



CFA INSTITUTE

ETHICS IN PRACTICE: Just Building Client Relationships?

CASE STUDY

Soto is a founding partner and CEO of JPA, a large wealth management firm with offices throughout the world. The firm has many global institutional clients that include state-owned entities run by government officials. In an effort to build client relationships, Soto initiates a "Client Internship Program" that allows clients to refer candidates for internships at JPA. Referrals from this program are considered for employment outside of the firm's normal rigorous and competitive hiring process. The larger the JPA client, the more likely a referral from that client would be hired into a lucrative, career-building internship position. JPA hires more than 200 relatives and friends of the key executives of many JPA clients, including relatives and friends from many government agencies that JPA has investment banking or asset management relationships with. JPA generates more than \$100 billion in revenue from these investments and uses the connections generated with these clients to assist other clients and navigate complicated regulatory landscapes. Soto's actions in establishing the JPA "Client Internship Program" are

- A. appropriate because the internship program benefits clients.
- B. appropriate because the program is an incentive for clients that hire JPA, similar to discounted fees.
- C. appropriate because the program creates a mutually beneficial business relationship between JPA and its clients.
- D. a violation of the CFA Institute Code and Standards.

