



September 2020

2020 CPA Alberta Conduct Case Summaries

April 2020 – August 2020

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Troy Nagy, CPA, CA, the registrant against whom a complaint was made:

FACTS

Mr. Nagy was employed with an investment banking firm. While employed there, the Investment Industry Regulatory Organization of Canada (IIROC) reviewed Mr. Nagy's business practices and, thereafter, proceeded to a formal discipline hearing stemming from its review. Ultimately, a settlement agreement between Mr. Nagy and the IIROC was finalized.

Mr. Nagy admitted that he: (a) failed to use due diligence to ensure that recommendations that he made to two of his clients were suitable, in that he recommended concentrated positions in an alternative investment product that he did not fully understand, contrary to IIROC Dealer Member Rule 1300.1(q); and (b) engaged in personal financial dealings with one client, without the knowledge or consent of his Dealer Member, depositing funds totaling \$52,500 in an outside bank account held by clients, contrary to IIROC Dealer Member Rule 29.1.

Mr. Nagy agreed to pay a significant fine and a portion of the costs of the regulatory proceedings. He also agreed to a short-term suspension. Mr. Nagy has also paid back to the investment banking firm a significant portion of the money that it paid out to his clients as reparations for their losses.

Thereafter, Mr. Nagy self-reported the IIROC's investigation and the IIROC agreement to the Complaints Inquiry Committee (CIC) Secretary for CPA Alberta.

FINDINGS

Mr. Nagy admitted to the allegations of unprofessional conduct, in that he:

1. Failed to use due diligence to ensure that his recommendations were suitable for two clients when he recommended concentrated positions in an alternative investment product that he did not fully understand, contrary to IIROC Dealer Member Rule 1300.1(q); and
2. Engaged in personal financial dealings with one client, without the knowledge or consent of his Dealer Member, depositing funds totaling \$52,500 in an outside bank account held by clients, contrary to IIROC Dealer Member Rule 29.1,

as evidenced by his entering into a Settlement Agreement with IIROC on February 19, 2019 where he admitted to these breaches of the IIROC Dealer Member Rules.

SANCTIONS

Mr. Nagy and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. A written reprimand;
2. Within one year, completion of a course on ethics which is acceptable to the CIC Secretary, evidence of completion to be provided to the Tribunal Secretary;
3. Payment of 50% of the costs of the investigation, hearing and compliance with the orders, in accordance with bylaw 1601, within 30 days of the statement of costs being served;
4. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557, with a link to the Settlement Agreement on the IIROC website; and
5. If Mr. Nagy fails to comply with these sanctions within the time specified, his registration will be cancelled.

IN THE MATTER OF a Sanction Agreement entered into by the Complaints Inquiry Committee and Aaron Ruptash, CPA, CGA, the registrant against whom a complaint was made:

FACTS

Aaron Ruptash Professional Corporation (Ruptash PC) was registered as a professional accounting firm (PAF) from July 22, 2008 to June 12, 2014 with CGA Alberta, and again from December 13, 2017 onwards with CPA Alberta. Ruptash PC was not registered as a PAF – and did not have professional liability insurance – from June 13, 2014 to December 12, 2017.

From July 2015 to November 2017, Mr. Ruptash provided services to GSFS and PFI, consisting of reviewing those entities' client files and providing tax advice. He did not have a PAF registered with CPA Alberta and nor was he insured as required during that time.

In January 2017, PDS engaged Ruptash PC to prepare financial statements for the years ended December 31, 2015 and December 31, 2016. The work included preparation and filing of corporate tax returns, and some corporate and shareholder tax planning. Mr. Ruptash did not have a PAF registered with CPA Alberta nor was he insured as required during that time.

In November 2017, Mr. Ruptash told SC – who operated PDS – that he had some experience with Scientific Research and Experimental Development (SR&ED) claims. PDS engaged Ruptash PC to file SR&ED claims for the 2016 and 2017 fiscal years. During PDS's SR&ED engagement of Ruptash PC, there were numerous miscommunications regarding SR&ED forms, and some failures by Mr. Ruptash to respond to SC. Moreover, Mr. Ruptash filed the 2017 SR&ED claim on behalf of PDS without having a signed T183. Ultimately, as a result of the way Mr. Ruptash processed the SR&ED claim, PDS lost out on substantial SR&ED credits that it would have otherwise received.

FINDINGS

Mr. Ruptash admitted to the allegations of unprofessional conduct, in that he:

1. In providing professional services to SC and his corporate entities, including PDS, and clients of GSFS and PFI, conducted aspects of a public and professional accounting practice:
 - a. while not properly registered with CPA Alberta to perform those services; and
 - b. while not insured in compliance with the bylaws of CPA Alberta;
2. Filed the 2016 and 2017 SR&ED claim forms for PDS on March 5, 2018 without his client's review and authorization to file electronically; and
3. Failed to sustain professional competence in all the functions or areas in which he was providing professional services, specifically, in the completion and filing of SR&ED forms.

SANCTIONS

Mr. Ruptash and the Complaints Inquiry Committee agreed that the sanctions to be imposed in consequence thereof would be:

1. A written reprimand;
2. Payment of a fine of \$3,000 for allegation #1, within 30 days of the statement of costs being served;
3. Payment of a fine of \$1,500 for allegation #3, within 30 days of the statement of costs being served;

4. Payment of costs of the investigation, hearing and compliance with the orders, in accordance with bylaw 1601, up to a maximum of \$8,000, to be paid over a period of 12 months following the issuance of the statement of costs;
5. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557;
6. If Mr. Ruptash fails to comply with these sanctions within the time specified, his registration will be cancelled.