholstery Shoppe payable to Legend in the amount of \$70,000.
45. On the same day, 16 April 2009, Voudouris wrote a cheque from Legend payable to Rose in the amount of \$70,000.
46. After Lambrou had made at least one advance toward the McDonalds Transaction, Lambrou discussed with Voudouris seeing a lawyer about the investment involved. Voudouris advised that he was not prepared to see a lawyer at that time but he did not stop Lambrou from seeing a lawyer if he wished.
47. Lambrou understood that it was Tsatsaris and Tsatsaris alone who was dealing with McDonalds and that Lambrou and Voudouris were silent partners as far as McDonalds was concerned.
48. On or about 4 May 2009 Lambrou wrote a cheque from The Upholstery Shoppe payable to Legend in the amount of \$100,000.
49. The next day, 5 May 2009, Voudouris wrote a cheque from Legend payable to Tsatsaris in the amount of \$90,000.
50. On or about 20 May 2009 Voudouris wrote two cheques from Legend payable to himself, the first in the amount of \$3,000 and the second in the amount of \$1,000. Voudouris maintains that he provided this \$4,000 to Tsatsaris.
51. Voudouris wrote a third cheque the same day from Legend payable to cash in the amount of \$1,000. Voudouris maintains that he provided this \$1,000 to Tsatsaris.
52. On or about 6 June 2009 Voudouris wrote a cheque from Legend payable to Tsatsaris in the amount of \$5,000.
53. On or about 21 May 2009 Lambrou wrote a further cheque from The Upholstery Shoppe payable to Legend in the amount of \$100,000.
54. The same day, 21 May 2009, Voudouris wrote a cheque from Legend payable to Tsatsaris in the amount of \$95,000.
55. Voudouris maintains that he subsequently gave Tsatsaris the remaining \$5,000 of the funds received by Legend from The Upholstery Shoppe.
56. During a three way meeting at Voudouris' office among Voudouris, Tsatsaris and Lambrou, Tsatsaris produced a letter on the letterhead of McDonalds dated 1 May 2009, explained the

contents of the letter to Voudouris and Lambrou and discussed the status of the McDonalds Transaction.

57. During a three way meeting at Voudouris' office among Voudouris, Tsatsaris and Lambrou, Tsatsaris produced a letter dated 23 June 2009 from McDonalds to him, explained the contents of the letter to Voudouris and Lambrou and discussed the status of the McDonalds Transaction. Voudouris made a copy of the letter and gave it to Lambrou.
58. During a three way meeting at Voudouris' office among Voudouris, Tsatsaris and Lambrou, Tsatsaris produced a letter dated 3 July 2009 from McDonalds to him concerning the purchase of 1,000 common shares of McDonalds which was alleged to be a requirement of the standard franchise agreement, explained the contents of the letter to Voudouris and Lambrou and discussed the status of the McDonalds Transaction. Voudouris made a copy of the letter and gave it to Lambrou.
59. On or about 7 July 2009 Lambrou wrote a further cheque from The Upholstery Shoppe payable to Legend in the amount of \$17,000 to cover his 20% interest in the required purchase of 1,000 McDonald's shares.
60. Thereafter, Voudouris wrote a cheque from Legend payable to himself and deposited that cheque to his personal account.
61. Then, on 7 July 2009, Voudouris wrote two cheques to Tsatsaris from his personal account which together totaled \$17,000.
62. On or about 12 August 2009 Voudouris wrote a cheque from Legend payable to cash, which he gave to Tsatsaris, in the amount of \$7,000.
63. During a three way meeting at Voudouris' office among Voudouris, Tsatsaris and Lambrou, Tsatsaris produced a letter dated 7 December 2009 from McDonalds to Tsatsaris on the status of the McDonalds Transaction, explained the contents of the letter to Voudouris and Lambrou and discussed the status of the McDonalds Transaction. Voudouris made a copy of the letter and gave it to Lambrou.
64. In total, Lambrou advanced \$367,000 towards the McDonalds Transaction, approximately \$80,000 of which was cash from his Upholstery Shoppe business and the rest of which was drawn on lines of credit secured against his residence and the commercial building he owned from which The Upholstery Shoppe operates.

65. At no time has Lambrou received back any of his investment funds. He has not received any interest in any McDonald's restaurants.

66. The parties suspect fraud on the part of Tsatsaris.

The panel has decided to grant leave to Mr. Polyzogopoulos to withdraw the word "second" in paragraph 35 of Exhibit 12.

The panel accepted as true and made findings of fact on the admitted facts in the Agreed Statement of Facts.

There were 5 witnesses who gave evidence. Elie Lambrou and James Yakimovich were called by Ms. Jolley. Peter Voudouris, Joseph Zollo and Carrie Norine Mabie were called by Mr. Polyzogopoulos.

Examination in Chief, Cross Examination and Re-Examination of Mr. Elie Lambrou

Examination in Chief by Ms. Jolley

Mr. Lambrou is the owner of an upholstery business, The 'Upholstery Shoppe' and was a long term client of his accountant Mr. Peter Voudouris. Mr. Lambrou testified that Mr. Voudouris had given him business advice for many years.

Mr. Voudouris advised Mr. Lambrou to incorporate his business and Mr. Voudouris did the incorporation for him. Mr. Voudouris also advised Mr. Lambrou to draw a salary from his business. Mr. Voudouris had signed blank cheques from Mr. Lambrou's business and submitted his CPP and EI payments to CRA for him. He had his sales journals, cash journals and expense reports. Mr. Voudouris prepared the financial statements for Mr. Lambrou's business and did the Lambrou family's income tax returns.

Mr. Lambrou testified that he would always rely on Mr. Voudouris for advice about any financial transaction he would consider.

Mr. Lambrou's evidence was that in the course of their business relationship, Mr. Voudouris advised Mr. Lambrou to consider investing in RRSPs. Mr. Voudouris suggested that his then business partner, Mr. Joseph Zollo, could manage the RRSPs. Mr. Zollo worked in the same offices and shared a receptionist.

Mr. Voudouris and Mr. Zollo had common letterhead and offered a 'wide range of financial planning services.'

Mr. Lambrou testified that Mr. Voudouris was directly involved in his RRSP investments and that he made out cheques for his RRSPs to Voudouris & Zollo.

Mr. Lambrou testified that Mr. Voudouris approached him for a loan of \$75,000 in 2007 and that the money was for a client. Mr. Lambrou testified that he advanced the money which was paid back at 12% interest rate. No assurances were asked for but Mr. Voudouris had personally guaranteed the loan.

Mr. Lambrou testified that in March 2009, Mr. Voudouris called him to see if he would be interested in investing in the purchase of five McDonald's stores. A few days later, Mr. Lambrou met Mr. Voudouris to discuss the proposal.

The proposal was to be a three way investment with the major investor being Mr. Peter Tsatsaris. Mr. Lambrou testified that he and Mr. Voudouris would be partners with each of them receiving a 20% share of the profits from the five stores. Mr. Lambrou testified that Mr. Voudouris said to him he used his line of credit to finance his share. The rest of the money was being contributed by Mr. Tsatsaris who was the only one who was going to deal with McDonalds.

Mr. Lambrou's evidence was that Mr. Voudouris told him that Mr. Tsatsaris was a long time client of Mr. Voudouris. Mr. Voudouris told Mr. Lambrou that Mr. Tsatsaris works for McDonalds, and had sold his business which he was using for the McDonald's investment. Mr. Lambrou testified that Mr. Voudouris told him he had 'checked them out.'

Mr. Lambrou testified that he went to the McDonalds stores and photographed them. Mr. Lambrou testified that he talked to his wife and sons about the investment and asked their opinion. He testified that his wife was against it and his sons suggested safeguards that should be put in place.

Much of Mr. Lambrou's evidence centred on the number of three way meetings held, documents reviewed, cheques written to Mr. Voudouris' company, Legend Properties Service.

Mr. Lambrou's evidence was that Mr. Voudouris never mentioned that there was a conflict of interest and he could not advise him independently because both Mr. Lambrou and Mr. Tsatsaris were clients

and Mr. Voudouris was also an investor. Mr. Lambrou told Ms. Jolley that even if the term conflict of interest had been used by Mr. Voudouris, 'I wouldn't understand.'

Mr. Lambrou testified that Mr. Voudouris did not disclose to him that Mr. Tsatsaris owed Mr. Voudouris a substantial amount of money for work Mr. Voudouris had done for Mr. Tsatsaris, for the past several years.

Mr. Lambrou also testified that Mr. Voudouris never mentioned the amount owed to Mr. Voudouris by Mr. Tsatsaris was being used as a part of Mr. Voudouris' investment.

Mr. Lambrou testified that Mr. Voudouris had picked him as investor because, as his accountant, Mr. Voudouris knew that Mr. Lambrou's building and residence were mortgage free.

Ultimately Mr. Lambrou invested \$367,000 towards the McDonald's investment.

Mr. Lambrou testified as several months had passed and the deal had not been completed, he began to be concerned about the status of his investment.

Mr. Lambrou testified that in late January 2010, his son heard at a party that Mr. Tsatsaris had been charged with fraud related to a McDonald's scheme. He contacted Mr. Voudouris and until they met with Mr. Tsatsaris, there was no certainty as to what had happened to the investment. No investment deal was ever concluded and Mr. Lambrou testified that he never received any of his money back or any interest in McDonald's restaurants.

Cross Examination by Mr. Polyzogopoulos

Mr. Polyzogopoulos asked Mr. Lambrou several questions relating to what Mr. Voudouris knew about his assets.

Mr. Lambrou agreed that Mr. Voudouris had not been his accountant when he bought his house, Mr. Voudouris had never gone to the bank with Mr. Lambrou, Mr. Voudouris had not been involved when Mr. Lambrou had bought his building and that it was the bank who suggested he put lines of credit on his building and house. Mr. Lambrou agreed that Mr. Voudouris confirmed that the bank's suggestion was a good idea.

He agreed that Mr. Voudouris had never told him to get a line of credit to finance the McDonald's transaction.

Mr. Polyzogopoulos questioned Mr. Lambrou about his relationship with his financial advisers. Mr. Lambrou testified that he had only met Mr. Zollo once.

Under cross examination Mr. Lambrou denied that he had ever heard the assertion by Mr. Voudouris that Mr. Voudouris could not give him advice because both Mr. Lambrou and Mr. Tsatsaris were clients of Mr. Voudouris and Mr. Voudouris was also an investor. He did agree with Mr. Polyzogopoulos that he would expect Mr. Voudouris not to share Mr. Lambrou's confidential information with anyone.

Mr. Polyzogopoulos put Mr. Lambrou's sworn testimony to him in the civil case that he had previously acknowledged that he knew he could not rely on advice from Mr. Voudouris because Mr. Voudouris was also an investor and that Mr. Tsatsaris was also a client. Mr. Lambrou explained that he was confused when he agreed to it because he was trying to keep the two proceedings separate.

Mr. Polyzogopoulos also put to Mr. Lambrou that when he cross examined Mr. Lambrou in the civil proceeding, Mr. Lambrou had agreed that in the first phone call from Mr. Voudouris to Mr. Lambrou, that Mr. Voudouris told Mr. Lambrou that he was also invested. Now, in his testimony, Mr. Lambrou was saying he wasn't told in the first phone call by Mr. Voudouris that he was also an investor. Mr. Lambrou said he didn't understand the question at the time. Mr. Lambrou explained that he thought Mr. Polyzogopoulos meant the first in-person meeting with Mr. Voudouris, when he was being cross examined in the civil proceeding.

Mr. Polyzogopoulos suggested that Mr. Lambrou had the opportunity to ask Mr. Tsatsaris whatever questions he wanted or to ask for any documents he wanted. He acknowledged on cross-examination that he did not ask Mr. Tsatsaris for any more documents or information.

Mr. Lambrou did not agree that Mr. Voudouris told him that some of his own investment was for money that Mr. Tsatsaris owed him and that if Mr. Voudouris had mentioned that, Mr. Lambrou 'wouldn't be here today.'

Mr. Lambrou said that any discussion with Mr. Voudouris about Mr. Tsatsaris' debt came after Mr. Lambrou invested his money.

Mr. Lambrou agreed he did not follow his wife or his sons' advice. He did not go to a lawyer because he wanted to see a lawyer with Mr. Voudouris who thought it was premature. Mr. Lambrou agreed Mr. Voudouris gave him the business card of a lawyer but understood it was for the franchise agreement.

Mr. Polyzogopoulos cross examined Mr. Lambrou at length about the mechanics of the investment.

Mr. Polyzogopoulos questioned Mr. Lambrou about sections of audio tape where Mr. Lambrou is telling Mr. Voudouris he will complain to the CGAO. He denied that it was a threat but he just wanted his money back. Mr. Lambrou said the complaint to the CGAO was made because 'of what my lawyer suggested'. Mr. Lambrou said 'Whatever the lawyer suggested, that's what I was agreeing to', regarding the timing and circumstance of the CGAO complaint.

Re-Examination by Ms. Jolley

Ms. Jolley clarified some of Mr. Lambrou's comments regarding the relationship with his financial advisers.

Mr. Lambrou also explained another taped conversation where he was asking to see proof of Mr. Voudouris' contributions. Mr. Voudouris showed him various copies of documents and told him he had given approximately \$400,000 to Mr. Tsatsaris.

Examination in Chief, Cross Examination and Re-Examination of Mr. James Yakimovich

Examination in Chief by Ms. Jolley

James (Jim) Yakimovich has been a Certified General Accountant, a Chartered Professional Accountant and has a Certified Fraud Examiner designation since 2001. His practice focuses on conducting forensic investigations as well as providing regulatory advice to regulatory bodies. For the last ten years, Mr. Yakimovich has been a sole practitioner providing regulatory consulting and investigation services.

Mr. Yakimovich was retained by the CGAO in early February 2012 to investigate the complaint of Mr. Elie Lambrou against CGAO member Peter Voudouris.

Mr. Yakimovich explained the methodology used to prepare his report for the CGAO which was marked as Exhibit 6B.

The major part of Mr. Yakimovich's testimony summarized each of three meetings he had separately with both parties and the identification and explanation of numerous documents that had been provided by the parties.

Mr. Yakimovich outlined the details of a loan transaction from Mr. Lambrou to Mr. Voudouris which had taken place in 2007. Mr. Lambrou maintained the loan was for a client of Mr. Voudouris and Mr. Voudouris maintained the loan was a personal one for himself. In the absence of any written documentation, Mr. Yakimovich could not make a determination as to which version was accurate.

Regarding the McDonald's investment opportunity, Mr. Voudouris told Mr. Yakimovich that he had approached another client before he approached Mr. Lambrou about investing. Mr. Voudouris was clear that part of his own investment consisted of receivables owing to Mr. Voudouris by Mr. Tsatsaris. As well, Mr. Tsatsaris owed Mr. Voudouris money for loans that had been made to him by Mr. Voudouris.

Mr. Lambrou told Mr. Yakimovich that Mr. Voudouris had advanced an equal or roughly equal amount of money to Mr. Tsatsaris.

Mr. Yakimovich highlighted all the transactions regarding the McDonald's investment that had taken place between Mr. Lambrou and Mr. Voudouris and Mr. Voudouris and Mr. Tsatsaris.

Mr. Yakimovich testified that in his discussions with Mr. Voudouris, Mr. Voudouris did not mention the concept of a conflict of interest. Mr. Voudouris did not tell Mr. Yakimovich that he told Mr. Lambrou that Mr. Voudouris was in a conflict of interest.

Mr. Yakimovich testified that he did not concur with Mr. Voudouris that Mr. Lambrou had all the information that Mr. Voudouris had. Based on the information provided by Mr. Lambrou to Mr. Yakimovich, Mr. Lambrou believed 'Mr. Voudouris contributed an equal amount of cash in the transaction as was contributed by Mr. Lambrou'. It was made clear to Mr. Yakimovich that Mr. Lambrou could not know that Mr. Voudouris' contribution included outstanding accounting, accounts receivable valued at \$95,000 dating back to 2005 and that it would have included numerous advances made by Mr. Voudouris to Mr. Tsatsaris during the years preceding 2009. Mr. Yakimovich could not disclose this information to Mr. Lambrou, but recognizing this was a contentious issue, Mr. Yakimovich said he had

'danced around the information' and Mr. Lambrou was 'firm in his belief' that Mr. Voudouris contributed cash in the same amount as Mr. Lambrou did.

Cross Examination by Mr. Polyzogopoulos

Under cross examination, Mr. Yakimovich agreed he had not been retained as an expert witness and therefore could not provide an opinion on the standards of care or the duties and obligations of a CGA in similar circumstances.

Mr. Yakimovich agreed that the scope of his report was limited to the information provided by both Mr. Lambrou and Mr. Voudouris.

Mr. Yakimovich agreed that he had not asked Mr. Voudouris any questions or propositions about whether he felt he was in a conflict of interest position when he approached Mr. Lambrou about the McDonald's opportunity.

Mr. Yakimovich agreed that there was no misconduct in Mr. Voudouris borrowing money from Mr. Lambrou.

Mr. Yakimovich left a phone message for Mr. Tsatsaris which was not returned.

Mr. Yakimovich agreed that he had made no investigation into the veracity of the McDonald's letters and did not contact anyone at McDonalds about the matter.

Mr. Yakimovich did not investigate if there were criminal charges against Mr. Tsatsaris.

Mr. Yakimovich clarified that he had only two meetings with Mr. Lambrou. The meetings with each party took approximately an hour.

Mr. Yakimovich agreed that Mr. Lambrou told him he had a mortgage free house and a mortgage free building before he invested in the McDonald's transaction. Mr. Yakimovich accepted this at face value.

Mr. Yakimovich agreed that when he heard Mr. Lambrou admit under cross examination that he may have owed money on his line of credit because he had drawn on it to purchase his commercial property that this was 'fresh information'.

Mr. Yakimovich did not ask Mr. Lambrou how he came to believe that Mr. Voudouris knew his asset situation and he did not ask Mr. Voudouris if he had information about Mr. Lambrou's asset situation either.

Mr. Polyzogopoulos asked numerous questions about the mechanics of the McDonalds investment funding.

Mr. Polyzogopoulos took Mr. Yakimovich back to his evidence that he had formed an impression or come to the conclusion that Mr. Lambrou did not have the same information as Mr. Voudouris when he invested in the McDonald's transaction regarding Mr. Voudouris' outstanding loans and invoices. Mr. Yakimovich could not recall that he had ever asked Mr. Voudouris whether Mr. Voudouris had explained to Mr. Lambrou that part of his investment was for prior monies owing and he agreed that he had not asked Mr. Lambrou the same question.

Mr. Yakimovich agreed that it was fair to say that he did not know if such a discussion had taken place.

Mr. Yakimovich agreed that it would be fair to say that there was nothing in his investigation that led him to conclude that Mr. Voudouris had more information regarding the McDonald's transaction than Mr. Lambrou. Mr. Yakimovich also said that the documentation indicated that the two of them knew the same information and he formed that impression from conversations he had with both men.

Re-Examination by Ms. Jolley

Ms. Jolley asked Mr. Yakimovich if Mr. Lambrou had ever said Mr. Voudouris' contribution was made up of anything other than money and he replied that Mr. Lambrou had not.

Mr. Yakimovich said that the spirit of his discussions with Mr. Lambrou was that Mr. Lambrou was adamant the money he was giving was going to McDonalds.

Examination in Chief, Cross Examination and Re-Examination of Mr. Peter Voudouris

Examination in Chief by Mr. Polyzogopoulos

Mr. Voudouris has been a CGA for 23 years and has never previously had any complaints against him.

The services he provides are mainly notice to reader, financial statements, bookkeeping services and the preparation and filing of corporate and personal tax returns.

Mr. Voudouris testified that he had prepared financial statements and corporate tax returns for Mr. Lambrou's business and prepared personal tax returns for the Lambrou family for many years.

Mr. Voudouris testified that he did not provide investment advice to Mr. Lambrou. His advice to Mr. Lambrou was limited to tax advice.

In this context, Mr. Voudouris testified that he did not know Mr. Lambrou's entire financial situation. He did not know if Mr. Lambrou had any or how much equity in his home or building. Mr. Voudouris was aware Mr. Lambrou had a house, Mr. Voudouris had never seen the house and Mr. Voudouris had no idea what the fair market value would be of the house. As well, it was seven years since Mr. Lambrou bought his building and Mr. Voudouris did not know its worth.

Mr. Voudouris testified that he would not have access to that information when working for Mr. Lambrou's business or in preparing corporate and personal income tax returns for Mr. Lambrou's business or the Lambrou family.

There was considerable evidence of Mr. Voudouris' involvement with Mr. Lambrou's RRSP investments. Mr. Voudouris testified that he was not directly involved in meetings between Mr. Lambrou and Mr. Zollo and subsequently between Ms. Mabie and Mr. Lambrou, about Mr. Lambrou's RRSP investments.

Mr. Voudouris said that the extent of his involvement was to recommend the amount to be contributed each year towards RRSPs. Mr. Voudouris denied receiving RRSP and tax shelter cheques from Mr. Lambrou. RRSP cheques were made out to Keybase Financial or Worldsource and were given to either Mr. Zollo or Ms. Mabie.

Mr. Voudouris testified that he met Peter Tsatsaris in the early 2000s when a mutual friend introduced them.

Sometime around 2003 Mr. Tsatsaris called Mr. Voudouris to see if he knew anyone who might be interested in buying his restaurant in Toronto called "Mars Uptown".

Mr. Voudouris introduced two clients of his to Mr. Tsatsaris, who ultimately bought Mars.

Mr. Voudouris testified that Mr. Tsatsaris approached him about performing some accounting work for his new restaurant, The Strand, in downtown Toronto. Mr. Tsatsaris told Mr. Voudouris that Mr. Tsatsaris and his family also owned the building where The Strand was located.

From 2004 to 2006, Mr. Voudouris performed payroll and other bookkeeping and accounting work for The Strand. He viewed Mr. Tsatsaris as a very charismatic individual and successful restaurateur.

Mr. Voudouris testified that the mutual friend and Mr. Tsatsaris both told him that Mr. Tsatsaris worked for McDonalds.

Mr. Voudouris testified that The Strand had struggled early in its operation and Mr. Tsatsaris fell behind in paying Mr. Voudouris. Mr. Voudouris agreed to give Mr. Tsatsaris time to pay because it was not uncommon to help out restaurant clients and Mr. Voudouris knew that Mr. Tsatsaris owned the building where the restaurant operated.

Mr. Voudouris' evidence was that periodically Mr. Tsatsaris also requested loans in 2006 and 2007 to help with his cash flow issues and Mr. Voudouris obliged. Mr. Voudouris loaned Mr. Tsatsaris \$95,500.

The Strand did not survive and closed down. Mr. Voudouris said that he continued to clear up PST problems.

Throughout 2007 and 2008, Mr. Voudouris stayed in regular contact with Mr. Tsatsaris to enquire into the status of the repayment of his outstanding accounts and loans.

Mr. Voudouris' evidence is that in late 2008, Mr. Tsatsaris came to him with a proposal to repay him the amounts he owed him, which by then totalled about \$162,500.

Mr. Tsatsaris advised Mr. Voudouris that he had sold the building where The Strand had operated and used the money he had received from the sale to put down a deposit of over \$1 million to buy five McDonald's restaurant franchises.

Mr. Tsatsaris told Mr. Voudouris that he would be prepared to give Mr. Voudouris a 10% interest in the McDonald's transaction as repayment of the money he owed Mr. Voudouris. Mr. Tsatsaris showed a letter to Mr. Voudouris similar to the letter dated March 3, 2009, on McDonald's letterhead purporting to evidence the pending transaction.

Mr. Voudouris testified that Mr. Tsatsaris told him the transaction with McDonald's was not available to just anyone and he had the opportunity as an insider, having previously done work for McDonald's as a consultant and having relationships within the company. Mr. Tsatsaris said that he would be the one dealing with McDonald's and that Mr. Voudouris would be a silent investor. Mr. Tsatsaris would attend to the raising of the financing to complete the purchase, which he was doing with CIBC in conjunction with McDonald's. He would close the transaction and once he had all the completed paperwork (franchise agreement, leases, etc.), he would provide those to Mr. Voudouris and they could then go to a lawyer to set up their partnership, with companies for each of the 5 stores, shareholders' agreement, and everything else.

Mr. Voudouris testified that he trusted Mr. Tsatsaris and believed him to be an astute business man.

Mr. Voudouris had no reason to think that Mr. Tsatsaris was being untruthful. He took the McDonald's letter at face value and did not ask Mr. Tsatsaris to see any underlying financial information from the McDonald's restaurants. The letter was on McDonald's letterhead and he believed it to be authentic.

Mr. Voudouris told Mr. Tsatsaris that he would accept repayment of the money owed to him by way of receipt of a 10% interest in the McDonald's transaction.

Mr. Voudouris testified that a few days later Mr. Tsatsaris approached Mr. Voudouris to see if he would be interested in increasing his percentage interest in the McDonald's venture by investing new funds. He offered to increase Mr. Voudouris' percentage interest from 10% to 20% for a total \$350,000 investment. This would therefore require Mr. Voudouris to advance new funds to Mr. Tsatsaris of approximately \$187,500.

In reliance on Mr. Tsatsaris' representations and the initial McDonald's letter, Mr. Voudouris agreed to increase his percentage interest in the McDonald's transaction from 10% to 20%.

Mr. Voudouris testified about the payments he made to Mr. Tsatsaris.

Approximately three months later, Mr. Tsatsaris needed a third investor, Mr. Voudouris testified that he approached one other client before contacting Mr. Lambrou.

He testified that he knew Mr. Lambrou for a very long time, respected Mr. Lambrou and thought they would work well together as partners.

Mr. Voudouris' evidence is that after an initial phone call, he met with Mr. Lambrou and outlined the proposed McDonald's investment in general terms.

Mr. Voudouris testified that Mr. Lambrou indicated his interest and the first three way meeting was set up by Mr. Voudouris with Mr. Tsatsaris. At the first three way meeting, Mr. Voudouris suggested that Mr. Lambrou think it over, consult with his family or anyone else.

In lengthy evidence, Mr. Voudouris detailed the number of three way meetings that were held between Mr. Lambrou, Mr. Voudouris and Mr. Tsatsaris. He also testified at length about the documents put forward at these meetings and the cheque and cash transactions (i.e., money going in and out of Legend) that took place for Mr. Lambrou to pay for his 20 percent interest in the McDonald's investment.

Mr. Voudouris testified that Mr. Lambrou called him to tell him about the charges against Mr. Tsatsaris.

Mr. Voudouris testified that when he was in Las Vegas, he tried to get a hold of Mr. Tsatsaris but he was not able to and therefore Mr. Voudouris could get no explanation as to what had happened with their funds. At their meeting in January 2010 at Mr. Voudouris' office, Mr. Voudouris testified that he told Mr. Lambrou that he had spoken with Mr. Tsatsaris and Mr. Tsatsaris was going to get back to them after he looked into what was happening with their money. Mr. Lambrou was not satisfied and asked Mr. Voudouris if he knew Mr. Tsatsaris' address. Mr. Voudouris gave Mr. Lambrou the first page of Mr. Tsatsaris' past tax return and a couple of Mr. Tsatsaris' blank cheques so that Mr. Lambrou could look for Mr. Tsatsaris.

Subsequently, both Mr. Lambrou and Mr. Voudouris met with Mr. Tsatsaris in person and spoke to him on the phone many times. Mr. Tsatsaris always promised them they would get their money back.

The situation between Mr. Lambrou and Mr. Voudouris deteriorated as time went by and Mr. Lambrou did not get his money back.

Mr. Lambrou sued Mr. Voudouris, got a default judgment against Mr. Voudouris that was subsequently set aside and complained about Mr. Voudouris to the CGAO.

Mr. Voudouris testified that he did not receive his money back, nor did he get a 20 percent interest in five McDonalds restaurants.

Cross Examination by Ms. Jolley

Ms. Jolley opened her cross examination with reference to the amount of legal costs that had been paid by Mr. Voudouris' insurance company. He testified his insurance company had paid the legal accounts up to the maximum of \$150,000 for the discipline hearing. The \$150,000 that had been paid by his insurance company had nothing to do with the legal costs of the civil suit. Mr. Voudouris testified that the amount owing to his insurance company would be \$50,000 based on the estimated legal costs of \$200,000 but Mr. Voudouris believed he might have to pay an amount higher than \$50,000, he did not have an exact amount.

Ms. Jolley moved on to the knowledge Mr. Voudouris had about Mr. Lambrou's assets. Mr. Voudouris testified that he did not know what Mr. Lambrou's mortgage payments were on his building. He said that Mr. Lambrou would provide Mr. Voudouris with the interest expense to write off against his rental income in the building. Mr. Voudouris explained that in some cases Mr. Lambrou might give the mortgage statement or sometimes Mrs. Lambrou would just give the number of the interest expense. Mr. Voudouris was aware that Mr. Lambrou owned his house.

Ms. Jolley cross examined Mr. Voudouris on the business relationship between Mr. Voudouris and Mr. Zollo.

Mr. Voudouris testified that he did not know any of the settlement terms between Mr. Zollo and the MFDA. Mr. Voudouris testified that he had not seen the settlement agreement between Mr. Zollo and the MFDA.

Ms. Jolley cross examined Mr. Voudouris on the \$75,000 loan advanced by Mr. Lambrou to Mr. Voudouris. Mr. Voudouris confirmed that no documents were given to Mr. Lambrou. Mr. Voudouris said that he did not give Mr. Lambrou a promissory note and there was no loan agreement. Mr. Voudouris did not agree he knew Mr. Lambrou had \$75,000 that he could lend Mr. Voudouris. Mr. Voudouris said he had no idea whether Mr. Lambrou had enough money in his company to lend Mr. Voudouris \$75,000. Mr. Voudouris did not agree he told Mr. Lambrou the loan was for a client. Mr. Voudouris stated that he had personally guaranteed the repayment of the loan to Mr. Lambrou and that he was not in 'the habit of guaranteeing other people's money'.

Ms. Jolley asked Mr. Voudouris if he foresaw any risks from the McDonald's transaction. Mr. Voudouris thought the risk was that they do not make as much money as they thought but he did not foresee any other risks. Mr. Voudouris said that it did not cross his mind or Mr. Lambrou's mind that Mr. Tsatsaris would not close the McDonald's transaction. He said both he and Mr. Lambrou thought everything was above board and what was presented to them was truthful.

Ms. Jolley cross examined Mr. Voudouris at length about the mechanics of the cash and cheque transactions for the purchase of his 20 percent interest in the McDonald's venture.

Mr. Voudouris did not agree with Ms. Jolley that he had not told Mr. Lambrou how much money Mr. Tsatsaris owed Mr. Voudouris. Mr. Voudouris disagreed with Ms. Jolley's suggestion that he had not specified exact dollar figures to Mr. Lambrou about the amount of money Mr. Tsatsaris owed to Mr. Voudouris. Mr. Voudouris said he told Mr. Lambrou he had given Mr. Tsatsaris approximately \$180,000 and the balance was going to be credit for work done and loans made to Mr. Tsatsaris. Mr. Voudouris said the conversation took place in the first three way meeting.

Ms. Jolley asked Mr. Voudouris if he prepared any documents such as a security agreement, a partnership agreement or a shareholders' agreement. He acknowledged that he had not. Mr. Voudouris testified that he gave no thought to having an agreement prepared whereby Mr. Tsatsaris was going to transfer 20 percent of his interest to Mr. Voudouris and 20 percent of his interest to Mr. Lambrou.

In response to questions by Ms. Jolley, Mr. Voudouris testified that he cashed a number of NSF cheques for Mr. Tsatsaris totalling about \$16,000 after Mr. Tsatsaris had been charged with fraud. Mr. Voudouris explained he did this because he wanted to keep a close eye on Mr. Tsatsaris and he wanted to find out what happened with his investment. Mr. Voudouris still hoped to get his money back and he wanted to keep Mr. Tsatsaris close.

Ms. Jolley asked Mr. Voudouris questions about excerpts from audio tapes recorded by Mr. Lambrou. Mr. Voudouris did not agree with the interpretation by Ms. Jolley of the tape excerpts. At one point Mr. Voudouris responded he could not answer a question by Ms. Jolley because he could not rely on a tape made by Mr. Lambrou that was being made without his knowledge.

In respect to Ms. Jolley's questions on conflict of interest, Mr. Voudouris indicated that he did not mention the idea of conflict of interest to the CGAO investigator, Mr. Yakimovich. The idea of conflict of interest never came up in the discussion that Mr. Voudouris had with Mr. Yakimovich. Mr. Voudouris said an investigation and discipline hearing was not something he did 'year in, year out'. Mr. Voudouris believed he had discharged his obligation by explaining to Mr. Lambrou and Mr. Tsatsaris his situation about being an investor with two clients. Mr. Voudouris explained why he did not share certain information with Mr. Lambrou about Mr. Tsatsaris by saying it 'never came up'.

Re-Examination by Mr. Polyzogopoulos

Mr. Polyzogopoulos referred to questions Ms. Jolley had asked Mr. Voudouris concerning Mr. Best's (Mr. Lambrou's lawyer) questions of Mr. Voudouris in the civil suit. Mr. Voudouris said the questions by Mr. Best referred to what was in that particular affidavit as opposed to a direct question as to whether Mr. Voudouris had told Mr. Lambrou or not. Mr. Voudouris agreed the affidavit had not been put to him on cross examination.

Mr. Voudouris stated there was no relationship between the money he borrowed from Mr. Lambrou to money he had been lending Mr. Tsatsaris in a similar time frame.

Mr. Voudouris was asked about the insurance coverage. He replied that when the Notice of Hearing had been issued against him, he had been told by the CGAO the insurance would not cover his disciplinary hearing.

Examination in Chief, Cross Examination and Re-Examination of Mr. Joseph Zollo

Examination in Chief by Mr. Polyzogopoulos

Mr. Zollo testified that he was previously a financial advisor and did some bookkeeping and general accounting work. He was not a CGA.

Mr. Zollo testified that he had acted as Mr. Lambrou's financial advisor and had invested Mr. Lambrou's RRSP funds between 2002 and September 2004 with CMG Worldsource.

Mr. Zollo testified that Mr. Voudouris was not involved with CMG Worldsource, was not involved with Mr. Lambrou's RRSPs, did not sit in on any of the RRSP meetings and that no information about Mr. Lambrou's investment was exchanged between Mr. Zollo and Mr. Voudouris. The only information Mr. Voudouris gave Mr. Zollo was the amount Mr. Lambrou could put into his RRSPs.

Mr. Zollo's evidence was that he had been disciplined by the Mutual Fund Dealers Association.

Mr. Zollo testified that he had been terminated by CMG Worldsource and CMG Worldsource had notified his clients that Mr. Zollo was no longer their advisor.

Mr. Zollo said Mr. Voudouris knew nothing of the MFDA settlement.

Cross Examination by Ms. Jolley

Ms. Jolley questioned Mr. Zollo on the status of his partnership with Mr. Voudouris. Mr. Zollo said that it was a partnership in that they shared office space, a receptionist and overhead expenses but they did not pool invoices and income.

Ms. Jolley questioned Mr. Zollo on the details of the MFDA settlement agreement.

Re-Examination by Mr. Polyzogopoulos

Mr. Zollo explained that there were separate telephone lines for Voudouris and Zollo and CMG Worldsource. The reception area also has two signs. The signage was changed when Mr. Zollo stopped being affiliated with CMG Worldsource.

Examination in Chief and Cross Examination of Ms. Norine Mabie

Examination in Chief by Mr. Polyzogopoulos

Ms. Mabie testified she was licensed under the MFDA and had been a financial advisor for 10 years. She had previously been Mr. Zollo's assistant and when she took over some of his business, Mr. Lambrou became her client.

Ms. Mabie testified that she reviewed a 'Know your Client Form' annually with Mr. Lambrou. All the information on the form regarding income and current assets came from Mr. Lambrou.

Ms. Mabie said Mr. Voudouris did not participate in the meetings and did not exchange information with her. All her files were locked.

Ms. Mabie testified that Mr. Voudouris had no involvement in any of Mr. Lambrou's RRSPs.

Cross Examination by Ms. Jolley

Ms. Mabie said she had no discussions with Mr. Lambrou about the \$75,000 loan to Mr. Voudouris as Mr. Lambrou had never disclosed it to her.

Ms. Mabie testified that she had no discussions with Mr. Lambrou regarding the McDonald's transaction.

Re-Examination by Mr. Polyzogopoulos

There was no re-examination by Mr. Polyzogopoulos.

Findings of Credibility:

The panel found Mr. Zollo and his testimony to be credible. Mr. Zollo had good recall of the events. Mr. Zollo gave responsive answers in his testimony; he was not evasive. Mr. Zollo's testimony was consistent with the testimony of other witnesses including the testimony of Ms. Mabie.

The panel found Ms. Mabie and her testimony to be credible. Ms. Mabie had good recall of the events. Ms. Mabie gave responsive answers in her testimony; she was not evasive. Ms. Mabie has no vested interest in the outcome of the hearing. Ms. Mabie's testimony was consistent with the testimony of other witnesses including the testimony of Mr. Zollo. Ms. Mabie's testimony was consistent with some of the documents entered as exhibits at the hearing.

The panel found Mr. Yakimovich and his testimony to be credible. Mr. Yakimovich had good recall of the events. Mr. Yakimovich appeared to be an honest person and gave responsive answers in his testimony.

Mr. Yakimovich's testimony in examination, cross-examination and re-examination was straightforward. Mr. Yakimovich's testimony about his investigation was reasonable, without exaggeration. Mr. Yakimovich's testimony was consistent with the documents entered as exhibits at the hearing.

The panel found Mr. Lambrou and his testimony to be partly credible. Mr. Lambrou had difficulty recalling sometimes, which was partly due to the passage of time and the number of other proceedings which took place prior to the hearing. Mr. Lambrou appeared to be an honest person. Mr. Lambrou appeared to be confused at times when he gave evidence, and therefore, not necessarily forthcoming in his answers when he got confused. Mr. Lambrou was evasive at times when answering questions. At times, there was frustration in Mr. Lambrou's tone during his cross-examination. At times, Mr. Lambrou's testimony was inconsistent with his testimony in the civil proceeding. Mr. Lambrou's testimony was consistent with some of the documents entered as exhibits at the hearing.

The panel found Mr. Voudouris and his testimony to be partly credible. Mr. Voudouris had good memory of the events, and when he was not able to recall, he explained this by the passage of time. Mr. Voudouris appeared to be an honest person and gave responsive answers to questions. During his cross-examination, there was frustration in Mr. Voudouris' tone when answering questions at times, and on occasion, Mr. Voudouris was assertive and insistent in his answers to questions. Some of Mr. Voudouris' testimony was unreasonable as it did not make sense or seem probable. Mr. Voudouris' testimony was consistent with some of the documents entered as exhibits at the hearing.

Based on the oral evidence heard, the admitted facts and the documents entered as exhibits at this hearing, the panel of the Professional Conduct Tribunal makes the following findings of fact from the particulars in the Notice of Hearing:

1. Peter Voudouris ("Voudouris") became a member of CGA Ontario (the "Association") in 1992.
2. From 1997 to 2010, Voudouris was the personal accountant for Elie Lambrou ("Lambrou") and the accountant for Lambrou's business The Upholstery Shoppe.
3. In that capacity, Voudouris prepared Lambrou's personal income tax returns and the income tax returns and compiled financial statements for The Upholstery Shoppe. Voudouris also undertook the bookkeeping for The Upholstery Shoppe.

4. Lambrou provided Voudouris with his company's sales records, expenses, purchases, cheques and payroll information.
5. Since at least 2002, on the recommendation of Voudouris, his partner Zollo had acted as Lambrou's financial advisor and invested his RRSP funds in reputable mutual funds.
6. Keybase Financial shares space with Voudouris.
7. In May 2007 Voudouris approached Lambrou for a \$75,000 loan. Lambrou understood the loan was for a client of Voudouris. However, Voudouris advised that it was a personal loan for himself. Lambrou wrote two cheques from The Upholstery Shoppe to Voudouris totalling \$55,000 and provided him with \$20,000 in cash for the balance.
8. Voudouris prepared no documentation in respect of the loan.
9. The loan was eventually repaid at a rate of 12% interest.
10. Peter Tsatsaris ("Tsatsaris") had also been a client of Voudouris for many years.
11. In the latter part of 2008 Tsatsaris approached Voudouris about investing with him in the purchase of five McDonalds' restaurant locations (the "McDonalds' transaction").
12. The proposed investment by Voudouris was approximately \$400,000.
13. By late 2008, Tsatsaris owed Voudouris \$91,473.00 in unpaid accounting invoices and accrued interest for work that Voudouris had undertaken on behalf of Tsatsaris and his businesses in 2005 to 2007.
14. Tsatsaris proposed to credit Voudouris with the amount of those unpaid invoices such that he would be credited with a \$400,000 investment in the McDonalds' transaction if he made a cash investment of between \$275,000 and \$300,000. He would receive a 20% interest in the McDonalds' transaction.
15. Throughout 2006 and 2007 Voudouris had also advanced money to Tsatsaris because Tsatsaris advised he was experiencing cash flow problems. Tsatsaris did not repay the loans.
16. Instead he advised that he would offer to include Voudouris in the proposal he was working on for the McDonalds' transaction, referenced in paragraph 11 above.
17. Voudouris had cashed cheques from Tsatsaris that totalled \$17,000. All cheques were returned NSF.
18. After Voudouris invested the majority of his estimated \$300,000 with Tsatsaris, Tsatsaris asked Voudouris if he knew any other potential investor for the McDonalds' transaction so that Tsatsaris could reduce his majority position.

19. In or about March 2009 Voudouris contacted Lambrou to see if he was interested in becoming a partner in the McDonalds' transaction.
20. Aside from meeting with Tsatsaris, Voudouris did not undertake any or any substantive due diligence to confirm the legitimacy of the McDonald's transaction before advising Lambrou of the investment opportunity.
21. Voudouris and Lambrou initially met to discuss the McDonalds' transaction.
22. After the meeting, when Lambrou indicated that he might be interested, Voudouris arranged a meeting in his office with himself, Lambrou and Tsatsaris.
23. But for the introduction by Voudouris, Lambrou would not have met Tsatsaris or been involved in the McDonalds' transaction.
24. Lambrou suggested to Voudouris that they see a lawyer about the investment involved, but Voudouris advised that he was not prepared to see a lawyer at this stage.
25. Voudouris advised Lambrou that he was not to call the McDonalds' head office about the transaction.
26. Voudouris, Lambrou and Tsatsaris held at least six meetings at the office of Voudouris.
27. Voudouris did not advise Lambrou that the amount of Tsatsaris' outstanding invoices and accrued interest was in the order of \$91,000 and that \$91,000 would be credited to Voudouris' investment contribution to the McDonalds' transaction.
28. Voudouris did not advise Lambrou that he had been lending Tsatsaris money in recent years due to Tsatsaris' cash flow issues.
29. Voudouris did not advise Lambrou that he had cashed cheques from Tsatsaris in the amount of \$17,000 that had been returned NSF.
- 30.
31. Had Lambrou known of the factors in paragraphs 27 and 28 noted above, he might have considered that an arrangement with Tsatsaris may be a risk.
32. Voudouris incorporated Legend Property Services Inc. in or about 23 January 2006 ("Legend").
33. Voudouris advised Lambrou how best to structure the advance of the funds. He advised Lambrou to draw money against a line of credit to be placed against his home rather than to obtain a bank loan at a higher rate of interest. Lambrou followed that advice.

34. At the meeting among Voudouris, Lambrou and Tsatsaris on or about 2 April 2009, Lambrou wrote a cheque that same day from The Upholstery Shoppe payable to Legend in the amount of \$80,000. This was the approximate amount of surplus cash in Lambrou's business.
35. The next day, 3 April 2009, Voudouris wrote a cheque from Legend payable to Rose Tsatsaris, the wife of Tsatsaris ("Rose"), in the amount of \$70,000.
36. Lambrou thereafter advised that he could not advance further funds until documentation was prepared.
37. As a result, Voudouris undertook to draw up an agreement. He prepared a term sheet and presented it to Lambrou at the next meeting. It was agreed that Lambrou would advance \$350,000 + expenses for a 20% interest in the McDonalds' transaction.
38. On or about 16 April 2009 the date he was given the term sheet to sign, Lambrou wrote a further cheque from the Upholstery Shoppe payable to Legend in the amount of \$70,000.
39. On the same day, 16 April 2009, Voudouris wrote a cheque from Legend payable to Rose in the amount of \$70,000.
- 40.
41. Upon receipt of that documentation, Lambrou advanced a further \$217,000 as follows.
42. On or about 4 May 2009 Lambrou wrote a cheque from the Upholstery Shoppe payable to Legend in the amount of \$100,000.
43. The next day, 5 May 2009, Voudouris wrote a cheque from Legend payable to Tsatsaris in the amount of \$90,000.
44. On or about 20 May Voudouris wrote two cheques from Legend payable to himself, the first in the amount of \$3,000 and the second in the amount of \$1,000. He wrote a third cheque the same day from Legend payable to cash in the amount of \$1,000.
45. On or about 6 June 2009 Voudouris wrote a cheque from Legend payable to Tsatsaris in the amount of \$5,000.
46. On or about 21 May 2009 Lambrou wrote a further cheque from the Upholstery Shoppe payable to Legend in the amount of \$100,000.
47. The same day, 21 May 2009, Voudouris wrote a cheque from Legend payable to Tsatsaris in the amount of \$95,000.

48. When Lambrou questioned Voudouris about the transaction thereafter, Lambrou was shown an original letter on the letterhead of McDonalds dated 1 May 2009 and was provided with a copy of the letter that purported to set out the transaction closing procedures.
49. After further questions from Lambrou about the safety of the transaction, Lambrou was given a copy of a 23 June 2009 letter from McDonalds to Tsatsaris outlining the status of the transaction.
50. Thereafter Lambrou was shown a copy of a letter from McDonalds to Tsatsaris dated 3 July 2009 concerning the purchase of 1,000 common shares of McDonalds which was alleged to be a requirement of the standard franchise agreement.
51. On or about 7 July 2009 Lambrou wrote a further cheque from the Upholstery Shoppe payable to Legend in the amount of \$17,000 purportedly to cover his 20% interest in the required purchase of 1,000 McDonald's shares.
52. Thereafter, Voudouris wrote a cheque from Legend payable to himself and deposited that cheque to his personal account. Then, on 7 July 2009, Voudouris wrote two cheques to Tsatsaris from his personal account which together totalled \$17,000.
53. On or about 12 August 2009 Voudouris wrote a cheque from Legend payable to cash, which he gave to Tsatsaris, in the amount of \$7,000.
54. In December 2009 Lambrou was given a final letter from McDonalds to Tsatsaris on the status of the transactions.
55. In total, Lambrou drew \$100,000 against a line of credit he placed against his residence, \$200,000 against a line of credit against the commercial building owned by his company and \$80,000 in cash from his business.
56. At no time has Lambrou received back any of his investment funds. He has not received any interest in any McDonald's restaurants.
57. Tsatsaris has been charged with fraud in relation to other alleged schemes involving the purchase of an interest in other McDonalds' locations.

DECISION

The Discipline Committee has the onus of proving the allegations in the Notice of Hearing in accordance with the civil standard of proof. The standard of proof applied by the panel of the Professional Conduct Tribunal was a balance of probabilities based on clear, convincing and cogent evidence.

Having considered the admitted facts, the evidence and the submissions of the parties and the onus and standard of proof, the majority of the panel of the Professional Conduct Tribunal finds that Mr. Voudouris did not breach the following provisions of the Code of Ethical Principles and Rules of Conduct:

Rule 101 Discredit

A member shall not permit the member's firm name or the member's name to be used with, participate in, or knowingly provide services to, any practice, pronouncement or act that would be of a nature to discredit the profession.

Rule 108 Conduct Unbecoming

It shall be unethical for a member, while acting in a professional capacity or otherwise, to engage in misconduct of a reprehensible or serious nature which reflects on the member's or student's honesty, integrity, or trustworthiness or, is relevant to the person's suitability as a member of the profession.

Code Principle – Trust and Duties

Members shall act in the interest of their clients, employers, and interested third parties, and shall be prepared to sacrifice their self-interest to do so. Members shall honour the trust bestowed on them by others, and shall not use their privileged position without their principal's knowledge and consent. Members shall strive to be independent of mind and in appearance.

R606 (a) Detrimental Actions

A member shall not participate in any action that is detrimental to the Association or the profession.

REASONS FOR DECISION

In assessing the evidence of Mr. Voudouris and Mr. Lambrou, the Professional Conduct Tribunal notes the context and timing of their evidence. The proposed investment in the McDonald's restaurant locations through Mr. Tsatsaris occurred between March 2009 to late January 2010 for Mr. Lambrou.

Subsequently, both Mr. Lambrou and Mr. Voudouris met with Mr. Tsatsaris in person and spoke to him on the phone many times. Mr. Tsatsaris always promised them they would get their money back.

Mr. Lambrou initiated legal proceedings, a civil lawsuit against Mr. Voudouris, through a Statement of Claim dated May 1, 2011. A default judgment was issued based on no response to the Statement of Claim, because of a faxing error by Mr. Voudouris' then counsel in sending the Statement of Defence to Mr. Lambrou's counsel. The default judgment was set aside by the Court on February 3, 2012. A Statement of Defence and Crossclaim was served and filed by Mr. Voudouris. That civil case is still pending.

Mr. Lambrou did not initiate his complaint to the CGAO until January 24, 2012. The complaint was signed by Mr. Lambrou on January 25, 2012.

As a result of the complaint, a Professional Conduct Tribunal convicted Mr. Voudouris of professional misconduct based on deemed admissions. This decision was set aside by the Divisional Court.

The second hearing by a new Professional Conduct Tribunal panel started approximately 5 years after the events occurred.

In the Notice of Hearing, the Discipline Committee alleges that Mr. Voudouris' conduct in involving Mr. Lambrou in the McDonalds transaction, in failing to undertake any or any substantive due diligence before involving Mr. Lambrou, in advising Mr. Lambrou not to speak to McDonalds, in tendering documents to Mr. Lambrou purportedly from McDonalds without making any inquiry about their legitimacy, in withholding relevant information from Mr. Lambrou about the nature of his own investment and about the financial history of Mr. Tsatsaris, Mr. Voudouris' conduct amounted to professional misconduct.

The majority of the Professional Conduct Tribunal panel reviewed the evidence surrounding Mr. Tsatsaris as it related to possible fraud. Mr. Tsatsaris was charged with fraud on a different McDonalds transaction. We know from Mr. Voudouris' evidence that Mr. Tsatsaris spent time in jail. The majority of the Professional Conduct Tribunal panel perhaps could assume reasonably, that he was convicted of

fraud but we do not know this as a fact. The Discipline Committee led no evidence regarding the disposition of the fraud charges against Mr. Tsatsaris. As far as Mr. Tsatsaris' transaction with Mr. Voudouris and Mr. Lambrou, the subject of this hearing, there was no evidence of a police investigation, and there was no evidence that Mr. Tsatsaris was charged with fraud or anything else in relationship to the Lambrou – Voudouris – Tsatsaris transaction. There was no proof provided that the investment deal involving Mr. Tsatsaris, Mr. Voudouris and Mr. Lambrou was not legitimate, and there are no allegations that Mr. Voudouris was willingly or knowingly participating in a scheme he knew was fraudulent. There is no allegation that Mr. Voudouris willingly or knowingly involved Mr. Lambrou in the investment knowing it was fraudulent. The Agreed Statement of Facts says only 'the parties suspect fraud'.

Mr. Voudouris' Conduct in Involving Mr. Lambrou

The Discipline Committee argued that Mr. Voudouris had singled out Mr. Lambrou for the proposed investment and told him he had an opportunity for a 'special' client. The Discipline Committee alleged that Mr. Voudouris knew the financial wherewithal of Mr. Lambrou and that he used this information to select Mr. Lambrou for the proposed investment. Mr. Voudouris' evidence that he did not know Mr. Lambrou's entire financial situation was cogent and compelling. Mr. Lambrou did not testify that Mr. Voudouris had ever said to him he was a 'special' client. The evidence did not support the allegation and the majority of the Professional Conduct Tribunal panel found that the Discipline Committee did not prove Mr. Voudouris was aware that Mr. Lambrou owned his house mortgage free and that Mr. Lambrou's company owned the building mortgage free. Mr. Voudouris testified that he had no knowledge of the value of Mr. Lambrou's house or the value of his building.

The majority of the Professional Conduct Tribunal panel concludes that Mr. Voudouris was acting in good faith when he approached Mr. Lambrou about investing. At that time, Mr. Voudouris did not know or suspect the investment was anything else but a good business opportunity for himself and Mr. Lambrou. There was no discredit to the profession, there was no lack of integrity by Mr. Voudouris or dishonesty on his part, Mr. Voudouris did not fail to act in the interest of his client, and Mr. Voudouris did not do any act that was detrimental to the Association or the profession, when he asked Mr. Lambrou if he was interested in investing in the purchase of a 20% interest in Mr. Tsatsaris' investment with McDonalds.

The majority of the Professional Conduct Tribunal panel concludes there was no breach of Rule 101, Rule 108, Rule 606(a) or Code Principle – Trust and Duties, when Mr. Voudouris involved Mr. Lambrou in the McDonalds transaction.

Due Diligence

Regarding the allegation of lack of due diligence, Mr. Voudouris admits in the Agreed Statement of Facts he did not undertake any. Specifically, Mr. Voudouris admitted that he did not undertake any substantive due diligence to confirm the legitimacy of the McDonalds Transaction before investing his own money or before approaching Mr. Lambrou about the investment opportunity.

Mr. Voudouris maintains that by offering an investment opportunity to Mr. Lambrou, he had stepped outside the scope of a normal accountant-client relationship. Mr. Voudouris testified he told Mr. Lambrou that he could not act for him as his accountant in this transaction because both Mr. Lambrou and Mr. Tsatsaris were clients and also because Mr. Voudouris himself, was investing in this transaction. Mr. Voudouris testified that Mr. Lambrou did not ask Mr. Voudouris to conduct any due diligence for him for this transaction and in any event he could not do any due diligence. Mr. Voudouris also testified that he was not retained by Mr. Lambrou to give him any advice or conduct any due diligence.

Mr. Voudouris' evidence was that he made this clear to Mr. Lambrou and Mr. Lambrou clearly understood that Mr. Voudouris could not act for him. Mr. Voudouris testified he told Mr. Lambrou he had to conduct his own due diligence. Mr. Voudouris testified he told Mr. Lambrou to see or talk to anybody he wanted to, to be comfortable with the investment. Mr. Lambrou denied that this conversation had taken place. Mr. Lambrou testified that Mr. Voudouris never mentioned to him that he could not give him advice because Mr. Tsatsaris was also his client.

Notwithstanding Mr. Lambrou's position, he did undertake some due diligence of his own. He took photographs of the McDonalds locations, spoke to his wife and professional children about the investment, although he did not follow their advice about seeing a lawyer and making sure any money he invested was placed 'in trust'. Mr. Lambrou did not contact a lawyer although he was free to do so. Mr. Lambrou was provided with the name of a lawyer on a card given to him by Mr. Voudouris. Mr. Voudouris said he was not prepared to see a lawyer at that time because it was premature but he

encouraged Mr. Lambrou to see one if he wanted to. Mr. Lambrou did go to the bank and he did this independently of Mr. Voudouris. Mr. Lambrou asked Mr. Voudouris if Mr. Lambrou could use Mr. Voudouris' bank and Mr. Voudouris did not think this would be helpful to Mr. Lambrou. In the course of a discussion where Mr. Lambrou told Mr. Voudouris that he was going to borrow funds to make his remaining investment, Mr. Lambrou mentioned his line of credit and Mr. Voudouris told him the interest rate on a line of credit would be better than the interest rate of a bank loan. Mr. Voudouris did not advise Mr. Lambrou to take out a line of credit to finance his investment because Mr. Lambrou had an existing line of credit. In addition, Mr. Lambrou and Mr. Voudouris met with Mr. Tsatsaris several times at Mr. Voudouris' office, and Mr. Lambrou was able to discuss any questions or concerns he had before and during the investment process. The majority of the Professional Conduct Tribunal panel concludes that Mr. Lambrou had the ability and opportunity to seek independent financial and legal advice.

Notwithstanding the differences in testimony of Mr. Voudouris and Mr. Lambrou, the majority of the Professional Conduct Tribunal panel notes that in Mr. Lambrou's civil case, Mr. Lambrou acknowledged under oath, that this conversation had taken place and he knew Mr. Voudouris could not act for him. Mr. Lambrou admitted in the civil case that he knew Mr. Voudouris could not give him any advice because he was also involved and he also had another client involved. In explaining why his testimony at the civil case was different from his testimony at this hearing, Mr. Lambrou said he had been confused because he was trying to keep the two proceedings separate (the civil case and the complaint to the CGAO) but this explanation was not compelling to the majority.

The majority of the Professional Conduct Tribunal panel on a balance of probabilities, accepts Mr. Voudouris' evidence that he had advised Mr. Lambrou, and that Mr. Lambrou had accepted, that as far as the proposed McDonald's investment went, Mr. Voudouris could not act for Mr. Lambrou in that both Mr. Lambrou and Mr. Tsatsaris were clients of Mr. Voudouris and that Mr. Voudouris was, himself, investing.

If Mr. Voudouris was not acting in a professional capacity for Mr. Lambrou in that Mr. Lambrou was not Mr. Voudouris' client in the McDonald's transaction, the Code Principle - Trust and Duties is not imposed and therefore, not breached.

Further to this point, in the cross-examination of Mr. Voudouris and in its closing argument, the Discipline Committee suggested a long list of documents Mr. Voudouris could have obtained or prepared, and a long list of actions Mr. Voudouris could have taken.

Given that Mr. Voudouris was not acting in a professional capacity as Mr. Lambrou's accountant, did the Code Principle - Trust and Duties still impose a duty of care?

If a duty of care was imposed, what did Mr. Voudouris owe Mr. Lambrou?

The majority of the Professional Conduct Tribunal panel is not prepared to *infer* that a reasonable standard of care by Mr. Voudouris was owed to Mr. Lambrou or imposed by the Code Principle – Trust and Duties or that Mr. Voudouris preferred his own interests to Mr. Lambrou's.

The majority was guided by two principles, one from *Katsoulakos v. Assn. of Professional Engineers of Ontario* relying on *Cheung v. Association of Architects (Ontario)*, "In the *Cheung* case this Court observed that there are compelling reasons for holding that where there is a dispute concerning the standard of practice, opinion evidence should be received about the standard of practice."

Second in *Wilson v. Walczyk*, "I have had the assistance of two eminently qualified chartered accountants, John Morgan and C. Dirk Joustra. Both of these experts are in agreement that Edward Barker failed to meet the standard of care to be expected of a competent chartered accountant..."

The Discipline Committee chose not to call an expert witness and maintained expert evidence was not needed since this was not a case of accounting standards. The position of the Discipline Committee was that expert evidence was not needed in determining if Mr. Voudouris had acted in the interest of his client. The majority of the Professional Conduct Tribunal panel views this as an unreasonable and arbitrary distinction. If the case against Mr. Voudouris rests on what he did or did not do or what he was supposed to have done, and it is alleged he did not act in the interest of his client, he acted detrimentally to the profession, his actions discredited the profession, and his conduct was relevant to his suitability as a member of the profession, surely his practice as an accountant is being called into question and expert evidence about the standards of the accounting profession would be needed.

The Professional Conduct Tribunal panel heard from the Discipline Committee as noted, that certain actions should and could have been done by Mr. Voudouris. Without an expert evidentiary basis, the majority of the Professional Conduct Tribunal panel is not prepared to accept those general statements

outlined by the Discipline Committee and/or speculate that they are the correct standards of care. The majority of the Professional Conduct Tribunal panel is not prepared to use incorrectly their own knowledge to determine what the appropriate applicable standards of care were in this case.

For the majority of the Professional Conduct Tribunal panel, one of whom is not an accountant, expert opinion on the very important point of what a reasonably prudent accountant should have done in these circumstances was necessary and critical.

Both the Discipline Committee and Mr. Voudouris submitted case law on the nature of a fiduciary duty. There was no evidence led by the Discipline Committee to suggest Mr. Voudouris was a fiduciary or that he had a fiduciary duty to Mr. Lambrou and a fiduciary duty is not specifically mentioned in the Code Principle - Trust and Duties. Therefore, the majority did not rely on those cases and did not find there was an implied fiduciary obligation or duty on Mr. Voudouris to Mr. Lambrou.

The majority of the Professional Conduct Tribunal panel has already found that in the circumstances of this McDonald's transaction, a duty of care was not imposed. The evidence demonstrates that both Mr. Voudouris and Mr. Lambrou lost a substantial amount of money and have not received back any of their investment funds and they have not received any interest in McDonald's restaurants. The evidence demonstrates that Mr. Voudouris did not profit from the McDonald's transaction in any way and he did not keep any of Mr. Lambrou's money for himself as alleged by Mr. Lambrou. The investment went terribly wrong for both of them. Under these circumstances, it would be unreasonable for the majority of the Professional Conduct Tribunal panel to conclude Mr. Voudouris preferred and did not sacrifice his own self-interest over Mr. Lambrou.

The Code Principle – Trust and Duties was not breached, when Mr. Voudouris did not undertake any or any substantive due diligence before involving Mr. Lambrou. Rules 101, 108, and 606(a) were also not breached, when Mr. Voudouris did not undertake any or any substantive due diligence before involving Mr. Lambrou.

The Tendering of the McDonalds Documents

Mr. Lambrou originally represented that it was Mr. Voudouris who gave him the McDonald's documents and therefore in the allegations it indicated that Mr. Voudouris showed and/or gave Mr. Lambrou copies

of McDonald's letters. The Agreed Statement of Facts reflects that it was Mr. Tsatsaris who produced all the McDonald's documents at three way meetings. The only document that Mr. Voudouris showed Mr. Lambrou was a March 3, 2009 McDonald's letter; this was confirmed in Mr. Lambrou's and Mr. Voudouris' testimony. The evidence demonstrates that Mr. Voudouris was not complicit in the suspected fraud by Mr. Tsatsaris and Mr. Voudouris believed the documents on McDonald's letterhead to be legitimate. The Discipline Committee did not prove the McDonald's letters were fake or fraudulent. The evidence demonstrates that the Discipline Committee or its investigator did not interview or contact anyone at McDonald's. The Discipline Committee did not lead any evidence from any McDonald's employees. Mr. Lambrou also admitted in his testimony that he did not pay much attention to the letters as they were 'meaningless to me personally'.

There was no discredit to the profession, there was no lack of integrity by Mr. Voudouris or dishonesty on his part, Mr. Voudouris did not fail to act in the interest of his client, and Mr. Voudouris did not do any act that was detrimental to the Association or the profession, when Mr. Voudouris tendered one document to Mr. Lambrou and Mr. Voudouris made copies and gave Mr. Lambrou other documents all purportedly from McDonalds without making any inquiry about their legitimacy.

Therefore, the majority of the Professional Conduct Tribunal panel finds that there was no breach of Rule 101, Rule 108, Rule 606(a) or Code Principle – Trust and Duties, when Mr. Voudouris tendered one document to Mr. Lambrou and Mr. Voudouris made copies and gave Mr. Lambrou other documents all purportedly from McDonalds without making any inquiry about their legitimacy.

Non-Disclosure

In the Notice of Hearing, allegations of non-disclosure as a basis for finding professional misconduct were made. Mr. Voudouris did not specifically advise Mr. Lambrou about the amount of outstanding invoices and accrued interest or the exact amount of the loans Mr. Tsatsaris received from Mr. Voudouris. In particular, the panel made a finding of fact that Mr. Voudouris did not advise Mr. Lambrou that the amount of Mr. Tsatsaris' outstanding invoices and accrued interest was in the order of \$91,000 and that \$91,000 would be credited to Mr. Voudouris' investment contribution to the McDonalds' transaction. This in and of itself does not prove professional misconduct. Mr. Lambrou

admitted on cross examination that 'He (Mr. Voudouris) didn't tell me exactly this words', in response to a question about whether Mr. Voudouris told Mr. Lambrou he had invested \$350,000 with this client.

The majority of the Professional Conduct Tribunal panel, on a balance of probabilities, accepted Mr. Voudouris' evidence that Mr. Lambrou was present and heard Mr. Voudouris and Mr. Tsatsaris discuss a procedure of 'crossing cheques' which would square the outstanding invoices and loans and the injection of fresh cash.

The majority of the Professional Conduct Tribunal panel accepts Mr. Voudouris' evidence that Mr. Lambrou had some awareness of Mr. Voudouris' investment being around \$160,000 to \$180,000 and the rest was money owed. Since the proposed investment by Mr. Lambrou and Mr. Voudouris was the same, \$350,000 for a 20% interest, Mr. Lambrou could figure out the breakdown between the amount invested by Mr. Voudouris and the amount Mr. Tsatsaris owed to Mr. Voudouris for outstanding invoices and loans.

As far as Mr. Tsatsaris having cash flow issues, Mr. Lambrou testified that Mr. Voudouris had told him that Mr. Tsatsaris was having cash flow problems 'because the money he is supposed to get from McDonald's' was tied up in the deposit for the McDonalds stores. Mr. Lambrou testified that Mr. Voudouris told him that he was helping to support Mr. Tsatsaris by giving him some money to help him with his expenses (i.e., food, paying the bills). Mr. Lambrou could not remember when this conversation took place. On cross examination, Mr. Lambrou indicated that he found out about Mr. Tsatsaris' cash flow issues later on and he did not know about Mr. Tsatsaris' cash flow issues before he invested.

It was alleged by the Discipline Committee that Mr. Voudouris had kept information from Mr. Lambrou about a number of NSF cheques that he cashed from Mr. Tsatsaris totalling \$17,000. While those NSF cheques existed, the evidence demonstrates that it involved transactions between Mr. Tsatsaris and Mr. Voudouris after the investment fell apart (NSF cheques were dated May 28, 2010 to October 24, 2011) and therefore the NSF cheques were not an issue when Mr. Voudouris approached Mr. Lambrou about the proposed investment.

The Discipline Committee alleged Mr. Voudouris kept information from Mr. Lambrou about Mr. Tsatsaris' income tax filings being two years behind. The Discipline Committee did not prove Mr. Tsatsaris was two years behind in filing his income tax returns. Mr. Lambrou's evidence on the income tax return was not compelling to the majority. Mr. Voudouris testified that he could not be aware if Mr.

Tsatsaris was behind on his personal tax returns when he contacted Mr. Lambrou originally about the McDonald's investment, because theoretically, Mr. Tsatsaris was not behind at that time.

During closing argument, the Discipline Committee alleged there were further instances of non-disclosure that should be used to find professional misconduct. Briefly, the instances mentioned were: Mr. Tsatsaris was living day to day and unable to pay his bills, Mr. Voudouris had given money to help Mr. Tsatsaris' parents make mortgage payments, Mr. Tsatsaris could not wait for cheques to be cleared by the bank, Mr. Tsatsaris was in PST arrears and had breached trust by failing to remit PST to the government, and Mr. Tsatsaris had sold his building 'out from under Mr. Voudouris'.

The Professional Conduct Tribunal panel did not make any findings of fact on these allegations since they were not in the Notice of Hearing.

Therefore, the majority of the Professional Conduct Tribunal panel concluded that it would be erroneous to use these new allegations that were not in the Notice of Hearing as part of its consideration about whether there was a breach of Rule 101, Rule 108, Code Principle - Trust and Duties or Rule 606(a).

Further, regarding non-disclosure, in closing argument, the Discipline Committee argued Mr. Voudouris had a 'fundamental misunderstanding of what the obligations are when a party has a conflict of interest. One cannot owe duties of confidentiality to one party to the detriment of the other. All information must be disclosed.' The Discipline Committee did not lead any expert evidence to explain what the rules of disclosure are in a conflict of interest situation. The evidence demonstrates Mr. Voudouris believed he had certain confidentiality obligations regarding Mr. Tsatsaris especially since some of the information he had about Mr. Tsatsaris dated back several years. The Discipline Committee did not lead any expert evidence to demonstrate that Mr. Voudouris was incorrect.

Mr. Voudouris may have been mistaken about his understanding of disclosure vis-à-vis a conflict of interest situation but without expert evidence from the Discipline Committee, the majority of the Professional Conduct Tribunal panel is not prepared to judge what the standards of non-disclosure are, or to find that any non-disclosure by Mr. Voudouris was inappropriate.

Therefore, the majority of the Professional Conduct Tribunal panel concludes that Rule 101, Rule 108, Code Principle - Trust and Duties or Rule 606(a) were not breached, when Mr. Voudouris withheld some

relevant information from Mr. Lambrou about the nature of his own investment and about the financial history of Mr. Tsatsaris.

Advising Mr. Lambrou Not to Talk to McDonalds

Mr. Lambrou testified that Mr. Voudouris told him not to contact McDonalds. Mr. Voudouris testified that at the first three way meeting, Mr. Tsatsaris had told Mr. Lambrou and Mr. Voudouris that nobody could contact McDonalds. Mr. Voudouris also testified that while Mr. Lambrou was investing, Mr. Voudouris reminded Mr. Lambrou that they could not go into the McDonalds restaurants and ask questions. Notwithstanding that evidence of Mr. Lambrou and Mr. Voudouris, in the Agreed Statement of Facts, it says “Lambrou understood that it was Tsatsaris and Tsatsaris alone who was dealing with McDonalds and that Lambrou and Voudouris were silent partners as far as McDonalds was concerned.”

The evidence demonstrates that Mr. Voudouris believed the McDonald's transaction was a legitimate transaction and Mr. Voudouris believed the documents on McDonald's letterhead to be legitimate. Therefore, the majority of the Professional Conduct Tribunal panel finds that even though Mr. Voudouris reminded Mr. Lambrou not to speak to McDonalds, this in and of itself was not a breach of Rule 101, Rule 108, Rule 606(a) or Code Principle – Trust and Duties nor does it constitute professional misconduct.

In summary, the majority of the Professional Conduct Tribunal panel concluded that the Discipline Committee has not met the burden of proof required such that the panel could not find that Mr. Voudouris breached Rule 101, Rule 108, Rule 606(a) and Code Principle – Trust and Duties and to find Mr. Voudouris guilty of professional misconduct. The majority of the Professional Conduct Tribunal panel finds that Mr. Voudouris did not knowingly, willingly, deliberately or intentionally breach the Code of Ethical Principles and Rules of Conduct. The evidence demonstrates that Mr. Voudouris did not make blatantly false representations to Mr. Lambrou. The evidence also demonstrates that Mr. Voudouris did not knowingly involve Mr. Lambrou in an apparently fraudulent investment.

The majority of the Professional Conduct Tribunal panel found that without any expert evidence to support if a duty of care was imposed and then what the appropriate standards of care would be, the panel could not incorrectly use their own knowledge to set their own standards of care.

For all of the above reasons, the majority of the Professional Conduct Tribunal panel found that Mr. Voudouris had not breached Rule 101, Rule 108, or Rule 606(a), and Code Principle - Trust and Duties was not breached.

Therefore, the majority of the Professional Conduct Tribunal panel found that Mr. Voudouris had not committed professional misconduct.

DISSENT

Mrs. Jane Rivers does not agree with the findings of the majority of the panel of the Professional Conduct Tribunal with regard to the allegations. Her reasons are set out below.

Having considered the admitted facts, the evidence and the submissions of the parties and the onus and standard of proof, Mrs. Rivers finds that Mr. Voudouris breached the following provisions of the Code of Ethical Principles and Rules of Conduct:

Rule 101 Discredit

A member shall not permit the member's firm name or the member's name to be used with, participate in, or knowingly provide services to, any practice, pronouncement or act that would be of a nature to discredit the profession.

Rule 108 Conduct Unbecoming

It shall be unethical for a member, while acting in a professional capacity or otherwise, to engage in misconduct of a reprehensible or serious nature which reflects on the member's or student's honesty, integrity, or trustworthiness or, is relevant to the person's suitability as a member of the profession.

Code Principle – Trust and Duties

Members shall act in the interest of their clients, employers, and interested third parties, and shall be prepared to sacrifice their self-interest to do so. Members shall honour the trust bestowed on them by others, and shall not use their privileged position without their principal's knowledge and consent. Members shall strive to be independent of mind and in appearance.

R606 (a) Detrimental Actions

A member shall not participate in any action that is detrimental to the Association or the profession.

Mrs. Rivers also finds Mr. Voudouris guilty of professional misconduct.

Reasons for Dissent

Rule 101 Discredit

Rule 101 Discredit provides: A member shall not permit the member's firm name or the member's name to be used with, participate in, or knowingly provide services to, any practice, pronouncement or act that would be of a nature to discredit the profession.

Mrs. Rivers does not agree with her fellow panel members' finding that the member did not breach Rule 101.

Mrs. Rivers makes the following findings of fact: 1) Mr. Voudouris involved Mr. Lambrou in the McDonalds' transaction, 2) Mr. Voudouris failed to undertake any or any substantive due diligence before involving Mr. Lambrou, 3) Mr. Voudouris advised Mr. Lambrou not to speak to McDonalds, 4) Mr. Voudouris tendered one document, March 3, 2009 letter, to Mr. Lambrou purportedly from McDonalds without making any inquiry about the document's legitimacy, 5) Mr. Voudouris withheld relevant information from Mr. Lambrou about the nature of his own investment and about the financial history of Mr. Tsatsaris.

In Mrs. Rivers' opinion, Mr. Voudouris breached Rule 101 when he 1) involved Mr. Lambrou in the McDonalds' transaction, 2) failed to undertake any or any substantive due diligence before involving Mr. Lambrou, 3) advised Mr. Lambrou not to speak to McDonalds, 4) tendered one document, March 3, 2009 letter, to Mr. Lambrou purportedly from McDonalds without making any inquiry about the document's legitimacy, and 5) withheld relevant information from Mr. Lambrou about the nature of his own investment and about the financial history of Mr. Tsatsaris.

The following excerpt from the evidence provides support for Mrs. Rivers' opinion that Mr. Voudouris breached Rule 101:

Examination in chief of P. Voudouris by J. Polyzogopoulos

Q. What is "Legend Properties"? There is a reference to Legend Properties under "Payor bank account".

A. It is a company that the sole owner is myself.

Q. Is it an operating company? Does it carry on business?

A. No, right now, it is inactive...

...

Q. According to the chart, most of the...do you see the first bunch from...other than January...the first two you see, January 7, 2009 and January 27, 2009...

A. Right.

Q. ...those were cash cheques, that were payable to "cash"; right?

A. Correct.

Q. And are you saying, then, that you, as before, cashed those cheques and gave that money to Mr. Tsatsaris?

A. If it is coming from Legend, yes.

Q. And it looks, on the left-hand side, that the payor is Legend; do you see that?

A. Yes. Because...sorry.

Q. Why was that?

A. Because, again, because of his bank situation. He had problems cashing cheques coming from a company, whereas the subsequent cheques were all made out from my personal account. And we will see later, it is the same idea.

Mr. Voudouris permitted his name to be used with, participate in, or knowingly provide services to an act that would be of a nature to discredit the profession. Mr. Voudouris knew or should have known there were problems when he had to cash the January 2009 cheques and give money to Mr. Tsatsaris, which occurred at the beginning of his advancement of money to Mr. Tsatsaris towards his investment in his 20% interest in the McDonalds transaction, because Mr. Tsatsaris could not wait for them to clear at the bank. Knowing this information, Mr. Voudouris should never have approached Mr. Lambrou and should never have got Mr. Lambrou involved in the McDonalds transaction.

Rule 108 Conduct Unbecoming

Rule 108 Conduct Unbecoming provides: It shall be unethical for a member, while acting in a professional capacity or otherwise, to engage in misconduct of a reprehensible or serious nature which reflects on the member's or student's honesty, integrity, or trustworthiness or, is relevant to the person's suitability as a member of the profession.

Mrs. Rivers does not agree with her fellow panel members' finding that the member did not breach Rule 108.

In Mrs. Rivers' opinion, Mr. Voudouris breached Rule 108 when he 1) involved Mr. Lambrou in the McDonalds' transaction, 2) failed to undertake any or any substantive due diligence before involving Mr. Lambrou, 3) advised Mr. Lambrou not to speak to McDonalds, 4) tendered one document, March 3, 2009 letter, to Mr. Lambrou purportedly from McDonalds without making any inquiry about the document's legitimacy, and 5) withheld relevant information from Mr. Lambrou about the nature of his own investment and about the financial history of Mr. Tsatsaris.

The following excerpts from the evidence provide support for Mrs. Rivers' opinion that Mr. Voudouris breached Rule 108:

Cross examination of P. Voudouris by K. Jolley

Q. ...Were you content to do no due diligence until after the closing on this transaction?

A. There was no due diligence done on my part. And this, as I said before, was brought to me by an individual that I had prior business deals. It was a McDonald's transaction, which just from the name itself, gave me comfort. It was something that was verbal. It was going to be on paper in three months, or two months, whatever the time span was...

To involve a client (Mr. Lambrou) of his in this venture, on the word of Mr. Tsatsaris (another client) and based on the fact that it was "McDonalds" without doing any due diligence, is unethical and constitutes misconduct of a reprehensible or serious nature which reflects on Mr. Voudouris' honesty, integrity and trustworthiness and is relevant to his suitability as a member of the accounting profession. Mr. Lambrou trusted Mr. Voudouris and Mr. Voudouris acted in an untrustworthy manner.

Q. You recall your testimony was that the PST was such a big issue that you were doing analyses to see if he could refinance his building to stay afloat; correct?

A. Yes.

...

Q. And he was so far behind in his PST, whatever that number was, that he couldn't catch up?

A. It wasn't just the PST that was behind, Counsel.

Q. What else...

A. There were suppliers, because as I said, when he first opened the business was not doing well for the seven, eight months, so he fell behind.

Q. So he is behind in his PST, he is behind in his suppliers. What else is he behind in?

A. I don't have a list of everything that he was behind, Counsel. All I know is that he had cashflow problems.

...

Q. I guess not only was he having cashflow problems, this \$10,000 up in 2006, you were giving money to pay his parents' mortgage; is that correct?

A. I lent him money for his parents, yes. That was the explanation that was given to me to give him the money, yes.

Q. Well, the money went directly, as I recall your evidence, to Home Trust, did it not?

A. Yes.

Q. And you were told that the money was to go to Home Trust to pay...

A. For an outstanding amount on the mortgage, yes.

Mr. Voudouris knew Mr. Tsatsaris had cash flow problems. Mr. Voudouris knew Mr. Tsatsaris was behind in paying PST, suppliers, himself and Mr. Voudouris had to loan Mr. Tsatsaris money for his parents' mortgage payment. It is unreasonable that a professional accountant would say there was no need to do any due diligence because it was McDonalds and that it would go on paper once the deal was closed. With the knowledge he had about Mr. Tsatsaris, Mr. Voudouris had more reason to do due diligence. Mr. Voudouris should have done due diligence before involving Mr. Lambrou in the McDonalds transaction.

Code Principle – Trust and Duties

Code Principle – Trust and Duties provides: Members shall act in the interest of their clients, employers, and interested third parties, and shall be prepared to sacrifice their self-interest to do so. Members shall honour the trust bestowed on them by others, and shall not use their privileged position without their principal's knowledge and consent. Members shall strive to be independent of mind and in appearance.

Mrs. Rivers does not agree with her fellow panel members' finding that the member did not breach Code Principle – Trust and Duties.

In Mrs. Rivers' opinion, Mr. Voudouris breached Code Principle – Trust and Duties when he 1) involved Mr. Lambrou in the McDonalds' transaction, 2) failed to undertake any or any substantive due diligence before involving Mr. Lambrou, 3) advised Mr. Lambrou not to speak to McDonalds, 4) tendered one document, March 3, 2009 letter, to Mr. Lambrou purportedly from McDonalds without making any inquiry about the document's legitimacy, and 5) withheld relevant information from Mr. Lambrou about the nature of his own investment and about the financial history of Mr. Tsatsaris.

The following excerpts from the evidence provide support for Mrs. Rivers' opinion that Mr. Voudouris breached Code Principle – Trust and Duties:

Agreed Statement of Facts

23. In or about March 2009, Voudouris contacted Lambrou to see if he was interested in becoming a partner in the McDonalds Transaction.

24. Voudouris took Tsatsaris' representations about the McDonalds Transaction and the letter he had produced in that regard at face value. He trusted that Tsatsaris had presented him with a legitimate transaction and Voudouris did not undertake any substantive due diligence to confirm the legitimacy of the McDonalds Transaction before investing his own money or before approaching Lambrou about the investment opportunity.

Cross examination of P. Voudouris by K. Jolley

Q. What documents did you have to support the sales figures that were listed?

A. As I stated earlier, Counsel, this letter is from McDonald's, okay? It is not from a corner store, so there was no reason for me to assume that this document was fake or these numbers were not provided by McDonald's. Because if that had crossed my mind, then I wouldn't have, obviously, invested in it.

...

Q. What documents did you have? Can you answer that?

A. The name, "McDonald's."

Q. So what documents did you have?

A. The letterhead that says "McDonald's," Counsel. I'm not trying to be facetious, but that carries a lot of clout.

...

Q. Well, obviously the parties disagree to that, absolutely. But you were told that these stores weren't doing well. Did that give you any reason to ask to see support for these sales figures that are set out in the term sheet?

A. No. Again, as I mentioned, this was a McDonald's statement. I had no reason to question McDonald's.

Q. Well, as I understand it, you were content not to do any due diligence on any of the numbers here until after closing.

A. I never said anything about due diligence before or after the closing.

Q. What due diligence were you doing before closing?

A. I didn't say I was doing anything.

Q. That is why I asked you the question. Were you content to do no due diligence until after the closing on this transaction?

A. There was no due diligence done on my part. And this, as I said before, was brought to me by an individual that I had prior business deals. It was a McDonald's transaction, which just from the name itself, gave me comfort. It was something that was verbal. It was going to be on paper in three months, or two months, whatever the time span was. And we were going to look at all the documentation. At the same time, from my experience in the accounting world, usually big franchises will not allow you to change things, whether it be a franchise agreement, a lease agreement. Those type of things it is take it or leave it.

Q. Wouldn't you want to see, as a prudent accountant, whether these were numbers that you wanted to take, or whether you wanted to leave, before it was already closed?

A. Number of what, ma'am? What number?

Q. You said these are take it or leave it documents. Yours...

A. No, I was talking about the leases or the franchise agreements, ma'am.

Q. So those issues, the non-payment of the invoices, the cheques to cash, the credit that wasn't as good, the non-payment of money to you, that didn't raise any red flags for you when you saw that this same person purported to have a million five on deposit with McDonald's?

A. Ma'am, if I wasn't aware that he owned the building, yes, it would have. But the fact that I knew he owned the building, and it was sold, as I said before, it was a very good possibility. And again, it wasn't left up in the air.

Mr. Voudouris' comments that: because the letterhead says McDonald's, this "carries a lot of clout", there was no reason to question McDonald's, there was no reason for me to assume that this document was fake or these numbers were not provided by McDonald's, are not reasonable statements of a professional accountant. It is unreasonable that a professional accountant would say there was no need to do any due diligence because it was McDonalds.

If only Mr. Voudouris was involved with Mr. Tsatsaris in the McDonald's transaction, these statements are clearly not reasonable. But, for Mr. Voudouris to involve his client, Mr. Lambrou, in the McDonald's transaction and do no due diligence of any kind is conduct which is contrary to the Code Principle – Trust and Duties because Mr. Voudouris was not acting in the interest of his client, Mr. Lambrou, and he was not sacrificing his self-interest to do so. Mr. Voudouris was also not honouring the trust bestowed on him by Mr. Lambrou.

Rule 606 (a) Detrimental Actions

Rule 606 (a) Detrimental Actions provides: A member shall not participate in any action that is detrimental to the Association or the profession.

Mrs. Rivers does not agree with her fellow panel members' finding that the member did not breach Rule 606(a).

In Mrs. Rivers' opinion, Mr. Voudouris breached Rule 606(a) when he 1) involved Mr. Lambrou in the McDonalds' transaction, 2) failed to undertake any or any substantive due diligence before involving Mr. Lambrou, 3) advised Mr. Lambrou not to speak to McDonalds, 4) tendered one document, March 3, 2009 letter, to Mr. Lambrou purportedly from McDonalds without making any inquiry about the document's legitimacy, and 5) withheld relevant information from Mr. Lambrou about the nature of his own investment and about the financial history of Mr. Tsatsaris.

The following excerpt from the evidence provides support for Mrs. Rivers' opinion that Mr. Voudouris breached Rule 606(a):

Cross examination of P. Voudouris by K. Jolley

Q. Well, obviously the parties disagree to that, absolutely. But you were told that these stores weren't doing well. Did that give you any reason to ask to see support for these sales figures that are set out in the term sheet?

A. No. Again, as I mentioned, this was a McDonald's statement. I had no reason to question McDonald's.

To believe that because it was "McDonalds", he had no reason to question, verify through documentation, or seek third party confirmation, before involving a client, Mr. Lambrou, in this venture is conduct that is detrimental to the accounting profession.

Professional Misconduct

Mrs. Rivers made the following findings of fact: 1) Mr. Voudouris involved Mr. Lambrou in the McDonalds' transaction, 2) Mr. Voudouris failed to undertake any or any substantive due diligence before involving Mr. Lambrou, 3) Mr. Voudouris advised Mr. Lambrou not to speak to McDonalds, 4) Mr. Voudouris tendered one document, March 3, 2009 letter, to Mr. Lambrou purportedly from McDonalds without making any inquiry about the document's legitimacy, 5) Mr. Voudouris withheld relevant information from Mr. Lambrou about the nature of his own investment and about the financial history of Mr. Tsatsaris.

Based on these five findings, Mrs. Rivers finds that Mr. Voudouris' conduct amounted to professional misconduct.

The following excerpts from the evidence and from the findings of fact made by the panel provide support for Mrs. Rivers' five findings of fact mentioned above and for Ms. Rivers' finding that Mr. Voudouris' conduct amounted to professional misconduct:

In or about March 2009, Mr. Voudouris contacted Mr. Lambrou to see if he was interested in becoming a partner in the McDonalds' transaction. Aside from meeting with Mr. Tsatsaris, Mr. Voudouris did not undertake any or any substantive due diligence to confirm the legitimacy of the McDonald's transaction before advising Mr. Lambrou of the investment opportunity.

Mr. Voudouris advised Mr. Lambrou that he was not to call the McDonalds' head office about the transaction. It is clear from the evidence that Mr. Voudouris did not contact McDonalds. Mr. Lambrou suggested to Mr. Voudouris that they see a lawyer about the investment involved, but Mr. Voudouris advised that he was not prepared to see a lawyer at this stage. It is clear from the evidence that Mr. Voudouris did not seek legal advice about the McDonalds transaction. It is also clear from the evidence that Mr. Voudouris never asked for any third party confirmation of any part of the McDonalds transaction.

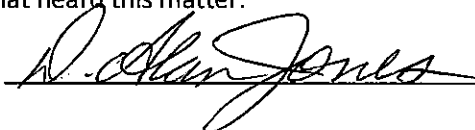
Mr. Lambrou's and Mr. Voudouris' testimony confirmed that Mr. Voudouris showed Mr. Lambrou a March 3, 2009 McDonalds letter. In response to questions from Ms. Jolley about what inquiries Mr. Voudouris had made into this letter's legitimacy, Mr. Voudouris said: "As I stated earlier, Counsel, this letter is from McDonald's, okay? It is not from a corner store, so there was no reason for me to assume that this document was fake or these numbers were not provided by McDonald's." and "No. Again, as I mentioned, this was a McDonald's statement. I had no reason to question McDonald's."

Mr. Voudouris did not advise Mr. Lambrou that the amount of Mr. Tsatsaris' outstanding invoices and accrued interest was in the order of \$91,000 and that \$91,000 would be credited to Mr. Voudouris' investment contribution to the McDonalds' transaction. Mr. Voudouris did not advise Mr. Lambrou that he had been lending Mr. Tsatsaris money in recent years due to Mr. Tsatsaris' cash flow issues.

Mr. Voudouris, Mr. Lambrou and Mr. Tsatsaris held at least six meetings at the office of Mr. Voudouris. The fact that the meetings between Mr. Voudouris, Mr. Lambrou and Mr. Tsatsaris about the McDonalds transaction took place at Mr. Voudouris' accounting office provided further support that Mr. Voudouris' conduct amounted to professional misconduct.

Dated this 15 day of February, 2016

I, Alan Jones, sign this Decision and Reasons for Decision as Chair of the panel of the Professional Conduct Tribunal on behalf of the members of the panel that heard this matter.


Alan Jones

NOTICE

This decision of the Professional Conduct Tribunal may be appealed to an Appeal Tribunal within thirty (30) days of the date of this decision.

The Notice of Appeal must be in writing, addressed to the vice-president responsible for regulatory affairs of the Association (Chartered Professional Accountants of Ontario, 69 Bloor Street East, Toronto, Ontario, M4W 1B3) and must contain the grounds for the appeal.

TAKE NOTE THAT, in an appeal, the Appellant bears the onus of obtaining and delivering copies of the transcripts of the hearing before the Professional Conduct Tribunal for the Appeal Tribunal (5 copies) and for the Respondent (1 copy).

According to the Bylaws, a Notice of Appeal that fails to contain the grounds for the appeal, together with evidence that demonstrates that transcripts of the hearing giving rise to the appeal has been ordered, shall be void.