

CFP BOARD REPORT

News From Financial Planning's Professional Regulatory Organization

News Bites

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Pass Rate for March Exam at 58%

Of the 2,117 individuals who sat for the March 2005 CFP® Certification Examination, 58 percent (1,222) passed. The CFP Board-administered, 10-hour, two-day exam was conducted at 50 sites nationwide. For more information about the March exam, read the press release at www.CFP.net/media.

2004 Annual Report Online

CFP Board's Annual Report for 2004 has been posted to our Web site. To view the report, go to www.CFP.net/aboutus.

Board of Governors Meeting Minutes Posted on Web Site

Minutes from the May Board of Governors meeting have been posted to CFP Board's Web site. Among the decisions made was the adoption of a Governance Committee Charter which provides for the formation of a board committee whose function will be to 1) develop and revise, as appropriate, the governing policies; 2) provide oversight in the evaluation of the Board of Governors; and 3) serve as the conflict committee pursuant to the code of conduct and conflict of interest policies. The minutes can be viewed in full at www.CFP.net/volunteers.

CFP Board to Require Continuing Education from Registered Sponsors

Effective January 1, 2006, CFP® certificants must take continuing education (CE) from a CE sponsor registered with CFP Board to meet the biennial 30-hour CE requirement to renew their CFP certification. Programs from a non-registered CE sponsor completed after this date will not be accepted for credit by CFP Board; programs completed before this date will be subject to review and acceptance by CFP Board under our current policy.

Also effective beginning in 2006, all CE sponsors registered with CFP Board will be required to electronically report CE credits earned by CFP certificants directly to CFP Board. CE sponsors currently registered with CFP Board were notified of this requirement in late March, 2005.

Cutting away the paper

"I'm very excited about the steady steps CFP Board is taking to become an organization that operates in a paperless environment," commented Sarah Ball Teslik, CFP Board CEO. "CFP certificants will be pleased by a significant reduction in the amount of reporting and recordkeeping required."

For example, one of the big benefits for certificants is that they will no longer need to keep documentation of completed programs because hours reported electronically by the sponsor are not subject to audit. Certificants will also have immediate online confirmation that the CE hours they have reported are acceptable. In addition, CFP Board staff will no longer have to review CE programs from non-registered sponsors, which will free up resources to serve our stakeholders in other ways.

Report CE online, anytime

CFP Board will continue to accept CE hours reported by certificants for earning a

pre-approved professional license or designation, for teaching and for authorship. CFP certificants can report these credits online at anytime during their reporting period by logging in to the secure CFP certificant section of CFP Board's Web site at www.CFP.net/login. CE hours reported electronically by CE sponsors can also be viewed in this secure section.

Help get CE sponsors registered

CFP Board is proactively contacting CE sponsors used often by certificants to encourage them to register all of their programs with CFP Board. To find out if your preferred CE sponsors are registered with CFP Board you can view an updated list of all currently-registered CE sponsors at www.CFP.net/sponsors.

If you notice a favorite CE sponsor is not listed, we invite you to contact the sponsor and ask them to become registered with CFP Board. Information about becoming a CFP Board-registered CE sponsor can be obtained by calling 888-830-0042 or sending an e-mail to cesponsor@CFPBoard.org.

CFP Board continues to research alternatives for automatically accepting CE hours taken by certificants who maintain other licenses or credentials, providing that the CE relates to CFP Board's financial planning topic list. As we move closer to 2006, we will keep certificants updated about developments in the expanding list of CE sponsors registered with CFP Board.

If you have any questions, please contact CFP Board at mail@CFPBoard.org or 800-487-1497.

Board of Governors

BOARD CHAIR

Glenn M. Pape, J.D., CPA, CFP®
Ernst & Young, LLP

BOARD CHAIR-ELECT

Barton C. Francis, CIMA, CPA/PFS, CFP®
PricewaterhouseCoopers LLP

CHIEF EXECUTIVE OFFICER

Sarah Ball Teslik
CFP Board

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Investment Company Institute

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Schaeffer Financial

David G. Strege, CFP®

Syverson, Strege, Sandager & Co.

Stewart H. Welch III, CFP®

The Welch Group, LLC

CFP Board is directed by a Board of Governors which oversees three subsidiary boards. The Board of Governors establishes policy and oversees all CFP Board activities. Members serve four-year terms and a majority of Governors must be CFP® certificants. The CEO serves *ex-officio* as a Governor but does not have voting rights.

CFP Board Report is published to inform CFP® certificants, the profession and the public of CFP Board activities, policies and initiatives. A nonprofit professional regulatory organization, CFP Board fosters professional standards in personal financial planning so that the public values, has access to and benefits from competent and ethical financial planning. CFP Board does not discriminate in certification opportunities or practices on the basis of race, color, religion, sex, national origin, disability or any other characteristic protected by law.

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Chair's Message

Call it a buzz, a low hum or that constant ringing in your ears – certain events from the past few months have been making themselves heard in the financial planning world. Take, for example, the SEC's rule exempting certain broker/dealers from the requirements of the 1940

Investment Adviser's Act. No one is satisfied with the current state and the financial planning community is working through the SEC decision from several perspectives. CFP Board hopes to see tremendous strides this year towards serving the public's right to understand the nature of the financial services they're receiving and the role their financial professional plays in providing those services.

The new bankruptcy bill that was signed into law by President Bush on April 20, requiring individuals filing for bankruptcy to participate in credit counseling first, has also created interest. CFP Board is currently pursuing the opportunities available in this area and is organizing a consortium of nonprofit organizations that will help provide access to credentialed credit counselors and other resources. CFP® practitioners interested in providing credit counseling for people who need help should e-mail ccounsel@CFPBoard.org.

In the spirit of continually reviewing and enhancing our certification processes – the four Es of education, examination, experience and ethics – this year the Board of Governors is reviewing the Code of Ethics and disciplinary process. To follow the Board's activity on this and other issues throughout the year, go to www.CFP.net and check back often for updates.

CFP Board has also taken the first step in automating many of our processes. Congratulations go out to Victor Guettlein, CFP®, who on May 4, 2005, became the first CFP certificant to complete the certification renewal process online. CFP certificants can also access new tools and resources in CFP® Certification Companion ONLINE. This easy-to-use, interactive system outlines CFP Board's policies and standards, as well as provides certificants with customizable tools to promote the CFP certification. CFP certificants can learn more about online renewal and CFP® Certification Companion by logging in to www.CFP.net/login. Over the coming months, you'll see continued enhancements to our Web site and the delivery of CFP® Certification Companion in a CD-ROM format. I can't think of a more fitting way to celebrate CFP Board's 20th anniversary.

With a new CEO, who has seemingly unlimited energy, intelligence and a fresh perspective, look to see an accelerated pace as CFP Board re-engineers itself, not just with technology, but with the kinds of processes you'd expect from a standards setting organization, and the kind of transparency, public input and participation that you would expect from an organization whose mission is solely a public mission to help people benefit from competent, professional and ethical financial planning.

Stay tuned for ways to collaborate with CFP Board in our goal to serve the public and please send me your comments and suggestions to mail@CFPBoard.org. Continue the great work that we each do to live the legacy we seek to leave; to financially enable the lives of the American public; to help plan the lives they dream.

Glenn M. Pape, CFP®
Chair, Board of Governors

Disciplinary Actions

CFP Board has reported the following disciplinary actions to various regulators, consumer groups, firms, membership groups and media outlets. Go to www.CFP.net/media to read the press release.

Revocations

• A. Ken Flake, Sr., Houston, Texas:

In March 2005, CFP Board permanently revoked Mr. Flake's right to use the CFP marks after investigating a state Securities Board proceeding and a National Association of Securities Dealers arbitration proceeding involving allegations that Mr. Flake failed to supervise an employee. After a hearing, the Board of Professional Review found that Mr. Flake: 1) failed to report a bankruptcy to his state Securities Commissioner, in violation of that state's rules, for which he was fined \$750; 2) made a false attestation on a CFP Board Renewal Form regarding the existence of the state proceeding; 3) failed to supervise an employee's activities with client funds; 4) had his state securities license suspended for 15 days and was required to pay a \$3,000 fine as a result of a disciplinary order issued by the State Securities Board finding that Mr. Flake negligently failed to establish or maintain procedures to supervise the activities of his firm's representatives; and 5) failed to notify CFP Board of his professional suspension within 10 calendar days as required.

• Adam D. Grodin, Pittsburgh, Pa.:

In March 2005, CFP Board permanently revoked Mr. Grodin's right to use the CFP marks after Mr. Grodin failed to respond to CFP Board's Complaint investigating a Letter of Acceptance, Waiver and Consent he entered into with the National Association of Securities Dealers

(NASD) pursuant to which he was fined \$51,744, including \$46,744 in disgorgement of commissions received, and suspended from association with any NASD member in any capacity for 20 business days. Without admitting or denying the allegations, Mr. Grodin consented to the aforementioned sanctions and to the entry of findings that he recommended that a public customer purchase Class B mutual fund shares that were unsuitable for the customer because the customer could have purchased Class A shares that would have paid lower 12b-1 fees and would have avoided being subject to contingent deferred sales charges. Mr. Grodin failed to notify CFP Board of his professional suspension within 10 calendar days as required, and he failed to respond adequately to CFP Board requests for information as required. Because Mr. Grodin failed to respond to CFP Board's Complaint, the allegations in the Complaint were deemed admitted and an order of revocation was issued.

• Gregory A. Kernechel, Whitehall, Pa.:

In March 2005, CFP Board permanently revoked Mr. Kernechel's right to use the CFP marks after he failed to respond to CFP Board's Complaint investigating a Letter of Acceptance, Waiver and Consent he entered into with the National Association of Securities Dealers (NASD), pursuant to which Mr. Kernechel, without admitting or denying the allegations, consented to accept a bar from association with any NASD member firm in any capacity, and also consented to pay restitution to customers in the total amount of \$147,670. Mr. Kernechel, without admitting or denying the allegations, further consented to the entry of findings that he received a total of \$147,670 from customers for the

purpose of making investments but that he deposited the funds into his personal bank account and converted them for his own use without the authorization or consent of the customers, in violation of NASD Rules. Mr. Kernechel failed to notify CFP Board of his NASD bar within 10 calendar days as required. CFP Board's Complaint also investigated 25 customer complaints filed against Mr. Kernechel, generally alleging misrepresentation, unauthorized transactions, conversion of funds, forgery and fraud, which settled for an amount in excess of \$485,000, with three of the complaints apparently still pending at the time CFP Board issued the Complaint. Because Mr. Kernechel failed to respond to CFP Board's Complaint, the allegations in the Complaint were deemed admitted and an order of revocation was issued.

• N. Lynn Newell, Chattanooga, Tenn.:

In March 2005, CFP Board permanently revoked Ms. Newell's right to use the CFP marks following an investigation of a grievance alleging that she failed to repay \$155,000 she borrowed in the form of eight unsecured promissory notes she signed with the grievant. In the course of CFP Board's investigation, Ms. Newell admitted that she borrowed money she did not repay from the grievant, as well as five additional clients, for a total borrowed from clients of \$382,980 during a four-year period. Ms. Newell included the unpaid loans from all the clients in two different bankruptcy proceedings. The Board of Professional Review (Board) found that Ms. Newell: 1) admitted she did not disclose material information to her clients about her finances or the intended use of the funds she borrowed; and 2) took loans from

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Disciplinary Actions

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clients as late as 60 days before filing for bankruptcy. In aggravation, the Board considered the repetitiveness of Ms. Newell's conduct with several different clients.

- **Michael J. Plummer, Anderson, Ind.:**

In February 2005, CFP Board permanently revoked Mr. Plummer's right to use the CFP marks after he failed to respond to CFP Board's Complaint investigating an Order Accepting Offer of Settlement with the National Association of Securities Dealers (NASD) wherein, without admitting or denying the allegations, he consented to findings that during a 12-day period in 2000 he engaged in outside business activities by receiving approximately \$952.82 in compensation for the sale of insurance products issued through another company to seven members of the public without giving prompt written notice to his then-employer. As part of the settlement, Mr. Plummer was fined \$1,000 and suspended from association with any NASD member firm for 10 business days. Mr. Plummer failed to notify CFP Board of his professional suspension within 10 calendar days as required. Because Mr. Plummer failed to respond to CFP Board's Complaint, the allegations in the complaint were deemed admitted and an order of revocation was issued.

Suspensions

- **Jon R. Harrison, Rochester, N.Y.:**

In March 2005, Mr. Harrison entered into a settlement agreement with CFP

Board agreeing to findings that Mr. Harrison: 1) pleaded guilty to a felony charge of leaving the scene of a fatal accident for which his license to drive was suspended and he completed a five-year probation; 2) pleaded guilty to a felony charge of operating a motor vehicle while intoxicated for which his license to drive was suspended, he paid a \$1,000 fine and completed a five-year probation; 3) was terminated by his broker/dealer because he failed to disclose as required that he had been the subject of a felony conviction; 4) was charged with a felony charge of driving while intoxicated, which was reduced to a misdemeanor, for which he was convicted, paid a \$1,000 fine and completed a three-year probation; and 5) falsely attested on the applicable Renewal Form that he had not been a defendant in a criminal proceeding, despite these convictions. Mr. Harrison's last conviction was in 1997. Mr. Harrison agreed to an 18-month suspension of his right to use the CFP marks, effective from April 4, 2005, through September 4, 2006.

- **Wayne E. Jorve, Oakes, N.D.:** In May 2005, CFP Board suspended Mr. Jorve's right to use the CFP certification marks for a period of 18 months after its investigation regarding a Consent Order he entered into with his state's Securities Commission. After a hearing, CFP Board found that Mr. Jorve: 1) consented to his state's Commission findings that he sold an unregistered security in the form of a

promissory note on a real estate mortgage to one state resident during a time when his securities license was expired and he was not authorized to do so; 2) consented to Commission findings that he failed to register the promissory note and the real estate mortgage with his state's Securities Division as required; 3) acted in the capacity of a securities broker when he sold an unregistered security to a resident in his state during a time when he was not licensed to do so; 4) consented to a Commission discipline of a five-year period of probation and to pay a \$10,000 fine, reduced to \$4,000 if he did not further violate state securities laws; 5) failed to disclose the civil lawsuit on the appropriate Renewal Form as required; and 6) had his Certified Public Accountant's license suspended by his state's Board of Accountancy for six months and was ordered to pay a \$500 fine related to the Consent Order he entered into with the Commission. Mr. Jorve appealed the Board's decision and the Board of Appeals affirmed the Board's findings and the discipline imposed. Mr. Jorve's suspension is effective May 17, 2005, through October 17, 2006.

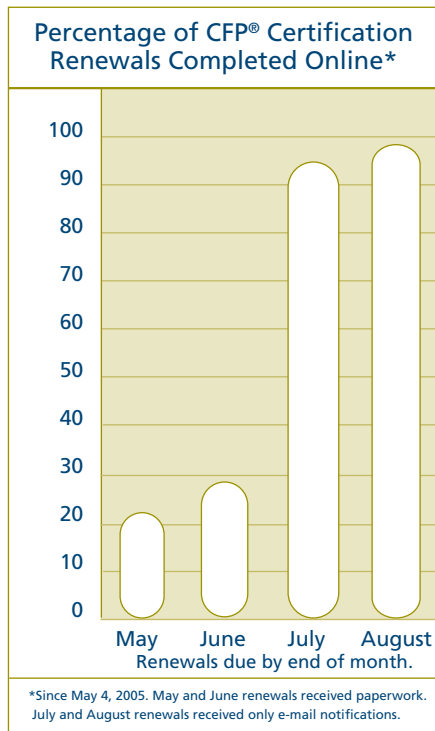
CFP Board Registers Nine New Financial Planning Programs

CFP Board's subsidiary Board of Examiners met in Denver on May 19 and registered nine new financial planning education programs at eight institutions, bringing the total number of CFP Board-Registered Programs to 313 at 190 colleges and universities nationwide.

CFP Board-Registered Programs are required to address more than 100 financial planning topics identified in periodic job analysis studies. CFP Board conducted the most recent job analysis survey in 2004 and will be releasing an updated Topic List in August 2005. For more information, read the press release at www.CFP.net/media.

Financial Planning Programs Newly Registered with CFP Board	
<p>Campbell University</p> <ul style="list-style-type: none"> • CFP® Certification Education Program <p>Florida Atlantic University</p> <ul style="list-style-type: none"> • CERTIFIED FINANCIAL PLANNER™ Professional Certification Program <p>Fordham University</p> <ul style="list-style-type: none"> • Executive Certificate in Financial Planning <p>North Carolina State University</p> <ul style="list-style-type: none"> • CFP® Certification Education Program <p>Shippensburg University</p> <ul style="list-style-type: none"> • B.S.B.A. Personal Financial Planning Concentration 	<p>St. Joseph's University</p> <ul style="list-style-type: none"> • Graduate Certificate in Financial Planning • B.S. Finance <p>University of Central Arkansas</p> <ul style="list-style-type: none"> • B.S., Insurance & Financial Services, Concentration in Financial Planning <p>University of North Carolina – Wilmington</p> <ul style="list-style-type: none"> • Executive Certificate in Financial Planning

Certification & Renewal (... continued from back page)



Initial certification process getting automated

CFP Board has also provided candidates for CFP certification with similar online capabilities to help them through the process of becoming certified. As of May 24, candidates are now able to register online for the CFP® Certification Examination; as of June 10, candidates could complete the final steps of obtaining the CFP certification, including paying the certification fee and completing the online application. Submitting work experience online – just one of the requirements for CFP certification – is the latest online enhancement for candidates, which became available on June 27. So far, more than 370 candidates have completed the initial certification process online.

CFP Board is very pleased to know that many certificants and candidates are taking advantage of the new features on www.CFP.net. If you have any questions about how to manage your certification online, or if you need help setting up an online account, please contact CFP Board at mail@CFPBoard.org or 800-487-1497.

Certification & Renewal

Online Renewal Huge Success, More Enhancements to Come

Nearly two months have passed since the first CFP® certificant – Victor Guettlein of Arvada, Colo., – completed all three of CFP Board's renewal requirements online. Since that time more than 1,200 certificants have now renewed their CFP certification online by logging in to their accounts at www.CFP.net/login.

Every day, more and more certificants are discovering the ease and speed of renewing their certification online. Certificants whose certification expired at the end of May and June were originally sent paper forms two months prior to their expiration date but were later sent an email notification about the new online renewal process. Of the 1,692 certificants who renewed their certification before their May 31 due date, nearly 23% renewed online; so far nearly 30% of June renewals were completed online. Compare this to the results for certificants who need to renew by the end of July and August (these were the first certificants to receive only e-mail notifications about the online process and were not sent any paper forms): to date, 94% of renewals due by July 30 have been completed online and 99% of renewals due by August 30 have been completed on CFP Board's Web site. (See graph on page 5.)

Coming Soon

In July, look in your mailbox for information about CFP® Certification Companion, a multiplatform resource that offers everything you need to know to maintain your certification and educate the public about the benefits of working with a competent and ethical financial planner. This mailing will include the CD-ROM version of Companion, as well as an order form for the newly designed and larger CFP Board certificate.

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CERTIFIED FINANCIAL PLANNER™



Certified Financial Planner Board of Standards Inc. owns these certification marks in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements.

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