

CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.

ANONYMOUS CASE HISTORIES
NUMBER 22374

This is a summary of a decision issued following the July 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. Issue Presented

Whether a candidate for CFP® certification (“Respondent”) violated CFP Board’s *Standards of Professional Conduct* (“Standards”) when he did not disclose a felony conviction as required by his state department of insurance.

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

In June 2008, Respondent submitted an Initial Certification Application and disclosed a felony conviction and two state regulatory actions against him.

In January 2002, Respondent was issued an insurance license by a state department of insurance (“State”). In October 2002, Respondent pleaded guilty to a federal felony violation in United States District Court for Conspiracy to Possess with Intent to Distribute a regulated substance. In January 2008, the State held a hearing and the State Hearing Administrator found that Respondent had violated the state code by not reporting the felony conviction within 30 days of the disposition.

The other state regulatory action involving Respondent concerned his submission of a Loan Officer Application on which he disclosed his felony conviction. Respondent was granted a Loan Officer’s License in 2007. The Commission considered this state regulatory action but did not rely on it in reaching its conclusions.

III. Commission’s Analysis and Conclusions Regarding Rule Violations

- A. *Rule 606(a) – In all professional activities a CFP Board designee shall perform services in accordance with applicable laws, rules and regulations of governmental agencies and other applicable authorities.*

The Commission found that Respondent did not perform services in accordance with applicable laws, rules and regulations because he failed to comply with state insurance regulations when he failed to report his felony conviction within 30 days of the disposition. Thus, Respondent violated Rule 606(a).

IV. Discipline Imposed

Article 3(a) of CFP Board's *Disciplinary Rules and Procedures* ("Disciplinary Rules") provides grounds for discipline for any act or omission which violates CFP Board's *Code of Ethics*. The Commission found grounds for discipline under Article 3(a) because Respondent violated *Code of Ethics* Rule 606(a).

The Commission issued a public letter of admonition pursuant to Article 4.2 of the *Disciplinary Rules*. Respondent was allowed to become certified and authorized to use the CFP[®], CERTIFIED FINANCIAL PLANNER[™] and  certification marks.

The Commission considered the following mitigating factors:

1. Respondent's violation of state code for late reporting of his felony conviction was due to his incarceration; and
2. The conduct at issue took place when Respondent was a college student, long before his financial services career, and Respondent's past behavior does not reflect his current level of commitment to his profession and his clients.

The Commission considered no aggravating factors in making its Decision.