

**IN THE MATTER OF PART 3 OF THE  
LEGAL PROFESSION ACT, RSA 2000, c. L-8**

**AND**

**IN THE MATTER OF A HEARING REGARDING  
THE CONDUCT OF PAUL KAZAKOFF  
A MEMBER OF THE LAW SOCIETY OF ALBERTA**

**Hearing Committee**

Bill Hendsbee, QC – Chair and Bencher  
Doug McGillivray, QC – Past President  
Ike Zacharopoulos – Public Adjudicator

**Appearances**

Karl Seidenz – Counsel for the Law Society of Alberta (LSA)  
Paul Kazakoff – Self-represented

**Hearing Date**

January 28, 2021

**Hearing Location**

Virtual Hearing

**HEARING COMMITTEE REPORT**

**Overview**

1. Paul A. Kazakoff was admitted as a member of the LSA on June 8, 1981. For 34 years he practised in Calgary in association with another lawyer.
2. On November 1, 2015, Mr. Kazakoff established his own law firm. At the time of the events material to these proceedings Mr. Kazakoff practiced primarily in the civil litigation area but he was also involved in some real estate conveyancing.
3. Mr. Kazakoff became an inactive member of the LSA on June 15, 2020.
4. On January 28, 2021, the Hearing Committee (the Committee) convened a hearing into the conduct of Mr. Kazakoff, based on the following eight citations:
  1. It is alleged that Paul Kazakoff failed to properly supervise his legal assistant, AS, and that such conduct is deserving of sanction;

2. It is alleged that Paul Kazakoff failed to comply with Rules 119.21(2) and 119.21(3) by signing withdrawals from his trust account without first ensuring that the conditions precedent for those withdrawals existed, and that such conduct is deserving of sanction;
  3. It is alleged that Paul Kazakoff failed to comply with Rule 119.24(1) by failing to maintain money on deposit in his trust account in an aggregate amount sufficient to meet all trust obligations, and that such conduct is deserving of sanction;
  4. It is alleged that Paul Kazakoff failed to comply with Rule 119.24(3)(b) by failing to notify the LSA that a deficiency in an amount greater than \$2,500 existed in his trust account, and that such conduct is deserving of sanction;
  5. It is alleged that Paul Kazakoff failed to comply with Rules 119.36(1), 119.36(2), 119.36(3), and 119.36(4) by failing to maintain his firm's prescribed financial records, and that such conduct is deserving of sanction;
  6. It is alleged that Paul Kazakoff failed to comply with Rule 119.36(4)(d) by failing to conduct and maintain monthly bank reconciliations of his trust account, and that such conduct is deserving of sanction;
  7. It is alleged that Paul Kazakoff failed to comply with Rule 119.36(5) by failing to maintain electronic and paper backups of his computerized accounting system, and that such conduct is deserving of sanction; and
  8. It is alleged that Paul Kazakoff failed to comply with Rule 119.40 by failing to conduct monthly bank reconciliations of his general account, and that such conduct is deserving of sanction.
5. After reviewing all of the evidence and exhibits, and hearing the testimony and arguments of the LSA, for the reasons set out below, the Committee finds Mr. Kazakoff guilty of conduct deserving sanction on all citations pursuant to section 71 of the *Legal Profession Act* (the *Act*).
  6. The Committee also finds that, based on the facts of this case, the appropriate sanction is a suspension. In accordance with section 72(1) of the *Act*, the Committee orders that Mr. Kazakoff be suspended for a period of 15 months.
  7. In addition, pursuant to subsection 72(2) of the *Act*, the Committee orders costs of \$17,755.32, as outlined in detail in paragraph 58 herein.

## **Preliminary Matters**

8. Mr. Kazakoff elected not to attend the hearing despite having been served with a Notice to Attend by the LSA Tribunal Office.
9. The LSA did not object to the constitution of the Committee or its jurisdiction. Further, a private hearing was not requested so a public hearing into Mr. Kazakoff's conduct proceeded in his absence.

## **Agreed Statement of Facts/Background**

10. On September 17, 2020 the LSA served Mr. Kazakoff with a Notice to Admit Facts and Exhibits. On December 4, 2020 Mr. Kazakoff consented to the Notice and the facts and documents referenced therein were accepted by the Committee at the hearing.
11. The Statement of Facts are attached to this decision as Schedule A.
12. In addition, the LSA called as a witness [CU], Senior Manager, Risk and Compliance. Ms. [CU]'s evidence provided context to the materials contained within the Notice to Admit Facts and Exhibits.
13. Although the evidence giving rise to these citations is detailed in the Statement of Facts and Exhibits, a brief summary is set out herein.
14. When Mr. Kazakoff went out on his own in November 2015, AS, his legal assistant of 15 years, joined him at his new law firm.
15. By as early as January 2017 AS had started to misappropriate monies from Mr. Kazakoff's trust and general accounts by several different methods, concealing her actions by altering the PCLaw records and by lapping disbursements with deposits to ensure that the trust balance did not fall below zero.
16. Mr. Kazakoff was unaware of the actions of AS and there is no suggestion that he was complicit in those activities.
17. By the time the actions of AS were discovered, one of Mr. Kazakoff's small business clients, [E], had lost a total of \$533,130.88, all of which remains outstanding.

## **Analysis and Decision**

### ***Citation 1***

18. Rule 6.1-1 of the Code of Conduct of the LSA (the Code) provides as follows:

6.1-1 A lawyer has complete professional responsibility for all business entrusted to him or her and must directly supervise staff and assistants to whom the lawyer delegates particular tasks and functions.

19. Further, Rule 119.3(1) of the Rules of the Law Society of Alberta (the Rules) states:

- 119.3(1) The responsible lawyer is accountable for
- (a) the controls in relation to and the operation of all law firm trust accounts and general accounts,
  - (b) the accuracy of all reporting requirements of the law firm,
  - (c) ensuring all reporting and filing requirements of the law firm are met,
  - (d) ensuring all payment requirements of the law firm are met, and
  - (e) any of subrule (1)(a), (b), (c) or (d) that have been delegated to another person.

20. As the responsible lawyer for his law firm, it was Mr. Kazakoff's responsibility to ensure that AS was doing her job properly. He failed in that regard.

21. Mr. Kazakoff's failure to supervise AS in numerous ways includes, but is not limited to the following:

- i. He signed cheques presented to him without question, follow up or review of the file in question;
- ii. He knew nothing about PCLaw and did not have access to the program. Only AS had access and Mr. Kazakoff assumed that she was doing what was necessary;
- iii. He did not know that AS had stopped entering matters into PCLaw during the period of her misappropriation;
- iv. He did not know that AS could transfer monies electronically from his general account nor did he have access to that account;
- v. He placed no security precautions on his office computers; and
- vi. He took no steps to confirm the fabrication by AS that the LSA had mandated a holdback on the [E] funds.

### ***Citation 2***

22. Rules 129.21(2) and 129.21(3) deal with the deemed certification given by a lawyer upon signing a trust cheque. Those rules are worded as follows:

- 129.21(1) All withdrawals and transfers from a trust account must be signed by a lawyer of the law firm, unless otherwise authorized in writing by the Executive Director.
- (2) A signature by the lawyer pursuant to subrule (1) is deemed to certify that
- (a) the trust accounting records are current to the date of the signature,
  - (b) the withdrawal of money is properly required for payment for the legal matter for which the law firm was retained by the client,
  - (c) the money is not subject to trust conditions or restricted for another purpose,
  - (d) the lawyer has the explicit or implicit authority of the client to make the withdrawal, pursuant to Rule 119.18(2),
  - (e) the client has sufficient money in the trust account to cover the withdrawal, and
  - (f) the trust bank account has sufficient funds to permit the withdrawal to be completed.
- (3) Money must not be withdrawn from a trust account unless
- (a) the money is properly required for
    - (i) a payment to the client for whom the money is held, or
    - (ii) a payment to any other person but only if the law firm does so pursuant to the authorization of the client for whom the money is held.

23. Given the misappropriation being committed by AS, Mr. Kazakoff breached Rule 129.21 as he could not certify that the conditions set out in the rule had been complied with.

***Citation 3***

24. Rule 119.24(1) requires that the balance in a law firm's trust account be sufficient to meet all obligations to clients.

25. The misappropriation by AS was discovered in September 2018. However, from as early as January 2017, when AS first began misappropriating funds, Mr. Kazakoff admits that his trust account did not comply with Rule 119.24(1).

***Citation 4***

26. Rule 119.24(3) requires a responsible lawyer to contact the LSA if a law firm's trust balance drops below zero. The section is worded as follows:

119.24(3) If a responsible lawyer becomes aware of a deficiency in a client's ledger account, the responsible lawyer is required to immediately notify the Executive Director of the deficiency in the form and prescribed filing method designated by the Executive Director and provide any relevant information regarding the reason for the deficiency if

...

(b) the deficiency is an amount greater than \$2500, regardless of when the deficiency is corrected.

27. In July 2018 a counterfeit cheque in the amount of \$320,200.00 was deposited to Mr. Kazakoff's trust account by AS without Mr. Kazakoff's knowledge. When the cheque was dishonoured, it put Mr. Kazakoff's trust balance into a negative balance. Mr. Kazakoff admits that he failed to notify the LSA that his trust balance had fallen below zero, in violation of Rule 119.24(3).

#### **Citation 5**

28. The financial records that a law firm must maintain are identified in Rule 119.36 which reads, in part, as follows:

119.36(1) A law firm shall record in its financial records, in a legible form, in ink or other permanent form, all financial transactions related to its practice of law.

(2) A law firm shall keep current the recorded financial transactions in subrule (1).

(3) Every law firm shall maintain financial records that:

(a) record, on a double entry basis, all money received and paid out in connection with the law firm's practice of law within Alberta; and

(b) show and distinguish

(i) all receipts and payments of money by the law firm,

(ii) the balances of money held by the law firm, and

(iii) on the face of the bank statement, whether the account is a general account or a trust account.

(4) The financial records for trust money shall consist of at least the following:

(a) a chronological trust journal of all trust receipts and trust withdrawals, and all transfers between individual client ledgers showing the following details:

...

(b) a trust ledger consisting of separate trust ledger accounts for each client matter in respect of every client from whom the law firm has received trust money or on whose behalf or at whose direction or order the law firm has received trust money, with each trust ledger account showing;

...

(c) a journal showing all transfers of money between trust ledger accounts or a chronological file of copies of all documents by which transfers of money between trust ledger accounts were effected;

29. Mr. Kazakoff admits that by April 2018 AS had stopped recording transactions in PCLaw, which represents a violation of the above rule. In addition, AS had previously falsified the law firm's financial records such that they did not match the actual amount of funds deposited to Mr. Kazakoff's trust account.

30. Based on the above, Mr. Kazakoff admits that he failed to properly maintain the records required by Rule 119.36.

**Citation 6**

31. Rule 119.36(4)(d) requires a law firm to prepare monthly reconciliations of its trust account. That rule is worded, in part, as follows:

119.36(4) The financial records for trust money shall consist of at least the following:

...

(d) a comparison prepared within 1 month of the last day of each month, between the total of the trust accounts of the law firm and the total of all unexpended trust balances as per the trust ledger accounts, together with the reasons for and steps taken to correct any differences, supported by

- (i) a detailed bank reconciliation including the disclosure of the balance per bank account, deposits in transit, outstanding cheques itemized by date, cheque number, payee and amount and any other items necessary for the reconciliation which would be fully detailed and explained, and
- (ii) a detailed listing made monthly by trust account showing the unexpended balance of money in each trust ledger account;

32. Mr. Kazakoff admits that he performed no personal reconciliations of his trust account nor did he conduct verifications of any trust reconciliations done on his behalf. Therefore, at no time was he in compliance with Rule 119.36(4)(d).

**Citation 7**

33. The backing up of computerized accounting systems is covered by Rule 119.36(5), which provides as follows:

- 119.36(5) A law firm using a computerized accounting system shall
- (a) maintain an electronic backup of the accounting records in a safe and secure location,
  - (b) on a monthly basis,
    - (i) print all trust records, with the exception of client trust ledger cards provided they can be printed upon demand,
    - (ii) print all general records, with the exception of the accounts receivable ledger cards provided they can be printed upon demand,
    - (iii) update the electronic backup of all accounting records, and
  - (c) at the conclusion of every matter, print the client trust ledger card and accounts receivable ledger card for that matter and store it in a central file maintained for closed ledgers.

34. Mr. Kazakoff admits that he took none of the steps identified in the above rule nor did anyone else in his office. At no point was he in compliance with this rule.



### **Citation 8**

35. Rule 119.40 speaks to the obligation of a law firm to reconcile its general accounts on a monthly basis, requiring the following:

119.40 A law firm shall reconcile its general accounts no later than the end of the following month.

36. Mr. Kazakoff admits that he did not personally reconcile his general accounts on a monthly basis nor did he verify that such reconciliations were being done on his behalf, which was in violation of Rule 119.40.

### **Decision on Sanctioning**

#### ***Testimony of MP***

37. At the commencement of the sanctioning phase the LSA called MP, one of the principals of [E].
38. MP testified that [E] is a family business that started 37 years ago. He currently runs the business with his wife. They had dealt with Mr. Kazakoff for a number of years, dating back to Mr. Kazakoff's time with his previous firm.
39. MP confirmed that none of the money in question has been repaid. He testified that the impact of Mr. Kazakoff's actions on their lives has been significant. Both he and his wife have endured periods of extreme stress and it has been a struggle to keep their business afloat in the face of such a large financial loss.
40. MP emphasized that he and his wife believed that their money was safe in Mr. Kazakoff's trust account and that they feel betrayed by a system that has resulted in such a large financial loss to them and their small business.

#### ***Analysis***

41. Counsel for the LSA indicated that he was seeking a lengthy suspension or disbarment, having communicated this intention to Mr. Kazakoff in advance of the hearing. Nonetheless, Mr. Kazakoff elected not to attend the hearing and did not provide any submissions on sanction.
42. While counsel for the LSA submitted that a disbarment could be supported under the circumstances, he focused his arguments on suggesting that a lengthy suspension in the 12 to 18-month range was appropriate.
43. In advancing this argument, LSA counsel stressed that the complete abdication of responsibility by Mr. Kazakoff over an extended period of time should place the

suspension at the upper end of the range. He also stressed the significant impact that Mr. Kazakoff's actions have had on [E] and its principals, as outlined above in paragraphs 37-40.

44. LSA counsel provided the Committee with a book of authorities from multiple jurisdictions, the most relevant of which are discussed below.
45. The sanctions in the cases that most closely resemble Mr. Kazakoff's circumstances vary widely, from a reprimand and small fine all the way to disbarment. As a general rule, the Alberta cases the Committee was provided tended toward the lower end of the sanctioning range.
46. In *Law Society of Alberta vs. Murray Engelking*, 2009 LSA 18, a legal assistant misappropriated in excess of \$1 million over a 28-month period using a lapping scheme. No controls were in place to prevent the theft. There were significant deficiencies in the trust accounting system and the lawyer's management system was found to be simplistic. However, the contracted bookkeeping service detected no issues during the period of misappropriation and trust reconciliations were conducted on a timely basis. The lawyer had no discipline record and he used his personal funds to cover the theft. A sanction of a reprimand and small fine was imposed.
47. In *Law Society of Alberta v. Venkatraman*, 2013 ABL 29, a mortgage fraud scheme involving the firm's paralegal/bookkeeper led to a \$1.9 million trust deficiency, which the lawyer was unaware of. It was found that the paralegal did not provide monthly trust reports over an 18-month period. Upon discovering the theft, the lawyer promptly hired experts to address the issue and his firm repaid all trust shortages. The hearing committee considered as a significant mitigating fact "the swift steps Mr. Venkatraman took to replace funds and to investigate circumstances surrounding the conduct of [his paralegal]." Witnesses were called to attest to the lawyer's good character, which the hearing committee found to be impactful. Consequently, the lawyer was suspended for one month.
48. In *Law Society of Alberta v. Terry Britton*, 2009 LSA 1, the lawyer committed several breaches of the accounting rules, which were discovered during an LSA audit. The lawyer chose not to cooperate with the LSA nor did he attend the hearing. He was suspended for another discipline matter at the time of the hearing and had not applied for reinstatement. The hearing committee found the lawyer to be ungovernable and ordered him disbarred.
49. In *Law Society of Upper Canada v. Michael Stephen Puskas*, 2013 ONLSHP 127, the lawyer failed to properly supervise his paralegal, resulting in the misappropriation of nearly \$900,000.00. Although not aware of the theft while it was taking place, the lawyer had virtually no involvement in the real estate aspect of his practice. His focus was on

criminal law, allowing his paralegal complete control over real estate files. The lawyer was suspended for 20 months and the sanction was upheld on appeal.

50. In *Law Society of Upper Canada v. William Michael Babij*, 2004 ONLSHP 24, the lawyer was guilty of four citations, which related to failing to oversee, supervise, review and manage his financial affairs and his trust accounts. His actions led to the theft of \$1.9 million. In suspending the lawyer for 12 months, the hearing committee was influenced by three primary factors:
- i. The continuous and prolonged period of failure and neglect;
  - ii. The sums of money involved; and
  - iii. That the lawyer's neglect and failure to supervise took place over an extended period of time.
51. The LSA Hearing Guide requires that the Committee take a purposeful approach. Section 49(1) of the *Act* mandates a weighing of the member's conduct against ensuring that the public is protected and that the public also maintains a high degree of confidence in the legal system.
52. The Committee is not bound by the decisions of prior hearing committees. However, this Committee is cognizant of the precedential value of past decisions, particularly those in which the circumstances and factors are somewhat similar.
53. The Committee is also mindful that the LSA Hearing Guide sets out a number of factors, both aggravating and mitigating, to be taken into account in determining the appropriate sanction. In Mr. Kazakoff's case, the Committee considered the following non-exhaustive list of factors:
1. Mr. Kazakoff's complete failure to properly supervise his staff and to properly maintain his trust account;
  2. The extended period of time over which the conduct took place;
  3. The financial and emotional impact of Mr. Kazakoff's conduct on [E] and its principals;
  4. The lack of repayment to [E] and its principals;
  5. The need to maintain the public's confidence in the integrity of the profession, and the ability of the profession to effectively govern its own members;
  6. General deterrence of other members who might engage in similar conduct;
  7. Mr. Kazakoff's failure to appear at the hearing and his general lack of involvement in the hearing process, which was mitigated somewhat by his consent to the Notice to Admit Facts and Exhibits;
  8. At the time of the events in question, Mr. Kazakoff was a senior member of the bar and ought to have been aware of his obligation to properly supervise his employees, particularly where trust safety issues were involved;

9. The low risk of recurrence by Mr. Kazakoff, who is currently an inactive LSA member who does not intend to practise law again; and
10. Mr. Kazakoff's lack of a prior discipline record.

54. In *Adams v. Law Society of Alberta*, 2000 ABCA 240, the court stated as follows:

[6]...A professional misconduct hearing involves not only the individual and all the factors that relate to that individual, both favourably and unfavourably, but also the effect of the individual's misconduct on both the individual client and generally on the profession in question. This public dimension is of critical significance to the mandate of professional disciplinary bodies.

55. Applying the sanctioning factors specific to Mr. Kazakoff, in particular his age, his absence of prior record and his stated intention to no longer practise law, the Committee is of the view that specific deterrence and rehabilitation are of less importance than sending a strong message to the profession that this type of conduct cannot be tolerated.
56. The safeguarding and protection of client trust property is amongst the highest duties that lawyers have towards their clients. A lawyer who assumes the role of responsible lawyer for trust matters must approach that role with the utmost commitment. A responsible lawyer cannot simply leave tasks to others without conducting any verifications or checks. Where a responsible lawyer, such as Mr. Kazakoff, completely disregards the proper handling of trust matters, serious consequences must result. This approach is required to ensure that the public is not only protected but is also confident in the integrity of a profession that deals severely with those who, through inaction or otherwise, commit a breach of trust.
57. After considering the factors outlined above, the Committee is of the view that the approach taken by the hearing committees in *Puska* and *Babij* are most applicable to the conduct of Mr. Kazakoff. Accordingly, the Committee agrees with LSA counsel that a lengthy suspension is warranted in the circumstances.

### **Concluding Matters**

58. Pursuant to section 72 of the *Act*, the Committee orders as follows:

1. That Mr. Kazakoff be suspended for a period of 15 months, commencing on January 28, 2021; and
2. That Mr. Kazakoff shall pay costs of \$17,755.32. Under the circumstances, which include Mr. Kazakoff's age, his stated intention to retire from the practice of law and his precarious financial circumstances, these costs are only payable should Mr. Kazakoff wish to return to active practice, in which case they are payable before Mr. Kazakoff can be reinstated.

59. Notice to the Attorney General is not required.
60. Given that the Committee has elected to suspend Mr. Kazakoff, a Notice to the Profession is hereby ordered pursuant to Section 85 of the *Act*.
61. The exhibits, other hearing materials, and this report will be available for public inspection, including the provision of copies of exhibits for a reasonable copy fee, except that identifying information in relation to persons other than Mr. Kazakoff will be redacted and further redactions will be made to preserve client confidentiality and solicitor-client privilege (Rule 98(3)).

Dated at Calgary, Alberta, April 11, 2021.

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Bill Hendsbee, QC

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Doug McGillivray, QC

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Ike Zacharopoulos

**SCHEDULE "A"**

IN THE MATTER OF THE *LEGAL PROFESSION ACT*

- AND -

IN THE MATTER OF A RESIGNATION APPLICATION BY  
**PAUL A. KAZAKOFF**

A MEMBER OF THE LAW SOCIETY OF ALBERTA

HEARING FILE HE20190194

**STATEMENT OF FACTS**

**Background of Member**

1. On June 8, 1981, Paul A. Kazakoff was admitted as a member of the Law Society of Alberta (the "LSA").
2. For 34 years, Mr. Kazakoff practiced in association with another lawyer, [GB], who was the responsible lawyer for their firm.
3. On November 1, 2015, Mr. Kazakoff established his own firm.
4. At all times material to these proceedings, Mr. Kazakoff was an active member of the LSA, whose practice consisted primarily of civil litigation with some real estate conveyancing.
5. On June 15, 2020, Mr. Kazakoff became an inactive member of the LSA.

**Procedural Background**

6. On September 7, 2018, Mr. Kazakoff discovered that his legal assistant, AS, had stolen money from his trust account.

**Tab 1 - Email (Sep 14, 2018)**

7. The LSA investigated the theft, resulting in the following reports:

- a. A Forensic Audit Report by [P] ("[P]");

**Tab 2 – [P] Forensic Audit Report (Nov 5, 2018)**

- b. An Investigation Report; and

**Tab 3 - Investigation Report (Nov 5, 2018)**

- c. An Addendum to the Investigation Report.

**Tab 4 - Addendum Report (Feb 20, 2019)**

8. It was eventually determined that AS had misappropriated just over \$533,000.00

from Mr. Kazakoff's trust account and approximately \$123,000.00 from his general account over a period of 20 months, and possibly longer.

9. On July 16, 2019, the Conduct Committee directed that the following eight citations be dealt with by a Hearing Committee:

1. It is alleged that Paul Kazakoff failed to properly supervise his legal assistant, A.S., and that such conduct is deserving of sanction.
2. It is alleged that Paul Kazakoff failed to comply with Rules 119.21(2) and 119.21(3) by signing withdrawals from his trust account without first ensuring that the conditions precedent for those withdrawals existed, and that such conduct is deserving of sanction.
3. It is alleged that Paul Kazakoff failed to comply with Rule 119.24(1) by failing to maintain money on deposit in his trust account in an aggregate amount sufficient to meet all trust obligations, and that such conduct is deserving of sanction.
4. It is alleged that Paul Kazakoff failed to comply with Rule 119.24(3)(b) by failing to notify the LSA that a deficiency in an amount greater than \$2,500 existed in his trust account, and that such conduct is deserving of sanction.
5. It is alleged that Paul Kazakoff failed to comply with Rules 119.36(1), 119.36(2), 119.36(3), and 119.36(4) by failing to maintain his firm's prescribed financial records, and that such conduct is deserving of sanction.
6. It is alleged that Paul Kazakoff failed to comply with Rule 119.36(4)(d) by failing to conduct and maintain monthly bank reconciliations of his trust account, and that such conduct is deserving of sanction.
7. It is alleged that Paul Kazakoff failed to comply with Rule 119.36(5) by failing to maintain electronic and paper backups of his computerized accounting system, and that such conduct is deserving of sanction.
8. It is alleged that Paul Kazakoff failed to comply with Rule 119.40 by failing to conduct monthly bank reconciliations of his general account, and that such conduct is deserving of sanction.

**Exhibit 5 - Conduct Committee Panel Minutes (Jul 16, 2019)**

**New Firm**

10. As noted, on November 1, 2015, Mr. Kazakoff established his own firm for which he was the responsible lawyer.

**Exhibit 6 - RL Approval and Acceptance (Nov 5, 2015)**

11. At his new firm, Mr. Kazakoff employed the following people:

- a. **AS**, who was his legal assistant and who had been working with him since 2000. Her role was to prepare correspondence and draft cheques;
- b. **VA**, who worked exclusively in preparing conveyancing documents and

accounts for a single client, a corporation named [E], for whom Mr. Kazakoff had provided litigation services since 2010. At his previous firm, [GB] had employed VA to work exclusively on [E] real estate matters. After the dissolution of the old firm, VA continued to work for [GB] but eventually came to work for Mr. Kazakoff in September 2016 at the request of the principals of [E]. VA worked primarily from home and emailed her work product to AS, which was then to be reviewed by Mr. Kazakoff;

- c. **MG**, a bookkeeper who prepared monthly reconciliations at the new firm until January 2018. MG had also been employed as a bookkeeper at the old firm and was a friend of AS; and
- d. **AF**, who was the external accountant for the new firm and who prepared its year-end financial reports.

### **AS's Financial Trouble**

- 12. Unbeknownst to Mr. Kazakoff, in 2014, AS and her spouse ran into financial trouble, the exact nature of which is unknown. What is known is that in May 2014, the CRA registered a tax lien of over \$53K against title to their matrimonial home, and, in April 2015, the City of Calgary registered a Tax Notification for approximately \$14K against that same property.

**Tab 7 - Historical Land Title Certificate**

### **AS's Corporation**

- 13. Also unbeknownst to Mr. Kazakoff, AS and her husband operated a Numbered Company and banked with [C], [R], and [O] (“[O]”).

**Tab 8 - Corporate Registration ([173] Alberta Ltd.)**

### **Misappropriations**

- 14. In January 2017, and probably earlier, AS started to misappropriate monies from Mr. Kazakoff's trust account and from his general account. Generally, she used five methods to do so:
  - a. The first method consisted in obtaining Mr. Kazakoff's signature on cheques made out to entities or accounts that appeared to be related to [E], but which were not. None of the cheques were forged but supporting documents were altered or AS misrepresented why the cheques were needed before Mr. Kazakoff signed them.
    - (1) Between January 9, 2017 and July 3, 2018, AS misdirected thirteen cheques from Mr. Kazakoff's trust account to her Numbered Company, for a total of \$226,462.45. All these payments were related to actual transactions by [E], the supporting documents for which had been prepared by VA and emailed to AS for Mr. Kazakoff's review;



**Tab 9 - Cheques (13)**

- (2) However, upon receipt, AS altered the supporting documents and represented to Mr. Kazakoff that the Numbered Company was related to [E]. Mr. Kazakoff did not pay attention to the identity of the Numbered Company because he thought VA had prepared the documents and because the documents were to be mailed to the Numbered Company in the care of [E] at [E]'s post office address;
- (3) An example of this method includes documents involving the sale of **212 ASB SW** in Calgary, in which the original documents were dated December 12, 2017, and the altered ones were dated January 10, 2018. The changes included:
  - A different file number (15105 in the original version versus 15012 and 15099 in the altered version);
  - A different addressee ([E] in the original version versus the numbered company in the altered version);
  - A different quantum for the trust cheque (\$3,739.15 in the original version versus \$13,675.13 in the altered version; and
  - A different payee for the trust cheque ([E] in the original versus the Numbered Company in the altered version).

**Tab 10 - Reporting Documents (Original and Altered)**

- (4) Between May 11, 2018 and August 17, 2018, Mr. Kazakoff signed three cheques that were to be applied to [E]'s line of credit at [C], for a total of \$54,508.00. In fact, the cheques were applied to AS's line of credit, which was also with [C]. Because [E] had an account with [C], Mr. Kazakoff assumed that the cheques were being directed to the correct account. After the arrest of AS and the execution of a search warrant by the Calgary Police Service ("**CPS**"), it became evident that AS had forged Mr. Kazakoff's signature on a photocopied memorandum of instruction to [C] instructing the bank to accept these payments.

**Tab 11 - Cheques (3)**

- b. The second method consisted in obtaining Mr. Kazakoff's signature on cheques in relation to the refinancing of AS's personal mortgage, particulars of which include:
  - (1) AS opened a file for the refinancing of her and her husband's personal mortgage with [C], about which Mr. Kazakoff was aware, having witnessed the execution of their mortgage application;

**Tab 12 - AS Refinance File (PCLaw Record)**

- (2) Because AS was an employee, [C] would not have approved of Mr. Kazakoff being the lawyer to handle the refinancing. However, AS disguised her own personal involvement by representing to [C] that VA would be assisting Mr. Kazakoff with the refinancing. Consequently, [C] did not raise an issue with Mr. Kazakoff acting in this matter;
- (3) On April 7, 2017, a deposit of \$514K was made to Mr. Kazakoff's trust account, part of which appears to be the mortgage proceeds received from [C]. The amount recorded in PCLaw was \$407,500.00;

**Tab 12 - Trust Bank Account Statement  
(Apr 2017) Tab 12 - AS  
Refinance File (PCLaw)**

- (4) That day, AS drew a certified cheque for \$44,573.57 from the trust account, signed by Mr. Kazakoff. AS told him that this cheque was going to be used to pay outstanding credit card debt. This amount was correctly recorded to PCLaw;

**Tab 12 - Cheque (Apr 7,  
2017) Tab 12 - Trust Bank Account Statement  
(Apr 7, 2017)**

**Tab 12 - AS Refinance File (PCLaw)**

- (5) It was standard practice for Mr. Kazakoff's firm to pay third-party credit companies directly instead of issuing payment to individual mortgagors to make the payments. However, AS was a trusted long-term employee and, despite feeling uncomfortable about giving her the funds directly, Mr. Kazakoff did not feel that AS had given him any reason not to trust her in the preceding 18 years;
- (6) On April 7, 2017, Mr. Kazakoff signed a cover letter to which was supposed to be attached a cheque for \$464,630.01, being the payout for AS's mortgage;

**Tab 12 - Cover Letter (Apr 7, 2017)**

- (7) However, the letter was never sent, nor was the cheque. Had the cheque been sent, the balance of Mr. Kazakoff's trust account would have fallen below zero shortly thereafter;

**Tab 12 - Trust Account Bank Statement (Apr 7, 2017)**

- (8) Eight months later, on December 22, 2017, a modified cover letter was sent to [R], along with a cheque for \$455,066.75, in which AS changed the signature block to imply that it was VA who had drafted the letter. The cheque was cashed on January 2, 2018, but never recorded in PCLaw;

**Tab 12 - Modified Letter to [R] (Dec 22, 2017)**

**Tab 12 - Cheque (Dec 22, 2017)**  
**Tab 12 - Trust Bank Account Statement (Jan 2, 2018)**  
**Tab 12 - AS Refinance File (PCLaw)**

(9) Additional payments made include:

- On April 12, 2017, a cheque for \$260,882.62 was sent to pay out a mortgage with [F] Mortgages Inc. The cheque was cashed on April 17, 2017. This cheque was correctly recorded to PCLaw; and

**Tab 12 - Cheque (Apr 12, 2017)**  
**Tab 12 - Trust Bank Account Statement (Apr 17, 2017)**  
**Tab 12 - AS Refinance File (PCLaw)**

- Mr. Kazakoff also signed two cheques in April 2017, one for \$13,796.42 and the other for \$26,500.00, each of which were cashed later that month. AS told Mr. Kazakoff that these cheques were for net mortgage proceeds. However, AS and her husband were not entitled to those amounts because the amounts exceeded the balance payable to them. These cheques were recorded to PCLaw.

**Tab 12 - Cheques (Apr 21 and 28, 2017)**  
**Tab 12 - Trust Account Bank Statement (Apr 21 and 28, 2017)**  
**Tab 12 - PCLaw (AS Refinance File)**

c. The third method consisted of AS asking Mr. Kazakoff to sign three cheques, for a total of \$34,157.70, which she represented as payment to contractors for goods and services provided to [E]'s properties, when in fact the work was done on her own residence and payments were to her own contractors. These payments were recorded in PCLaw, as were additional payments for work done on her residence;

**Tab 13 - Cheques (3) Tab**  
**13 - Trust Bank Account Statements (May/June 2017)**  
**Tab 12 - PCLaw (AS Refinance File)**

d. The fourth method consisted of AS making 32 unauthorized e-transfers from Mr. Kazakoff's general account to herself and one to a friend of hers who had been a part-time employee of the new firm (from approximately May to July of 2018). PWC has estimated that AS misdirected more than \$63K in this manner; and

**Tab 2 - PWC Report at paras. 24-26 and Appendix D at p. 23**

e. The fifth method consisted of AS misdirecting payments destined for Mr. Kazakoff's new firm to a bank account that remained opened from his old firm. She then forged [GB]'s signature on cheques drawn on the old bank account, which she deposited to her personal bank account. Approximately \$60K was misappropriated in this manner.

15. Additional examples of fraud are set out in Mr. Kazakoff's letters of September 23, 2018 and September 25, 2018 to the PWC auditors.

### Concealment and PCLaw Manipulations

16. AS concealed her activities by doctoring the PCLaw records and lapping disbursements with deposits to ensure that the trust account balance did not fall below zero, which would have raised unwanted questions.
17. Her primary method of concealing the misappropriated funds involved her deliberate failure to mail out mortgage payouts and final correspondence already signed by Mr. Kazakoff.
18. Additionally, AS manipulated the PCLaw entries, three examples of which can be found in the November 2017 PCLaw Bank Reconciliation Report:
  - a. On November 21, 2017, the Trust Account Bank Statement shows a deposit of \$1,451,295.47, whereas the amount recorded in PCLaw was \$1,471,295.47. This represents a difference of \$20K between the actual amount deposited versus the amount recorded in PCLaw;
  - b. On November 29, 2017, the Bank Statement shows a deposit of \$2,050,643.23, whereas the amounts recorded in PCLaw were \$2,020,294.98 and \$348.24, for a total of \$2,020,643.23. This represents a difference of \$30K between the actual amounts deposited and the amounts recorded in PCLaw; and
  - c. On November 30, 2017, the Bank Statement shows a deposit of \$534,402.70, whereas the amounts recorded were \$529,031.12 and \$15,371.58, for a total of \$544,402.70. This represents a difference of \$10K between the actual amounts deposited and the amounts recorded in PCLaw.

Tab 16 - [C] Bank Account Statement (Nov 2017)  
Tab 16 - PCLaw Bank Statement  
Reconciliation (Nov 2017)

19. In April 2018, A.S. stopped using PCLaw entirely.

### Quantum of Losses

20. [E] lost a total of **\$533,130.88** in trust monies which were misappropriated by AS from Mr. Kazakoff's trust account. The missing funds originate from the following two transactions:
  - a. The sale of **107 ASB SW** from which a seasonal holdback of \$21,500.00 was misappropriated; and
  - b. The sale of **5 ASC SW** from which \$513,197.81 of the purchase price was misappropriated.
21. Although the quantum of misappropriated funds from the above-noted sales totals

\$534,697.81, on May 7, 2019, Mr. Kazakoff made a payment of \$1,566.93, reducing the losses to \$533,130.88.

**Tab 17 - Letter (May 7, 2019)**

**Sale of 107 ASB SW**

22. Details of the sale of this property are as follows:

- a. The sale price was \$1,734,143.64;
- b. The closing date was February 23, 2018;
- c. After accounting for the deposit and adjustments, the cash to close was \$1,486,118.98;

**Tab 18 - Statement of Adjustments (Feb 23, 2018)**

- d. The cash to close was deposited to Mr. Kazakoff's trust account on February 23, 2018;

**Tab 18 - Trust Account Bank Statement (Feb 23, 2018)**

- e. Mr. Kazakoff made the payments listed in the Statement of Monies Received and Disbursed from his trust account. Had the final payment been entered into PCLaw, a balance of \$21,500.00 would have been shown to the credit of [E];

**Tab 18 - Statement of Monies Received and Disbursed**

**Tab 18 - Trust Account Bank Statement (Feb 23, 2018 and Apr 3, 2018)**

**Tab 18 - Cheques (5)**

**Tab 18 - PCLaw Client Ledger**

- f. The balance of \$21,500.00 represented monies to be held in trust by Mr. Kazakoff for seasonal work to be completed later. The holdback was to be released upon the written confirmation of [E] that the work had been completed;

**Tab 18 - Seasonal/Deficiencies Holdback Certificate (Feb 23, 2018)**

- g. On August 13, 2018, [E] confirmed by email that the seasonal work had been completed and requested payment of the \$21,500.00 being held in trust; and

**Tab 18 - Email (Aug 13, 2018)**

- h. The seasonal holdback of \$21,500.00 was never paid to [E].

23. AS opened a file in PCLaw for this transaction but stopped updating it after February 23, 2018.

**Tab 18 - PCLaw Client Ledger**

**Sale of 5 ASC SW**

24. Details of the sale of this property by [E] are as follows:

- a. The sale price was \$1,310,000.00;
- b. The closing date was August 17, 2018;
- c. After accounting for the deposit and adjustments, the cash to close was \$1,263,197.81;

**Tab 19 - Statement of Adjustments (Aug 17, 2018)**

- d. The cash to close was deposited to Mr. Kazakoff's trust account on August 17, 2018;

**Tab 19 - Trust Account Bank Statement (Aug 17, 2018)**

- e. For the reasons that follow, on August 20, 2018, [E] was paid \$800K from Mr. Kazakoff's trust account, leaving a balance of \$513,197.81 owing; and

**Tab 19 - Interim Statement of Monies Received and Disbursed**

**Tab 19 - Trust Account Bank Statement (Aug 20, 2018)**

**Tab 19 - Cheque (Aug 17, 2018)**

- f. The holdback of \$513,197.81 was never paid to [E].

- 25. AS never opened a file in PCLaw for this transaction.

### **Events Leading to Discovery of the Fraud**

#### **Fraudulent Cheque from [M]**

- 26. On July 27, 2018, Mr. Kazakoff received a counterfeit cheque for \$320,200.00 from [M] (the "[M] Cheque"), sent from Toronto by [X]. AS did not advise Mr. Kazakoff of the receipt of this cheque and deposited it to his trust account. It is not known if AS was involved insending the cheque.

**Tab 20 - Cheque (Jul 24, 2018)**

**Tab 20 - Waybill (Jul 25, 2018)**

**Tab 19 - Trust Account Bank Statement (Jul 27, 2018)**

- 27. AS told Mr. Kazakoff that she was expecting a cheque from [M] in respect of their sale of another client's securities, which was to be applied to their condominium purchase. This was a liebecause that other client had no dealings with [M] and had already sent payment.

**Tab 21 - Email (Oct 12, 2019)**

- 28. On August 9, 2018, the [M] Cheque was dishonoured, which immediately put the trust account into a negative balance, where it remained for nine days, until August 17, 2018, when proceeds from the sale of a different [E] property were deposited.

**Tab 19 - Trust Account Bank Statement (Aug 9, 2018)**

- 29. After the [M] Cheque was dishonoured, Mr. Kazakoff met with the [C] bank manager, who advised him that the [M] Cheque was not honoured because of some internal

issue at [M]. The bank manager also told Mr. Kazakoff that based on comity banking protocols, [M]'s banker could not refuse to honour the payment and assured him that the shortfall would be covered immediately. To that extent, Mr. Kazakoff did not believe that his trust account would remain in deficit and he did not report this incident to the LSA at the time.

**Tab 22 - Email (Jun 26, 2019)**

30. Despite the Bank Manager's assurances, [M] Cheque was never honoured, and the money was never deposited to Mr. Kazakoff's trust account.
31. The Trust Account Bank Statement shows that several payments were made after the deposit of the cash to close from the unrelated transaction. Of note, Mr. Kazakoff signed a cheque for \$14,508.00, which AS had certified without his knowledge and which was deposited to AS's [C] Line of Credit on August 17, 2018. AS had also forged his signature on a letter instructing [C] to accept the trust account payment.

**Tab 23 - Certified Cheque (Aug 17, 2018)**

**Tab 19 - Trust Account Bank Statement (Aug 17, 2018)**

32. As noted, the closing date for the sale of 5 ASC SW was August 17, 2018, and [E] was expecting to receive sale proceeds of \$1,313,197.81 shortly thereafter. However, had AS distributed the net sale proceeds to [E], the balance in the trust account would have again fallen below zero.

**Tab 19 - Trust Account Bank Statement (Aug 2018)**

33. Instead, AS sent [E] a cheque for \$800K, leaving \$513,197.81 owing.

**Tab 19 - Interim Statement of Monies Received and Disbursed**

**Tab 19 - Trust Account Bank Statement (Aug 20, 2018)**

**Tab 19 - Cheque (Aug 17, 2018)**

34. AS explained to Mr. Kazakoff that because the [M] Cheque was counterfeit, the LSA had requested that he put a 40% holdback on all deposited funds to give time for all outstanding cheques to clear. This story was false: nobody at the LSA had been contacted.

**Tab 24 - Email (Oct 10, 2018)**

35. On August 14, 2018, AS met with the principal of [E] and with VA and repeated the lie about the 40% holdback. Based on AS's representations, the principal of [E] agreed to take 60% of the sale proceeds immediately and wait until August 31, 2018, to receive the remaining 40%.

**Tab 25 - Letter (Sep 10, 2018)**

36. On August 17, 2018, based on the explanations given to him by AS, Mr. Kazakoff signed a letter stating that the monies would be releasable after ten business days.

**Tab 19 - Letter (Aug 17, 2018)**

37. On August 29, 2018, the principals of [E] met with AS to sign documents and expressed concern about the holdback. AS advised them that she was meeting with the Law Society later that day and would provide an update. This was also a

lie.

**Tab 25 - Letter (Sep 10, 2018)**

38. Between August 29, 2018 and September 4, 2018, the principal of [E] exchanged several emails with AS expressing concern about the unpaid funds.

**Tab 26 - Emails (Aug 29-Sep 4, 2018)**

39. On September 5, 2018, AS advised them that she still had not received clearance to release the funds and promised that interest would be paid at a rate of 8% on the outstanding balance.

**Tab 27 - Email (Sep 5, 2018)**

40. [E] never received their funds of leaving \$513,197.81 owing.

41. AS never opened a file in PCLaw for this transaction, about which Mr. Kazakoff was unaware.

### **Discovery of the Fraud**

42. On September 6, 2018, one of [E]'s principals contacted the early intervention department of the LSA and explained the situation. A representative of the LSA then contacted Mr. Kazakoff by telephone, who had AS explain the situation over the speaker phone. AS sent an email to the LSA later that day, enclosing documents and repeating the false story.

**Tab 28 - Email (Sep 6, 2018)**

43. Mr. Kazakoff then wrote an email to [E], also repeating the story as he understood it.

**Tab 29 - Email (Sep 6, 2018)**

44. Later that day, AS told Mr. Kazakoff that she had to go to the dentist. She did not return until later that evening, after Mr. Kazakoff had departed for the day. Upon her return to the office, she deleted her and VA's computer files and removed several client files and bank deposit books. She also left a resignation letter on Mr. Kazakoff's desk along with her office keys and building pass.

**Tab 30 - Report to CPS (Sep 8, 2018)**

**Tab 31 - Resignation Letter (Undated)**

45. The following day, on September 7, 2018, Mr. Kazakoff arrived at the office to find the door locked and the resignation materials on his desk. He emailed the LSA about this turn of events and two LSA investigators were dispatched immediately to his office. They accompanied him to his bank, where it was discovered that his trust account had just over \$47K remaining, far less than the amount that should have been there.

**Tab 30 - Report to CPS (Sep 8, 2018)**

**Tab 32 - Email (Sep 7, 2018)**

**Tab 33 - Trust Bank Account Statement (Sep 2018)**

**Tab 34 - Email (Sep 14, 2018)**

46. After going to the bank, Mr. Kazakoff returned to his office, where the Investigators



were unable to access AS's computer because Mr. Kazakoff did not have her password. Additionally, Mr. Kazakoff was unable to access his PCLaw records because he did not have a password, nor was there an offsite backup for PCLaw.

**Tab 1 - Email (Sep 14, 2018)**

47. Later that day, Mr. Kazakoff emailed the representatives of [E] to advise them about the misappropriation of funds by AS.

**Tab 34 - Email (Sep 7, 2018)**

48. On September 8, 2018, Mr. Kazakoff reported the fraud to the CPS and then started to review AS's actions, keeping the CPS and the LSA updated on his progress.

**Tab 30 - Report to CPS (Sep 8, 2018)**

**Tab 35 - Email with Attachments (Sep 10, 2018)**

**Tab 36 - Email with Attachments (Sep 14, 2018)**

**Tab 37 - Email (Nov 20, 2018)**

49. On September 17, 2018, Mr. Kazakoff started an action against AS and her husband alleging fraud, theft, and unjust enrichment and filed a Certificate of Lis Pendens against title to their matrimonial home. He also obtained a preservation order and two attachments orders.

**Tab 38 - Statement of Claim (Sep 17, 2018)**

**Tab 39 - Procedure Card**

**Tab 40 - Orders**

### **Interview with Mr. Kazakoff**

50. On October 11, 2018, Mr. Kazakoff participated in an interview with LSA investigators, during which he stated the following:
- a. Mr. Kazakoff never conducted a personal reconciliation of his trust accounts or of his general account. He never reviewed a bank statement and assumed that AS and VA were keeping track of one another, whose actions would then be approved by the bookkeeper (MG) at the end of the month, all of which would then be reviewed by the Accountant (AF) at the end of the year. Mr. Kazakoff did not know that AS had failed to open several matters in PCLaw;
  - b. AS's role was to keep track of accounts payable and receivable, prepare cheques, prepare the deposit books, and make bank deposits. She would also perform the accounting in PCLaw, including the recording of all transactions;
  - c. Mr. Kazakoff could not recall MG's full name because she was paid through her trade name or to a charitable company, to perform the monthly reconciliations. He was under the impression that MG was on the payroll until May 2018. However, his Accountant has since advised him that no reconciliations had been performed since January 2018;
  - d. Mr. Kazakoff relied entirely on AS to keep track of disbursements and relied on the Statement of Adjustments that she had prepared manually for him at the conclusion of a transaction. He only reviewed a PCLaw Client Ledger

- when a client requested clarification of disbursements, payments, or accounts;
- e. Mr. Kazakoff knew nothing about PCLaw and did not have access to it. Nobody other than AS had access to PCLaw or to the deposit books. He assumed that AS was doing what she needed to do in PCLaw;
  - f. AS had access to Mr. Kazakoff's general account, but Mr. Kazakoff did not know that she could transfer monies electronically. He thought that only deposits could be made. He did not have access to the same online banking;
  - g. Regarding his Accountant, Mr. Kazakoff assumed that she would take the information from the bookkeeper, review it, and prepare the financial statements and tax returns at the end of the year; and
  - h. At the time of the interview, Mr. Kazakoff had not seen any forged signatures on any cheques that were signed by him. However, after the seizure of records by CPS, he discovered that AS had forged [GB]'s name on cheques and altered and forged his signature on supporting documents. As noted, Mr. Kazakoff did not pay attention to cheques made out to the Numbered Company and relied on AS's representations that they were correct and associated with [E].

**Tab 3 - Investigation Report, Transcript,  
Tab 8**

### **Insolvency and Trust Account Revocation**

51. On April 3, 2019, Mr. Kazakoff filed a Notice of Intention to Make a Proposal to his creditors.

**Tab 41 - Notice of Intention to Make a Proposal (Apr 3, 2019)**

52. On April 10, 2019, Mr. Kazakoff's approval to operate a trust account was revoked.

**Tab 42 - Revocation Letter (Apr 10, 2019)**

### **Arrest and Plea Agreement**

53. On May 17, 2019, after obtaining two production orders, CPS arrested AS and her husband, who had three bankers' boxes of document still in their possession.

**Tab 43 - Email (May 26, 2019)**

54. On February [...], 2020, pursuant to a plea agreement, AS pleaded guilty to fraud over \$5,000 concerning 56 transactions over a period of 19 months, for a total of \$473,595.19. The agreement calls for the following sentence to be imposed in April 2020:

- a. Incarceration for 30 months;
- b. Restitution order for \$473,595.19 against AS and her husband, payable forthwith (pursuant to s.738 of the *Criminal Code*);

- c. Forfeiture of seized items;
- d. Order preventing AS from working in a financial capacity for ten years [pursuant to s.380.2(1) of the *Criminal Code*]; and
- e. The charges against AS's husband will be withdrawn upon the sentencing of AS.

Tab 44 - Email (Feb 5, 2020)

### **Insurance Coverage Denials**

#### **ALIA's Denial of Insurance Coverage to Mr. Kazakoff**

- 55. On October 12, 2018, ALIA denied coverage to Mr. Kazakoff under part A of the Alberta Lawyers' Professional Liability and Trust Safety Insurance Group Policy.

Tab 45 - Letter (Oct 12, 2018)

#### **ALIA's Denial of Claim by [E]**

- 56. On September 10, 2018, [E] submitted a claim to the Alberta Lawyers Insurance Association ("ALIA") for coverage of the losses.

Tab 25 - Letter (Sep 10, 2018)

- 57. On October 17, 2018, ALIA denied coverage for the Claim.  
2018)

Tab 46 - Email (Oct 17,

### **Admissions during Assurance Fund Proceedings**

- 58. On June 18 and 19, 2020, Mr. Kazakoff participated in an Assurance Fund hearing, the purpose of which was to determine if the Assurance Fund would pay for [E]'s losses. [E] and the LSA were also parties to those proceedings.
- 59. In advance of those proceedings, on April 23, 2020, Mr. Kazakoff executed a Statement of Agreed Facts, Exhibits, and Admissions, which the Assurance Fund panel admitted as evidenced during those proceedings.

Tab 47 - Statement of Agreed Facts, Exhibits, and Admissions of Guilt (w/o attachments) (Apr 23, 2020)

### **Admissions in Anticipated Section 32 Resignation**

- 60. On January 14, 2020, in preparing for an application to resign pursuant to section 32 of the *Legal Profession Act*, Mr. Kazakoff executed a Statement of Admitted Facts and Admissions of Guilt.

Tab 48 - Statement of Admitted Facts and Admissions of Guilt (Jan 14, 2020)

- 61. Mr. Kazakoff chose not to proceed with the Application to Resign.