

CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.

ANONYMOUS CASE HISTORIES  
NUMBER 22513

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This is a summary of a decision following the February 2010 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 CFP<sup>®</sup> professional (“Respondent”) violated CFP Board’s *Standards of Professional Conduct* (“Standards”) when he did not respond to a Complaint issued to him by CFP Board.

II. Facts Relevant to CFP Board’s Decision

In September 2008, CFP Board received a grievance against Respondent. The grievance alleged that in March 2007, Respondent entered into a loan agreement with a client pursuant to which Respondent borrowed \$40,000 at no interest. Respondent subsequently failed to make the required monthly payments but proposed amending the terms of the loan agreement by extending the period of the loan, which the client rejected. Ultimately, Respondent did not repay any amounts due under the loan agreement.

In October 2009, Respondent notified CFP Board that he filed for bankruptcy protection in February 2008 due to a prolonged illness. The bankruptcy was discharged in June 2008. Respondent did not respond to CFP Board’s request for information relating to the bankruptcy. In December 2009, CFP Board mailed a Complaint to Respondent at his CFP Board address of record.

The Complaint alleged that Respondent violated *Code of Ethics* Rules 102, 103(d), 201, 409, 606(b), 607 and 704 when he: 1) entered into a personal loan agreement pursuant to which Respondent borrowed money from his client; 2) failed to repay the personal loan in accordance with its terms; 3) commingled client funds with Respondent’s personal funds; 4) entered into a personal business transaction with a client on terms that were not fair and reasonable to the client; 5) failed to make a reasonable investigation regarding the financial products recommended to the client; and 6) failed to effectively manage his financial affairs.

Respondent did not submit an Answer in response to CFP Board’s Complaint.

### III. Discipline Imposed

Article 7.4 of CFP Board's *Disciplinary Rules and Procedures* stipulates that if a Respondent fails to file an Answer to the Complaint within the 20-day period provided by Article 7.3, the Respondent shall be deemed to be in default, and the allegations set forth in the Complaint shall be deemed admitted. In such circumstance, an Order of Revocation shall be issued to the Respondent.

Therefore, pursuant to Article 7.4, CFP Board issued an Order to Revoke Respondent's right to use the CFP<sup>®</sup>, CERTIFIED FINANCIAL PLANNER<sup>™</sup>,  and  certification marks.