



Consumer Federation of America

November 22, 2023

Certified Financial Planner Board of Standards
1425 K Street NW #800
Washington, DC 20005

Re: Sanction Guidelines and Fitness Standards for Candidates for CFP® Certification
and Former CFP® Professionals Seeking Reinstatement

Dear Sir or Madam:

I am writing on behalf of the Consumer Federation of America (CFA)¹ to express our enthusiastic support for the CFP Board's Proposed Revisions to its Sanctions Guidelines and Fitness Standards.

First, we appreciate the CFP Board's continued commitment to the highest standards of professional competency and ethics, which benefit the public. In addition to strong standards of professional competency and ethics, it's very important for the CFP Board to have appropriate and reasonable sanctions that are comprehensive and reflect the seriousness of misconduct that has occurred. Strong and meaningful sanctions guidelines are critical to deterring misconduct, promoting compliance, holding those who engage in misconduct accountable, and instilling confidence and trust in the financial planning profession.

Based on our review of the CFP Board's proposed revisions to its Sanctions Guidelines and Fitness Standards, we've concluded that these revisions are appropriate and reasonable, particularly in light of the significant aggravating and mitigating factors that the CFP Board has set forth and indicated how they should apply in a particular case. We believe these guidelines will give the Disciplinary and Ethics Commission (DEC) an appropriate framework to begin its analysis, as well as the flexibility to issue sanctions that are appropriate to the circumstances. Accordingly, we urge the CFP Board to adopt these revisions in final form, with a few minor changes, as discussed below.

We would like to draw special attention to the significantly improved listing of aggravating and mitigating factors. These factors will assist the DEC in its evaluation and determination of when a sanction should be aggravated or mitigated, thereby promoting consistency in the application of these standards. Of particular importance, the proposed revisions would strengthen sanctions

¹ The Consumer Federation of America is a non-profit association of more than 250 consumer groups that was established in 1968 to advance the consumer interest through research, advocacy, and education.

guidelines when a respondent breaches their fiduciary duty. Whereas the current sanction guideline for this misconduct would be a suspension for the respondent, the proposed sanction guideline would be a revocation, with potential mitigation to a lower sanction based upon application of the aggravating and mitigating factors. In other words, the presumed sanction would be revocation, unless the respondent provided evidence of mitigating factors. Given the importance of complying with the fiduciary duty to protect the investing public, we commend the CFP Board for taking this strong position when a respondent breaches their fiduciary duty.

Based on our review of the proposed revisions, we encourage the CFP Board to consider raising the standards in a few instances. Specifically, we believe that any fraud or misrepresentation involving professional services, including failing to provide financial planning to a client notwithstanding contrary representations to the client, should be subject to a sanction guideline of revocation, with potential mitigation to a lower sanction based upon application of the aggravating and mitigating factors. While the proposed revisions regarding this category of misconduct are not unreasonable, we believe that the harm that would result from such misconduct would warrant higher sanctions. In addition, given the public interest in promoting transparency when a respondent engages in any kind of misconduct, we believe that a public censure should be the lowest sanction guideline, with potential aggravation to a higher sanction or mitigation to a lower sanction based upon application of the aggravating and mitigating factors.

In conclusion, we applaud the CFP Board for continuing to set an appropriate bar for the financial planning profession. We urge the CFP Board to finalize these proposed revisions, with our suggested improvements, without undue delay.

Respectfully submitted,

A handwritten signature in cursive script that reads "Micah Hauptman".

Micah Hauptman
Director of Investor Protection