

CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.

ANONYMOUS CASE HISTORIES
NUMBER 22961

This is a summary of a decision issued following the November 2009 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 candidate for CFP® certification (“Respondent”) violated CFP Board’s *Standards of Professional Conduct* when he signed his clients’ initials to account-related documents and represented to his employer that the initials were made by the clients.

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

In December 2008, Respondent submitted an Initial Application for CFP® Certification and made no disclosures. During a routine background check, CFP Board discovered a 2008 internal review and termination.

In September 2008, Respondent’s employer received a request from FINRA to investigate allegations that Respondent had placed a client’s initials on managed money and annuity documents. Respondent confirmed, in an October 2008 statement, that Respondent had placed numerous customers’ initials on certain documents that he personally handled or were under his supervision. As a result of this conduct, Respondent’s employer terminated his employment in October 2008.

Respondent stated in a March 2009 letter to CFP Board that he would initiate changes in client investments by signing the clients’ initials on account documents. Respondent also stated that, when asked by the firm to correct client income or net worth information on account opening forms, he or his sales assistant would make the corrections and sign the documents with the clients’ initials to confirm the changes.

III. Commission's Analysis and Conclusions Regarding Rule Violations

- A. *Rule 102 – In the course of professional activities, a CFP Board designee shall not engage in conduct involving dishonesty, fraud, deceit or misrepresentation, or knowingly making a false or misleading statement to a client, employer, employee, professional colleague, governmental or other regulatory body or official, or any other person or entity.*

The Commission found that Respondent signed his clients' initials on various account documents and used the clients' initials to confirm changes in account documents. The Commission found that Respondent: 1) acted dishonestly toward his clients when he placed their initials on documents they did not sign; and 2) made misrepresentations to his employer and knowingly made false statements to his employer and/or professional colleagues when he represented that the initials were made by the clients. Thus, Respondent violated Rule 102.

- B. *Rule 201 – A CFP Board designee shall exercise reasonable and prudent professional judgment in providing professional services.*

The Commission found that Respondent failed to exercise reasonable and prudent professional judgment in providing professional services when he signed his clients' initials on various account documents, used the clients' initials to confirm changes to the accounts, and misrepresented to his employer that the initials were made by the client. Thus, Respondent violated Rule 201.

- C. *Rule 406 – A CFP Board designee who is an employee shall perform professional services with dedication to the lawful objectives of the employer and in accordance with this Code of Ethics.*

The Commission found that Respondent failed to act with dedication to the lawful objectives of his employer and in accordance with CFP Board's *Code of Ethics* when he signed the clients' initials and represented the initials to his firm as having been made by the clients. Thus, Respondent violated Rule 406.

- D. *Rule 606(b) – In all professional activities a CFP Board designee shall perform services in accordance with applicable rules, regulations and other established policies of CFP Board.*

The Commission found that Respondent did not perform services in accordance with applicable rules, regulations and other established policies of CFP Board when he violated Rules 102, 201, 406 and 607 of the *Code of Ethics*. Thus, Respondent violated Rule 606(b).

E. Rule 607 – A CFP Board designee shall not engage in conduct which reflects adversely on integrity or fitness as a CFP Board designee, upon the marks, or upon the profession.

The Commission found that Respondent engaged in conduct that reflects adversely on his integrity or fitness as a CFP Board designee, upon the marks and upon the profession when he signed the clients' initials to account documents and misrepresented the initials to his firm as having been made by the clients, for which Respondent was terminated by his employer. Thus, Respondent violated Rule 607.

IV. Discipline Imposed

The Commission found grounds for discipline based on Article 3(a) of CFP Board's *Disciplinary Rules and Procedures* ("Disciplinary Rules"). Article 3(a) of the *Disciplinary Rules* states that any act or omission which violates provisions of the *Code of Ethics* constitutes grounds for discipline. The Commission found Article 3(a) grounds for discipline because Respondent violated Rules 102, 201, 406, 606(b) and 607 of CFP Board's *Code of Ethics*.

Pursuant to Article 4.5 of the *Disciplinary Rules and Procedures*, the Commission issued a suspension of one year and one day of Respondent's right to use the CFP® marks. In its order, the Commission cautioned Respondent to demonstrate adherence to all applicable laws, rules and regulations and CFP Board's *Code of Ethics* during and after the period of suspension.