

CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.

ANONYMOUS CASE HISTORIES
NUMBER 15250

This is a summary of a decision issued following the March 2008 hearings of the Disciplinary and Ethics Commission (“Commission”) of Certified Financial Planner Board of Standards, Inc. (“CFP Board”). The conduct at issue in this case occurred prior to January 1, 2009. The Rules in effect at that time under the *Code of Ethics and Professional Responsibility* (“Code of Ethics”) were Rules 101 through 705.

I. Issues Presented

Whether a CFP[®] certificant (“Respondent”) violated CFP Board’s *Standards of Professional Conduct* when he was named in two customer complaints that resulted in a National Association of Securities Dealers (“NASD”) arbitration.

II. Findings of Fact Relevant to the Commission’s Decision

CFP Board made the following allegations in a 2007 Complaint issued to Respondent:

1. Respondent was involved in a 2003 NASD arbitration. The claimant asserted that she was a conservative, inexperienced investor, and alleged that Respondent sold her an unsuitable life insurance policy, which had a death benefit that exceeded the amount appropriate for her financial needs, and contained unsuitable investments in its sub-accounts. The arbitration was settled for \$75,000. Respondent’s employer paid the full settlement amount.
2. Respondent was involved in a second NASD arbitration in 2003. The claimants asserted that they were inexperienced investors, and alleged that Respondent sold them unsuitable investments, including variable life insurance policies, mutual funds and variable annuities. Respondent arranged for the claimants to refinance properties to fund the investment plan and misrepresented or omitted certain account details such as surrender charges and contingent deferred sales charges. The matter was settled for \$115,000. Respondent’s employer paid the full settlement amount.
3. Respondent was terminated by his Broker-Dealer in 2005 for violation of firm policy. Respondent invested home equity proceeds on three separate occasions after his Broker-Dealer had forbidden the practice. Respondent denied one of the three instances. In the other two, Respondent claimed he was implementing his recommendations for the clients at the time the Broker-Dealer forbade the practice.

III. Discipline Imposed

The Commission dismissed the case and cautioned Respondent about his professional responsibilities as a CFP[®] certificant, including his disclosure obligations. The Commission urged Respondent to consider moderating his policy of equities-only recommendations, and to recognize differences within his client base when considering product recommendations.

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