IN THE MATTER OF

CHARTERED PROFESSIONAL ACCOUNTANTS OF BRITISH COLUMBIA

(*"CPABC"*)

AND

A COMPLAINT AGAINST

KENNETH GEORGE CEDRIC TELFORD

(*"RESPONDENT"*)

DECISION

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1. The *Chartered Professional Accountants Act*, S.B.C. 2015, c. 1 ("*CPA Act*") came into force in 2015, amalgamating the Certified General Accountants Association of British Columbia, the Certified Management Accountants Society of British Columbia, and the Institute of Chartered Accountants of British Columbia ("ICABC") into the Organization of Chartered Professional Accountants of British Columbia ("CPABC") as the unified regulatory body for professional accountants in British Columbia.

2. The Respondent is a former member of CPABC whose primary residence is in the Philippines. He was admitted to membership in ICABC in 1974, and subsequently became a member of CPABC under the *CPA Act.* Although he resigned his membership in CPABC in October of 2025, he remains a member of CPA Alberta, and holds CPA designations in Washington State and Hong Kong. Under sections 50(1) and 53(3) of the *CPA Act*, CPABC retains statutory jurisdiction over former members for six years after resignation of membership.

3. The Statement of Complaint alleges multiple violations by the Respondent of the *CPABC Code of Professional Conduct.*

4. The essential facts are not in dispute. CPABC and the Respondent tendered an Agreed Statement of Facts, which was amplified in testimony adduced at the hearing from the Respondent and the CPABC Investigator, Jennifer Blacklock.

<u>Background</u>

5. In September 2017, the U.S. Securities and Exchange Commission ("SEC") filed a Complaint against the Respondent in the U.S. Central District Court of California. The Complaint alleged that between July 2012 and April 2015, in violation of the *Securities Act of 1933*, and the *Securities Exchange Act of 1934,* the Responded engaged in fraudulent activities relating to a "pump and dump" scheme for the promotion and sale of stock.

6. The Respondent subsequently filed a Consent in the proceedings, in which he voluntarily agreed to the Court issuing Judgment against him which, among other things, would prohibit him from acting as an officer or director of any public company, and order "*disgorgement of ill-gotten gains … and a civil penalty … determined by the Court.*

7. In his Consent, the Respondent also agreed that:

   "*the Court's entry of a permanent injunction may have collateral consequences under … the rules and regulations … of self- regulatory organizations*", including "*a statutory disqualification with respect to membership … in … a self-regulatory organization*";

   "*[he] will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the [Complaint] or creating the impression that the [Complaint] is without factual basis*"; and

   "*[he] will not make or permit to be made any public statement to the effect that [he] does not admit the allegations of the [Complaint], or that this Consent contains no admission of the allegations, without also stating that [he] does not deny the allegations*".

8. Nonetheless, in a later Response to the SEC's Motion for Monetary Relief, the Respondent denied having knowledge of or being involved in the scheme alleged in the Complaint.

9. In its Final Judgment against the Respondent, in November of 2018, the Court held that "t*he allegations in the Complaint are true and admitted by the Defendant*", and that he was "*liable for disgorgement … representing ill-gotten gains obtained as a result of the conduct alleged in the Complaint … of $3,619,107.39*" plus "*a civil penalty in the amount of $1,644,766*".

10. The Respondent has not paid any portion of the Final Judgement against him. He also did not notify CPABC of either the Consent or the Final Judgement.

11. In May 2024, in the course of an unrelated inquiry, CPABC became aware of the California proceedings, and CPABC's Director of Professional Conduct wrote to the Respondent inquiring why he had not reported the Consent and Final Judgement to CPABC, as required by the *CPABC Code of Professional Conduct* and the CPABC *Bylaws*.

12. The Respondent replied to the Director saying he did not believe he was required to report the matter to CPABC, because he did not believe that he had been found "guilty" of violating any securities legislation, and that the SEC's allegations against him were "fictitious".

Considerations

13. In these circumstances, CPABC contends the Respondent contravened the *CPA Act,* the CPABC *Bylaws,* and the *CPABC Code of Professional Conduct,* and has thereby committed professional misconduct under Section 53(2) of *Act*.

14. The relevant provisions of the *CPA Act* provide:

> **Hearing**
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> 53(2) … a panel of a disciplinary committee … may inquire, in accordance with the bylaws, into the competence, fitness to practice or professional conduct of a respondent and decide whether the respondent
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> (a) is incompetent
> (b) is unfit to practice
> (c) has committed professional misconduct
> (d) has,
> (i) as a member, engaged in conduct unbecoming a member, … or
> (e) has contravened this Act or the bylaws.

15. The relevant provisions of the CPABC *Bylaws* provide:

Obligation to Report

(a) **511 (1)** A member must immediately notify the Registrar, in writing: …

(c) upon being found guilty or pleading guilty to a criminal offence or a violation of the provisions of any securities legislation in effect in any jurisdiction, or, …

Rules of Professional Conduct

(b) **1300 (2)** Every member … must comply with the standards of professional conduct established in the Rules of Professional Conduct.

16. The relevant provisions of the CPABC *Code of Professional Conduct* provide:

Compliance with Act, Bylaws, and Code

101.1(a) All registrants, regardless of their jurisdiction of residence, shall comply with the CPABC Code of Professional Conduct …

101.1(b) All registrants, regardless of their jurisdiction of residence, shall comply with:

(i) the Chartered Professional Accountants Act of British Columbia, bylaws and regulations of CPABC …

Reporting to CPABC

102.1 Registrants shall promptly notify CPABC after having been, in any jurisdiction;

…

(b) found guilty of a violation of the provisions of any securities legislation or having entered into a settlement agreement with respect to such matters;

Good Reputation of Profession

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

201.2 There is a rebuttable presumption that a registrant has failed to maintain the good reputation of the profession or serve the public interest when the registrant is charged under Rule 201.1 on account of a matter referred to in Rule 102.1(a) or in Rule 102.1(b) or (c) and a certified copy of a document which provides proof of guilt in respect of such matters is filed with the Disciplinary Committee. For the purposes of this Rule, documents which provide proof of guilt include a certificate of conviction, order, decision, settlement agreement which includes an admission of guilt or other similar relevant document.

False or Misleading Documents and Representations

205 A registrant shall not:

(a) sign or associate with any letter, report, statement, representation, or financial statement which the registrant knows, or should know, is false or misleading …

Unlawful Activity

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

17. In view of these provisions of the *CPA Act*, the CPABC *Bylaws,* and the *CPABC Code of Professional Conduct,* the Panel has concluded that, whether assessed individually or cumulatively as a whole, the Respondent's actions constitutes professional misconduct contrary to sections 53(2)(c), 53(2)(d)(i), and 53(2)(e) of the *CPA Act*.

18. The main allegations against the Respondent in the Statement of Complaint are, in effect, uncontroverted. In his Consent, the Respondent formally agreed that he violated U.S. securities legislation for which the Final Judgment of the California Court held him accountable. In the view of the Panel, the Respondent thereby "entered into a settlement agreement", "pleaded guilty", and was "found guilty" within the meaning of those words in *Bylaw* 511(1)(c) and Rule 102.1 of the *Code of Professional Conduct*. Those provisions required the Respondent to report to CPABC both the Consent and the Final Judgment, which he deliberately failed to do.

19. The Consent also creates a presumption under Rule 201.2 of the *CPABC Code of Professional Conduct*, that the Respondent failed to maintain the good reputation of the profession. Nothing in the Respondent's testimony or documents adduced in evidence at the hearing rebutted the presumption or revealed any mitigating factors.

20. To the contrary, in the face of his Consent, the Respondent's misconduct is only aggravated by the lack of credibility in his denial of any knowledge or involvement in the "pump and dump" scheme alleged in the Complaint, as well by his false assertions to CPABC that he was not found guilty of violating securities legislation in California. These only add to his serious misconduct by also violating Rules 205 and 213 of the *CPABC Code of Professional Conduct* by being activities and representations he knew or should have known were unlawful and false.

21. The Respondent's explanations as to why in his view his conduct did not constitute contraventions of his professional obligations as a member of CPABC provide no ameliorating considerations. Contrary to the clear and specific terms of his voluntary Consent and the Final Judgement of the California Court, the Respondent asks the Panel to ignore them and to conclude instead that he was not actually guilty of violating securities legislation, to accept without evidence that the allegations in the Complaint were fictitious, to hold CPABC responsible for not being aware of the California proceedings, and to admonish CPABC for initiating discipline proceedings when the professional accounting regulatory authorities of Alberta, Washington State, and Hong King, have not. These explanations have no merit, and the profession and the public deserve better.

Conclusion

Accordingly, the Panel hereby confirms that the membership of Kenneth George Cedric Telford in CPABC is cancelled, and orders that:

a. Kenneth George Cedric Telfor, pursuant to section 53(4)(d) of the *Chartered Professional Accountants Act,* is barred from applying for membership in CPABC for 20 years;

b. Kenneth George Cedric Telford, pursuant to section 53(4)(f) of the *Chartered Professional Accountants Act,* pay to CPABC a fine in the amount of $15,000;

c. Kenneth George Cedric Telford, in accordance with the *Tariff of Costs* in Bylaw Regulation 1208/1, pay to CPABC its costs relating to the hearing, and the investigation resulting in the hearing, immediately upon being presented with its Statement of Costs, in regard to which the Panel reserves the jurisdiction to determine the amount of the costs in the event of a disagreement between Mr. Telford and CPABC; and

d. In addition to named publication of this Decision on the CPABC website, and as determined by CPABC in appropriate newspapers, CPABC may also publish it on the website of the Canadian Legal Information Institute (CanLII) and other social media, and notify CPA Alberta, the Washington State Board of Accounting, and the Hong Kong Institute of Certified Public Accountants.

August 27, 2026

For the Panel:
Stephen Spector, FCPA, FCGA, Chair
Mike Brankston, CPA, CA
Howard Kushner, Esq.