CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.

ANONYMOUS CASE HISTORIES
NUMBER 22895

This is a summary of a decision issued in July of 2009 by 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 made two Initial Public Offering ("IPO") purchases as a restricted person.

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

On his 2008 Initial Certification Application, Respondent disclosed that in 2007, he had been involved in a Financial Industry Regulatory Authority ("FINRA" formerly National Association of Securities Dealers or "NASD") investigation. Respondent had purchased shares in two IPOs while classified as a restricted person under NASD Conduct Rule 2790, without notice to his broker-dealer ("Broker-Dealer") or the firm where he had an outside brokerage account ("Brokerage Firm"). Respondent realized his error shortly after making the purchases and notified the Broker-Dealer and Brokerage Firm. The Brokerage Firm removed Respondent from the IPO buy list and informed him that he could not purchase IPOs in the future. Respondent liquidated both IPO purchases at a substantial loss. Respondent entered into an Acceptance, Waiver and Consent ("AWC") with FINRA and consented to: 1) FINRA's finding of violations of NASD Conduct Rules 2110, 2790 and 3050; and 2) a $5,000 fine.

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 failed to perform services in accordance with applicable rules and regulations of governmental agencies and other applicable authorities because he made two IPO purchases without notifying, in writing, the Broker-Dealer or the Brokerage Firm, thereby violating NASD Rules 2110 and 3050. 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 violation of CFP Board's *Code of Ethics*. The Commission found grounds for discipline under Article 3(a) because Respondent violated Rule 606(a) of the *Code of Ethics*.

The Commission accepted an Offer of Settlement from Respondent wherein he acknowledged the above facts and rule violation. The Commission issued a Private Censure to Respondent in accordance with the Settlement Agreement.

The Commission considered the following mitigating factors:
1. Respondent disclosed the matter to his supervisor and others as soon as he discovered the matter himself; and
2. Respondent sold the IPO he had purchased at a loss.

The Commission considered no aggravating factors.