



Type of Order: DISCIPLINARY CONSENT ORDER

Date of Order: 12 December 2017

Committee name: INVESTIGATION COMMITTEE

Details of IP: **Mr Freddy Khalastchi, of London, an IPA member and Licensed Insolvency Practitioner.**

Summary of complaint: This Order is made in relation to a complaint that Mr Khalastchi, in his role as Liquidator of a Company, breached Statement of Insolvency Practice 8 (SIP8) and the fundamental principles of Professional Competence & Due Care and Professional Behaviour of the Insolvency Code of Ethics when he advised the Chairman of the S98 creditors' meeting to accept a proxy from HMRC which was received late, on the day of the meeting, in breach of paragraph 24 of SIP8.

Summary of sanctions: Accordingly, Mr Khalastchi was found liable to disciplinary action under the IPA's Articles of Association.

The Common Sanctions Guidance provides for a severe reprimand and a fine of between £500 and £7,500, where there is a major failure to submit returns. In addition, where there has been a material breach of the fundamental principles of the Insolvency Code of Ethics, a severe reprimand and fine commensurate with the breach.

The sanction reflects the fact that the admission of the proxy materially affected the outcome of the meeting. It was also noted that whilst Mr Khalastchi was not present at the time the advice was given, the person advising did so on his behalf and he was therefore, responsible.

The Investigation Committee decided to impose a disciplinary order that Mr Khalastchi receive a Severe Reprimand, pay a fine of £2500 and the associated costs incurred by the IPA.