CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.

ANONYMOUS CASE HISTORIES
NUMBER 24651

This is a summary of a Settlement Agreement approved at the June 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® professional ("Respondent") violated CFP Board's *Standards of Professional Conduct* when he affixed multiple client signatures on documents and purchased financial plans for two clients with his own funds in violation of firm policy, National Association of Securities Dealers ("NASD," now Financial Industry Regulatory Authority or "FINRA") Conduct Rule 2110, and a state insurance code provision.

II. Findings of Fact

In February 2010, Respondent disclosed on his Renewal Application for CFP® Certification that four matters were reported on his FINRA Central Registry Depository record.

During a routine background check, CFP Board discovered that in March 2008, Respondent was terminated by his firm following an internal review. According to Respondent's Form U-5 regarding his termination, Respondent took full responsibility for affixing multiple client signatures, and acknowledged paying for financial plans with his own funds for two clients.

In August 2008, FINRA requested that Respondent appear at a Compliance Conference. According to a letter from FINRA regarding the Compliance Conference, Respondent failed to comply with NASD Conduct Rule 2110 when he: 1) signed clients' names on documents; 2) did not provide truthful statements to his firm in his written statement dated March 2008, regarding the firm's investigation of questionable customer signatures; and 3) personally paid for the financial plans of two clients, which violated the firm's policies.

In August 2009, a state department of insurance completed its review of Respondent's insurance business activities. The state department of insurance investigation revealed that Respondent affixed signatures on documents of at least three clients, and purchased two financial plans for personal friends in violation of firm policy. The state department of insurance issued Respondent a cautionary letter, stating that Respondent violated a provision of the state insurance code related to unfair competition and unfair or deceptive acts or practices.

III. Rule Violations

A. Rule 102 – Engaging 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

Respondent acknowledged that he signed multiple client signatures on documents, purchased financial plans for two clients with his own funds in violation of firm policy, and was subsequently terminated by his employer. The Commission determined that Respondent engaged in conduct involving dishonesty, fraud deceit, or misrepresentation when he affixed clients' signatures to documents and purchased financial plans for two clients with his own funds in violation of firm policy. Thus, Respondent violated Rule 102.

B. Rule 201 – Failing to exercise reasonable and prudent professional judgment in providing professional services

Respondent did not exercise reasonable and prudent professional judgment in providing professional services when he signed clients' names and purchased financial plans for two clients with personal funds in violation of firm policy. Thus, Respondent violated Rule 201.

C. Rule 406 – Failing to perform services with dedication to the lawful objectives of the employer and in accordance with this Code of Ethics

By affixing multiple client signatures on documents and purchasing financial plans for two clients with his own funds in violation of firm policy, NASD Conduct Rule 2110, and the state insurance code, Respondent failed to act with dedication to the lawful objectives of his employer and in accordance with CFP Board's *Code of Ethics*. Thus, Respondent violated Rule 406.

D. Rule 606(a) – Performing services in accordance with applicable laws, rules and regulations of governmental agencies and other applicable authorities

By violating NASD Conduct Rule 2110 and the state insurance code, Respondent failed to perform services in accordance with applicable laws, rules and regulations of governmental agencies and other applicable authorities. Thus, Respondent violated Rule 606(a).

E. Rule 606(b) – Performing services in accordance with applicable laws, regulations and other established policies of CFP Board

Respondent failed to perform professional services in accordance with the applicable rules, regulations, and other established polices of CFP Board when he engaged in conduct that violated *Code of Ethics* Rules 102, 201, 406, 606(a), and 607. Thus, Respondent violated Rule 606(b).

F. Rule 607 – Engaging in conduct which reflects adversely on integrity or fitness as a CFP Board designee, upon the marks, or upon the profession

Respondent engaged in conduct that reflects adversely on his integrity and fitness as a CFP Board designee, upon the marks, and upon the profession when he affixed multiple client signatures on documents and purchased financial plans for two clients with personal funds, in violation of firm policy, NASD Conduct Rule 2110 and the state insurance code. Thus, Respondent violated Rule 607.

IV. Discipline Imposed

Article 3(a) of CFP Board's *Disciplinary Rules and Procedures* provides grounds for discipline for any act or omission that violates the *Code of Ethics*. The Commission found grounds for discipline under Article 3(a) because Respondent violated Rules 102, 201, 406, 606(a), 606(b) and 607 of the *Code of Ethics.* The Commission and Respondent entered into a Settlement Agreement in which Respondent consented to the above Findings of Fact and Rule Violations. Pursuant to the Settlement Agreement, the Commission issued to Respondent a three-month suspension.

The Commission considered the following mitigating factor:

1. Respondent provided multiple letters from clients affected by the affixed signatures.

The Commission considered the following aggravating factors:

1. Respondent's misconduct was for personal financial gain; and
2. Respondent showed a pattern of conduct over an extensive time period.