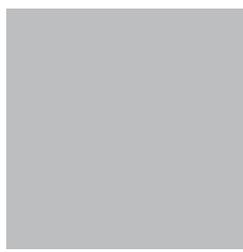




**CFP BOARD**

# ETHICS REPORT

2022 YEAR IN REVIEW | PUBLISHED JUNE 2023





Cover, upper photo: CFP Board enforcement staff

Cover, lower photo: CFP Board adjudication and appeals staff





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# LEADERSHIP MESSAGE

CFP® certification stands out amid the alphabet soup of acronyms that has proliferated across the financial services ecosystem for several reasons. Near the top of that list of reasons are the high ethical standards set forth in CFP Board's *Code of Ethics and Standards of Conduct (Code and Standards)* and our program to enforce those standards.

CFP® professionals consistently rank enforcing the CFP® certification standards as one of their top priorities for CFP Board. And our enforcement of ethical standards provides consumers with confidence that when they work with a CFP® professional, they're partnering with a financial advisor who has made a commitment to CFP Board, as part of their certification, that the CFP® professional will put the client's interests first and help the client on the path to a secure future.

CFP Board has invested significant resources—both financially and operationally—to maintain an effective enforcement program that protects the integrity of the CFP® certification marks and upholds the certification's value for both practitioners and the public. These efforts include periodic reviews and updates of the standards and requirements for CFP® professionals, as well as our processes for investigating alleged misconduct and the guidelines for sanctions issued in response to confirmed violations. They also involve working with CFP® professionals and senior-level executives of financial services firms to understand how our standards and enforcement practices impact firms. Moreover, CFP Board is committed to developing guidance resources that educate CFP® professionals and firms on how to comply with the *Code and Standards* and thereby prevent misconduct from occurring. For similar reasons, we work with partner organizations to provide an ethics continuing education program for CFP® professionals, which they must complete every two years to maintain their certification.

Even so, we recognize the need for continuous improvement. The work of the Independent Task Force on Enforcement, which the Board of Directors established in 2019, identified opportunities to strengthen CFP Board's enforcement program. With their recommendations, we engaged in governance reforms, significantly increased resources devoted to enforcement, and developed and implemented a multi-year plan for enhancing our enforcement of the *Code and Standards*.

Our work to strengthen CFP Board's ethics program continued in 2022:

- We substantially completed the historical investigations project that reviewed events related to 1,266 CFP® professionals, or approximately 1.4% of the total CFP® certificant population at the time the project began in 2019.
- We adopted sanctions guidelines in 2021 that increased the recommended sanction for failing to timely report to CFP Board certain categories of information that may reveal other misconduct, and for providing inaccurate ethics declarations to CFP Board.
- We requested public comment on proposed changes to the *Procedural Rules* intended to modernize CFP Board's enforcement processes (the revised *Procedural Rules* were adopted in 2023 and will become effective on September 1, 2023).
- The Commission on Sanctions and Fitness substantially completed its review of the *Sanction Guidelines* and *Fitness Standards for Candidates for CFP® Certification and Former Professionals Seeking Reinstatement*, developing recommendations that will be presented to the Board of Directors and issued for public comment in 2023.
- We published new guides and a series of case studies to provide practical guidance to CFP® professionals and their firms on complying with the *Code and Standards*.

We hope this report provides you with new insights into the operations of CFP Board's enforcement program and a strong understanding of our commitment to upholding the *Code and Standards*.

The accomplishments outlined in this report were made possible only with the dedicated work of CFP Board's staff and volunteers, its Board of Directors, as well as the CFP® professional community's commitment to abide by CFP Board's high ethical standards as they serve the public. Together, we are raising the bar for personal financial planning and maintaining the trust of the public we serve.



**Kevin R. Keller, CAE**  
Chief Executive Officer  
CFP Board



**Tom Sporkin, JD**  
Managing Director  
of Enforcement



**Leo Rydzewski, JD, CAE**  
General Counsel



“CFP® certification stands as *the standard* for financial planning in large part because of the commitment CFP® professionals make to uphold the *Code and Standards*, supported by CFP Board’s robust enforcement program administered by dedicated professionals.”



Tom Sporkin, JD  
Managing Director of Enforcement

# OVERVIEW OF CFP BOARD'S ENFORCEMENT PROGRAM

CFP® professionals' commitment to high ethical standards begins when they are candidates for CFP® certification. They must accept CFP Board's *Pathway to CFP® Certification Agreement (Pathway Agreement)*, which outlines CFP Board's expectation for candidates to conduct themselves in an ethical manner before, during and after the CFP® Certification Examination. Then, as part of their certification, CFP® professionals make a commitment to CFP Board to abide by the *Code and Standards*.

CFP Board enforces the *Code and Standards* and the *Pathway Agreement* through a peer-review process set forth in the *Procedural Rules*. The process is credible to the public and fair to those whose conduct CFP Board is evaluating. CFP Board learns about matters that may reveal misconduct through a variety of means, including complaints to CFP Board, self-disclosure of matters by CFP® professionals, and detection by CFP Board staff.

## THE ENFORCEMENT PROCESS INCLUDES:



**AN  
INVESTIGATION**



**A WRITTEN  
COMPLAINT  
THAT  
PROVIDES  
NOTICE  
OF THE  
ALLEGATIONS**



**THE RIGHT  
TO COUNSEL  
AND TO A  
HEARING  
BEFORE A  
PEER-REVIEW  
ADJUDICATORY  
BODY**



**AN  
OPPORTUNITY  
TO PRESENT  
DOCUMENTS,  
WITNESSES  
AND  
ARGUMENT**



**A WRITTEN  
ORDER THAT  
SETS FORTH  
THE BASIS  
FOR THE  
DECISION**



**THE RIGHT  
TO AN  
APPEAL**

# COMPONENTS OF CFP BOARD'S ENFORCEMENT PROGRAM

*CFP Board's Managing Director of Enforcement, Tom Sporkin, oversees the detection, investigation, and prosecution functions. CFP Board's General Counsel, Leo Rydzewski, oversees the adjudication and appellate functions.*

**Detection:** CFP Board's Detection Group, led by Erik Frias, JD, Director of Detection, proactively detects evidence of potential violations of CFP Board's *Code and Standards*. The Detection Group conducts preliminary investigations and handles summary proceedings. It assigns more complex matters to the Investigations Group for further review and potential prosecution.

**Investigation and Prosecution:** CFP Board's Investigations Group, led by Adam Zajac, JD, Director of Investigations and Counsel to Managing Director of Enforcement, investigates potential violations of the *Code and Standards* or matters that arise under the *Pathway Agreement* and, where there is probable cause to believe there are grounds for sanction or conduct that require a Disciplinary and Ethics Commission (DEC) determination of fitness, prosecutes the matter before the DEC.

**Adjudication:** The DEC, advised by Erin Koeppel, JD, Deputy General Counsel—Adjudication, reviews any matter in which CFP Board has alleged that a CFP® professional has violated CFP Board's *Code and Standards*, or where an



**DETECTION**



**INVESTIGATION AND PROSECUTION**



**ADJUDICATION**



**APPEAL**

individual pursuing initial CFP® certification must appear before the DEC in accordance with the *Pathway Agreement*. Under the *Procedural Rules*, the DEC has the authority to issue a final order that finds facts, determines whether a violation has occurred and, where appropriate, imposes discipline in the form of a sanction. When there is a default, such as when a CFP® professional fails to respond to a complaint within the required timeframe, CFP Board staff issues an Administrative Order and sanction, and the case does not proceed to review by the DEC. In the event there is a public sanction, CFP Board will publish the decision in a press release and on CFP Board's website.

**Appeal:** The Appeals Commission, assisted by outside counsel, reviews and decides all appeals. If a respondent or CFP Board appellate counsel disagrees with the DEC's decision or with an Administrative Order, they have the right to petition the decision to the Appeals Commission. Appellate counsel Jonathan Black, JD, represents CFP Board in appellate proceedings. The Appeals Commission must issue its final order in writing, and its decision is the final decision of CFP Board.



Emily Nevala, JD  
Counsel

# BY THE NUMBERS



907

INVESTIGATIONS  
OPENED  
BY CFP BOARD  
ENFORCEMENT  
IN 2022



957

INVESTIGATIONS  
CLOSED  
BY CFP BOARD  
ENFORCEMENT  
IN 2022

## ADJUDICATED AND DEFAULT ORDERS ISSUED BY CFP BOARD IN 2022:





Sydney Young,  
Enforcement Administrator,  
and McKenna Davis,  
Enforcement Specialist

**95K**

**AVERAGE NUMBER  
OF ETHICS CE HOURS  
COMPLETED BY  
CFP® PROFESSIONALS  
ANNUALLY**

**24**

**NUMBER OF DEDICATED  
CFP BOARD STAFF SERVING  
ON ENFORCEMENT,  
ADJUDICATION, APPEALS  
AND COMPLIANCE  
RESOURCE TEAMS**

**\$9M+**

**BUDGET ALLOCATED  
TO CFP BOARD'S  
ENFORCEMENT  
PROGRAM**

**85**

**NUMBER OF  
COMPLIANCE  
RESOURCES CREATED  
BY CFP BOARD FOR  
CFP® PROFESSIONALS  
AND FIRMS, INCLUDING:**

- 38** | CASE STUDIES
- 3** | SAMPLE ENGAGEMENT LETTERS
- 4** | CHECKLISTS
- 6** | ORIENTATION GUIDES
- 7** | INTERPRETIVE GUIDES
- 26** | VIDEOS
- 1** | FAQ DOCUMENT WITH 42 QUESTIONS

**15**

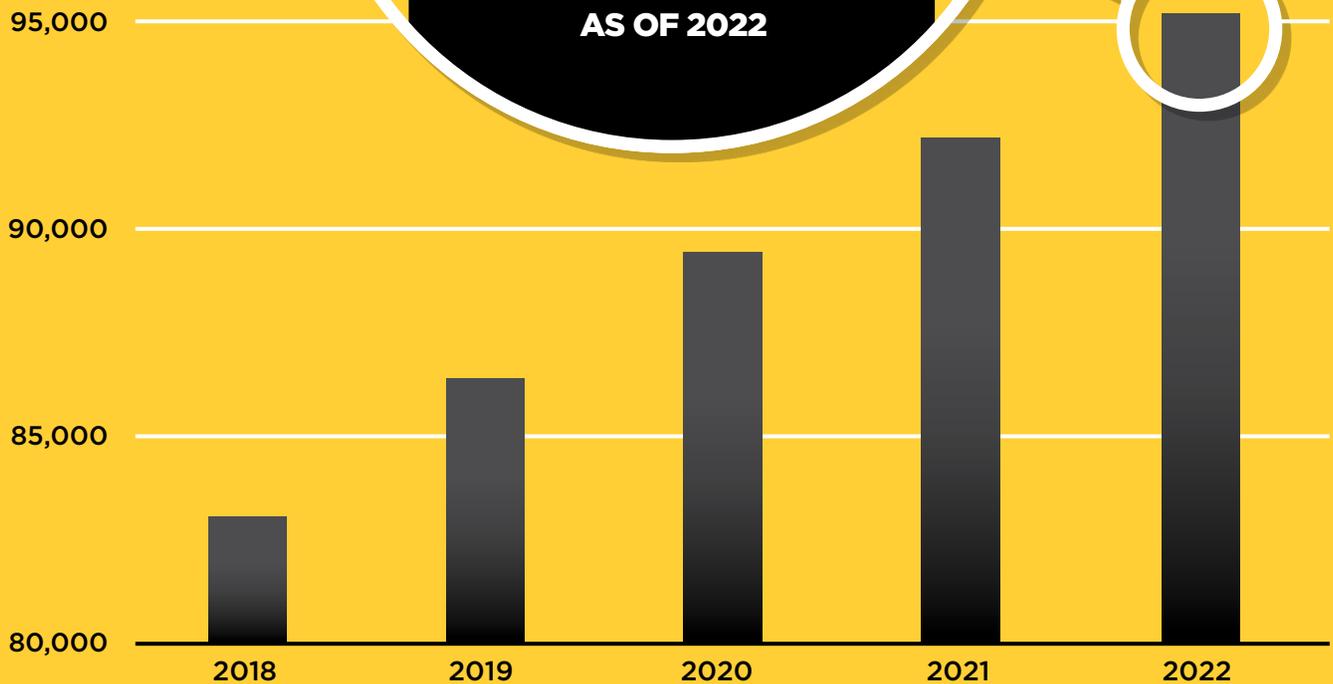
**INTERIM SUSPENSION  
ORDERS ISSUED  
IN 2022**

**115**

**PUBLIC SANCTIONS  
ISSUED IN 2022**

**200+**

**CAUTIONS ISSUED  
IN 2022**





“CFP Board is committed to educating CFP® professionals on how to comply with the *Code and Standards* and maintaining a credible enforcement program to benefit the public and protect the integrity of CFP® certification.”



Leo G. Rydzewski, JD, CAE  
General Counsel

# ENFORCEMENT PROGRAM KEY **ACCOMPLISHMENTS** IN 2022

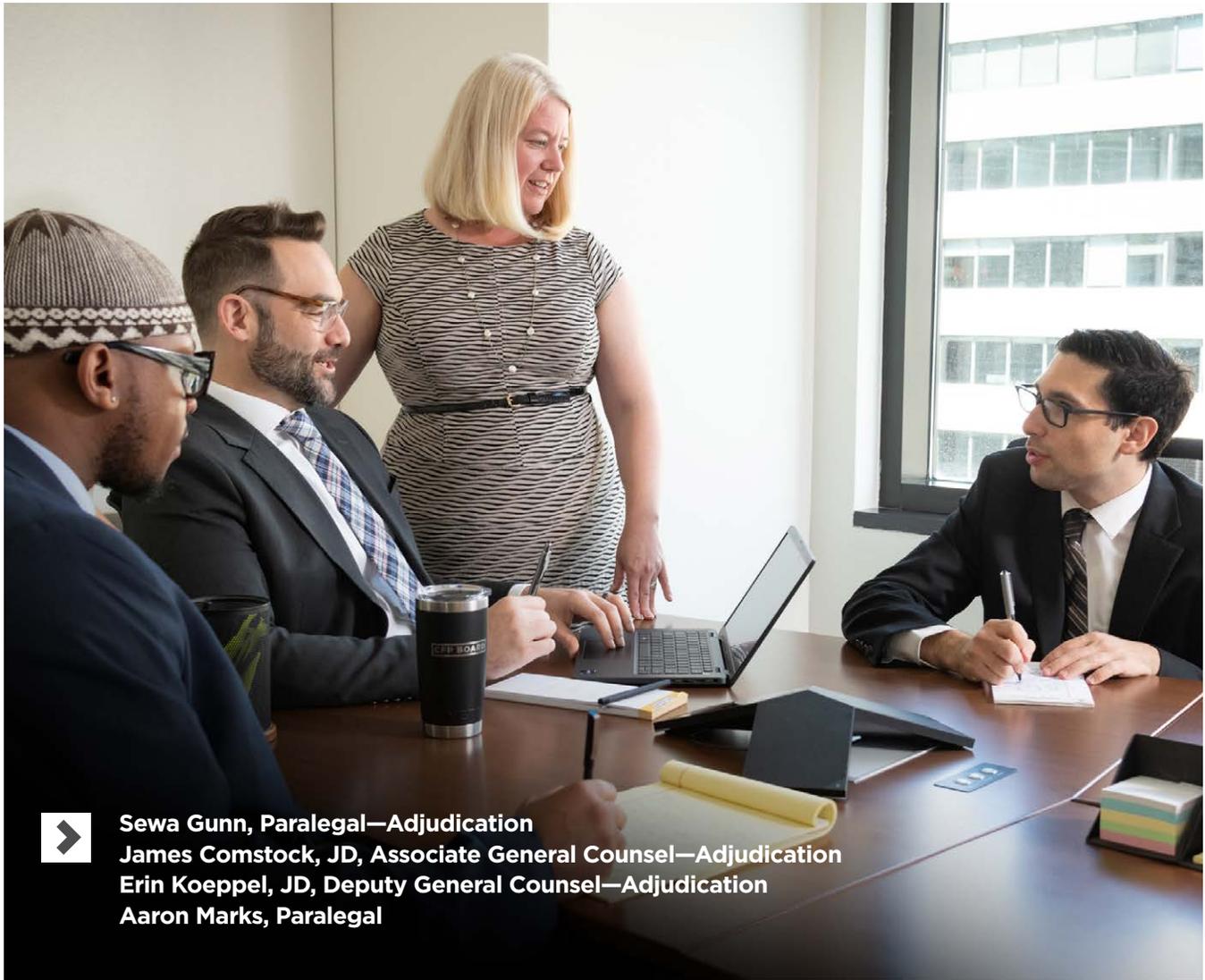
## **COMPLETION OF HISTORICAL ENFORCEMENT PROJECT**

In January 2022, CFP Board substantially completed its Historical Investigations Project, which began in 2019. Through this process, CFP Board staff conducted updated background checks on all CFP® professionals, reviewed all potential past misconduct by CFP® professionals, and identified potentially relevant information pertaining to approximately 17,000 CFP® professionals.

Between July 2019 and June 2020, staff reviewed publicly available information regarding all CFP® professionals contained in the Financial Industry Regulatory Authority, Inc.'s (FINRA) BrokerCheck database, the Securities Exchange Commission's (SEC) and state securities regulators' Investment Adviser Public Disclosure database, the websites of state securities and insurance regulators, and other public records. These historical background checks focused on detecting potential misconduct that previously may not have been investigated by CFP Board.

Staff compared discovered instances of potential misconduct against specific case-opening criteria to determine whether an event warranted further investigation. These criteria included factors such as the age, type and severity of an event. If an event was more than 7 years old, for example, it was set aside (and not investigated or prosecuted) unless there was also another more recent event.

Staff also filtered out certain kinds of events, such as traffic offenses and civil suits unrelated to professional activities or dishonest conduct, and more minor offenses, such as customer complaints that were dismissed by a CFP® professional's firm. In the end, CFP Board opened historical investigations into the conduct of 1,266 CFP® professionals, or approximately 1.4% of the total CFP® certificant population at the time.



**Sewa Gunn, Paralegal—Adjudication**  
**James Comstock, JD, Associate General Counsel—Adjudication**  
**Erin Koeppel, JD, Deputy General Counsel—Adjudication**  
**Aaron Marks, Paralegal**

While the number of investigations reflected only a small percentage of our CFP® professionals, the volume of investigations required significant increases to our enforcement program’s capacity. To ensure timely investigation of these CFP® professionals and adjudication of the resulting cases, CFP Board temporarily brought on nearly 40 additional persons, approximately half of whom were attorneys. The volume of cases also required a doubling of the DEC’s size, from 12 members to 24 members.

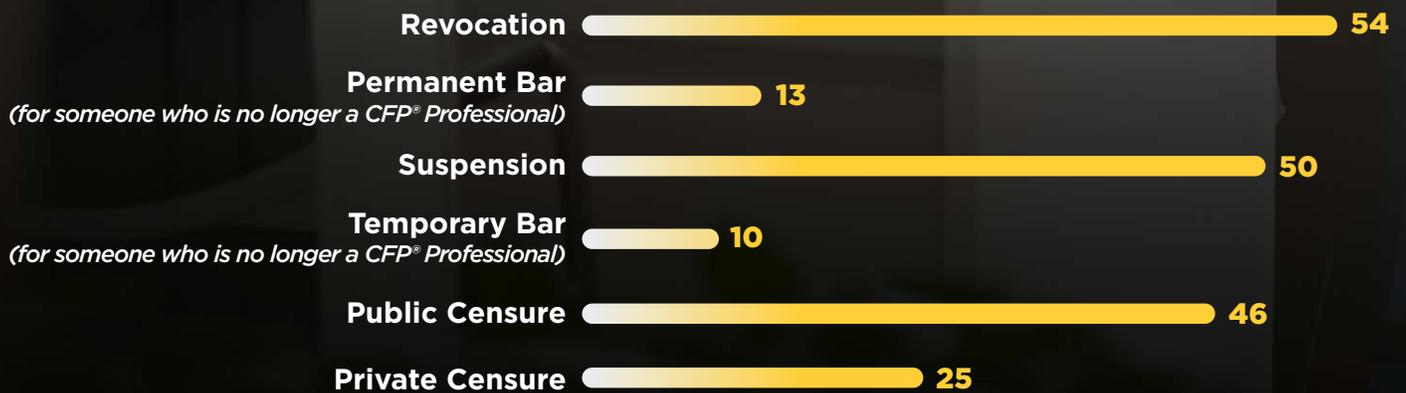
The enlarged DEC operated in two divisions so that it could conduct hearings and reviews on a monthly schedule, rather than its usual bi-monthly schedule, beginning in August 2020. The DEC continued meeting monthly through April 2022, at which point it resumed its bi-monthly meeting cadence and returned to its typical 12-member composition.



Erik Frias, JD,  
Director of Detection,  
and Adam Zajac, JD,  
Director of Investigations  
and Counsel to Managing  
Director of Enforcement



## SANCTIONS RESULTING FROM HISTORICAL INVESTIGATIONS PROJECT



# NOTABLE DECISIONS ISSUED IN 2022

CFP Board announced 135 public sanctions in 2022 (some of which the DEC issued in late 2021), including the notable decisions described below.

## **First Complaint Filed Under the Code and Standards Fiduciary Standard**

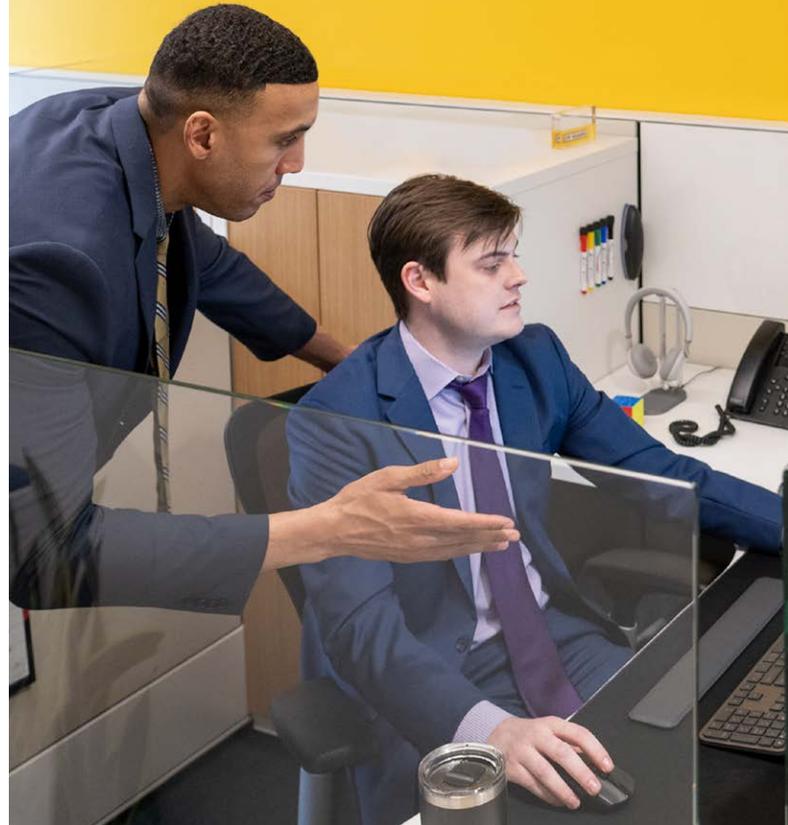
CFP Board's enforcement staff filed its first complaint alleging a violation of the expanded fiduciary duty introduced in the 2018 *Code and Standards*, which requires a CFP® professional to act as a fiduciary when providing financial advice to a client. CFP Board's complaint alleged that a CFP® professional breached the professional's fiduciary duty while providing financial planning services to a couple that was involved in divorce proceedings because:

1. They failed to make any conflict-of-interest disclosure to the divorcing clients, which was required when the CFP® professional learned of the impending divorce because their duties to one spouse were adverse to their duties to the other spouse; and
2. The CFP® professional failed to avoid the conflict of interest presented by the clients' divorce and provided financial advice to one spouse using information obtained in the joint representation of the clients that was potentially detrimental to the other spouse while both spouses remained his clients.

The CFP® professional consented to findings of a breach of fiduciary duty ([Standard A.1.](#)) while providing financial planning services to a couple



**Cheven Boddie and Jack Phillips,  
Enforcement Analysts**



that was involved in divorce proceedings and to the imposition of a public censure. The DEC also required the CFP® professional to perform remedial work in the form of continuing education, which were accepted by the DEC pursuant to the *Procedural Rules*.

## **Revocation Issued for Violation of Professionalism Standard**

CFP Board's *Code and Standards* requires a CFP® professional to treat clients, fellow professionals and others with dignity, courtesy and respect. This "Professionalism" requirement ([Standard A.7.](#)) codifies an essential element of any profession.

CFP Board's enforcement staff enforced this standard by filing a complaint against a CFP® professional who allegedly treated a former prospective client in an unprofessional manner. After a hearing, the DEC issued an order in which it found that CFP Board enforcement staff had met its burden to prove that the CFP® professional had violated [Standard A.7](#) of the *Code and Standards* and revoked the former CFP® professional's certification. Among other things, the DEC found that the CFP® professional told a putative client that "your reactions tell me, why your husband left you." As part of its decision, the Commission cited several aggravating factors, including:

1. The CFP® professional did not show any remorse during the investigation or the hearing;
2. The CFP® professional did not treat CFP Board counsel with dignity, respect or professional courtesy;
3. The CFP® professional received multiple negative reviews from customers detailing similar unprofessional behaviors, which is evidence of a pattern of misconduct;
4. The CFP® professional's misconduct was emotionally abusive, causing harm to the former prospective client, and he refused to acknowledge his cruelty; and
5. CFP Board issued a warning to the CFP® professional in 2013 about a similar interaction with a prospective client.

The CFP® professional appealed the DEC's decision to the Code and Standards Enforcement Committee of CFP Board, which affirmed the DEC's findings and the imposition of a revocation.

## **Candidate for CFP® Certification Permanently Barred Due to Exam Misconduct**

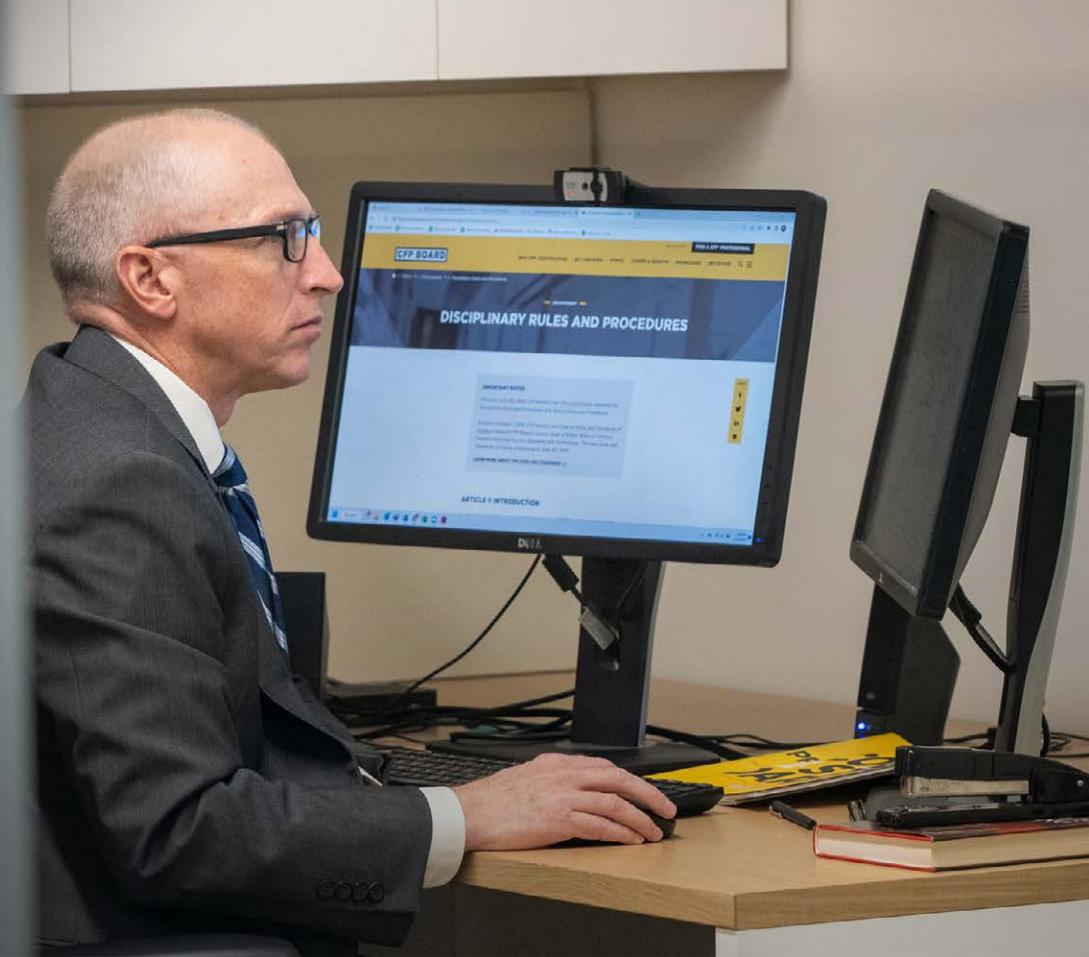
Documented CFP® exam misconduct is rare, but when it is detected, CFP Board's enforcement staff investigates and takes appropriate enforcement action. Doing so is essential to protecting the integrity of both the exam and CFP® certification.

In 2022, CFP Board's enforcement staff filed a complaint against a candidate for CFP® certification, alleging that the individual violated the *Pathway Agreement* when he engaged in exam conduct in connection with the March 2021 CFP® exam. The complaint alleged that the individual:

1. Participated in a chat group titled "March 2021 CFP® Exam" and requested information about exam questions from other participants who had already taken the March 2021 CFP® exam; and
2. Knowingly gained an advantage over other March 2021 CFP® exam-takers by studying topics based on the information he received from chat group participants.

The individual failed to file an Answer to CFP Board's complaint within 30 calendar days, and therefore, under Article 4.1.b. of the *Procedural Rules*, CFP Board's enforcement staff deemed the individual in default, and issued an Administrative Order of Permanent Bar that was effective as of June 2, 2022.

In November 2022, the individual entered into a Letter of Acceptance, Waiver and Consent with FINRA in which FINRA barred him from associating with a FINRA member in all capacities. FINRA's action was based on CFP Board's Administrative Order.



### **CFP® Professional Sanctioned for Misleading Social Media Content**

Social media advertising has become ubiquitous among financial professionals and many members of the public view ads on these platforms. While CFP Board has acted on misleading advertising by CFP® professionals in the past, those actions have largely involved traditional, offline advertising such as television commercials, newspaper ads and mailed solicitations. In 2022, CFP Board’s enforcement staff brought one of its first enforcement actions involving ads on social media. Staff filed a complaint alleging that a CFP® professional:

1. Made misleading statements, such as claiming on his website and in a YouTube video created to advertise his retirement planning program that individuals could be “100% certain” to have all the money they needed to retire in “Just 3-5 Years”; and

2. Posted a misleading YouTube video advertisement appearing to be a news broadcast, rather than a paid advertisement.

The CFP® professional also failed to provide information requested by CFP Board in connection with its investigation. CFP Board’s complaint alleged that the CFP® professional violated [Standard A.2.b.ii.](#) of the *Code and Standards* by making misleading statements in the conduct of professional services, and [Standard E.5](#) by failing to cooperate with CFP Board’s investigation.

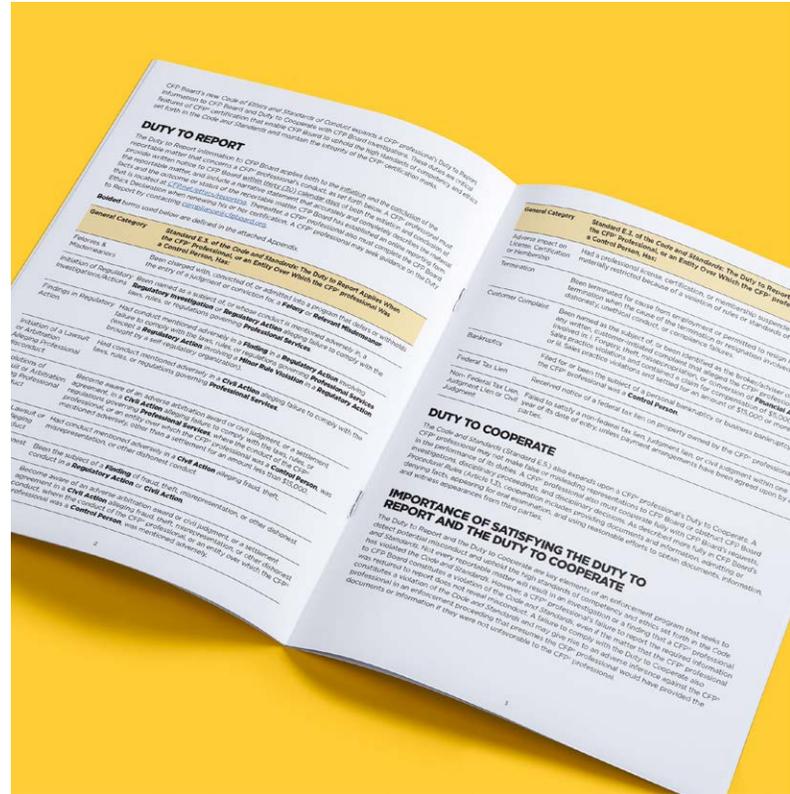
The CFP® professional failed to file an answer to CFP Board’s complaint. As a result, the CFP® professional was deemed in default, and CFP Board issued an Administrative Order of Permanent Bar.

# CFP BOARD ADOPTS STRONGER SANCTIONS FOR FAILURE TO REPORT, INACCURATE ETHICS DECLARATIONS

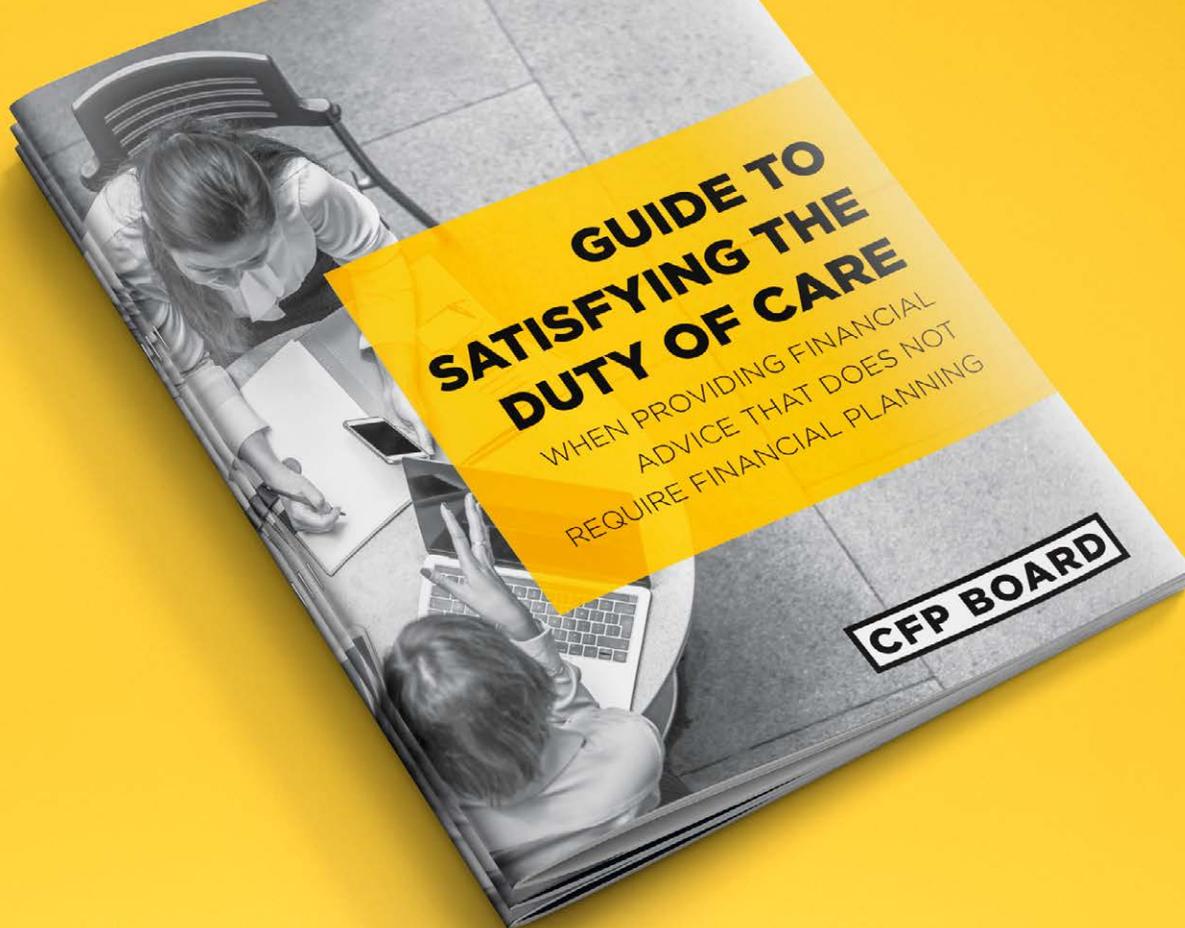
In 2022, CFP Board adopted higher sanctions guidelines resulting from the Board of Directors' November 2021 adoption of two key revisions to the *Sanction Guidelines* and *Procedural Rules*. These changes increased the recommended sanction from a private censure to a public censure for two types of misconduct: failing to timely report to CFP Board certain categories of information that may reveal other misconduct, and providing inaccurate ethics declarations to CFP Board.

The changes also included a clarification that timely reporting on the Uniform Application for Securities Industry Registration or Transfer (Form U4) would be considered equivalent to timely reporting to CFP Board. They further stipulated that a CFP® professional may accept a public censure for such misconduct without a hearing. CFP Board also adopted mitigating factors that might warrant a departure from the sanction guideline.

The increased sanction for failing to provide an accurate ethics declaration took effect on January 1, 2022, and the increased sanction for failing to timely report will take effect



on January 1, 2024. During 2022, CFP Board continued to raise awareness of the heightened sanctions for violation of the self-reporting requirement through a supplement to the ethics CE program that CFP® professionals must complete prior to renewing their certification, and through direct outreach to CFP® professionals and the firms that employ them. To date, these efforts have included regular reminders in email newsletters and the development of a detailed reference guide to CFP® professionals' [\*\*Duty to Report Information to CFP Board and Duty to Cooperate with CFP Board Investigations\*\*](#), a copy of which was mailed to CFP® professionals and firms by Managing Director of Enforcement Tom Sporkin, along with a letter encouraging compliance. Through these and other efforts, all CFP® professionals are being made aware of their self-reporting requirements.



## STANDARDS RESOURCE COMMISSION PUBLISHES NEW GUIDANCE MATERIALS FOR CFP® PROFESSIONALS

After announcing the adoption of the new *Code and Standards* in 2018, CFP Board institutionalized the development of compliance resources as a core business function. CFP Board formed a permanent body of volunteers—called the Standards Resource Commission (SRC)—to assist staff in developing resources to educate CFP® professionals and their firms on the requirements

set forth in the *Code and Standards*. This blue-ribbon group is comprised of leaders from financial services firms and members of the public.

The SRC continued its important work throughout 2022, developing new guides and a series of case studies to provide practical guidance to CFP® professionals and their firms on complying with the *Code and Standards*.

CFP Board released 3 new guides in January 2022, each focused on how CFP® professionals can meet their duties related to specific elements of the *Code and Standards*.

**[The Guide to Satisfying the Duty of Care When Providing Financial Advice That Does Not Require Financial Planning](#)** outlines a 7-step process by which a CFP® professional may satisfy the duty of care. The guide also compares this process to the *Practice Standards for the Financial Planning Process* contained within the Practice Standards Reference Guide.

[\*\*The Guide to Managing Material Conflicts of Interest\*\*](#) describes approaches a CFP® professional may take to fulfill their duty to manage conflicts. It also presents a 3-step process CFP® professionals should follow in developing and adopting business practices for conflicts management.

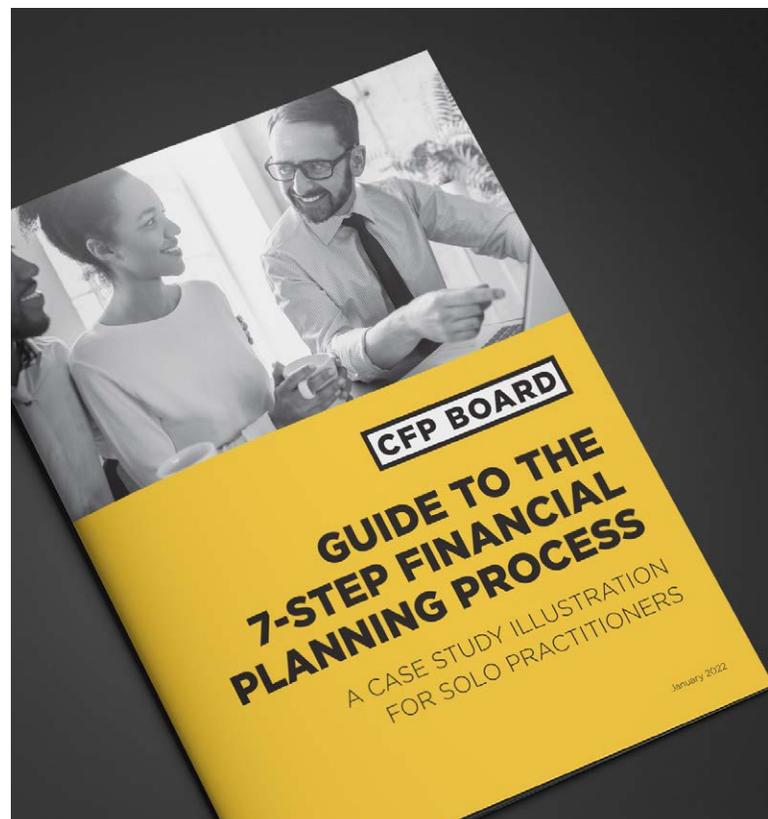
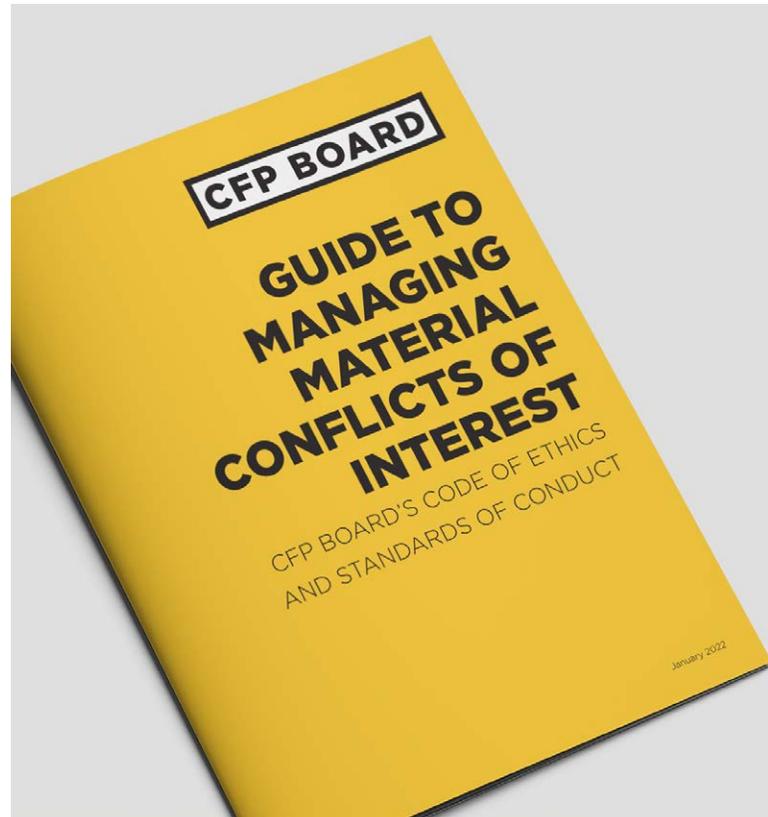
[\*\*The Guide to the 7-Step Financial Planning Process\*\*](#) illustrates how a financial advisor might provide financial planning to a client in accordance with the *Code and Standards* through the use of a hypothetical circumstance.

The SRC followed this work with the October 2022 release of 6 new case studies. Each case study presents a hypothetical factual circumstance and then asks a question about a CFP® professional's duty in that circumstance under the *Code and Standards*. The case studies provide response options, identify the best response, and then discuss the rationale for why that response is the best. To date, CFP Board has developed 38 case studies.

Topics addressed in the 6 new case studies include:

[\*\*Managing Conflicts of Interest Arising from Different Product Recommendations:\*\*](#) This case study clarifies how a CFP® professional can adequately disclose and manage conflicts of interest when recommending a mutual fund portfolio with a lower expense ratio while the CFP® professional's firm receives revenue sharing payments from the mutual fund company.

[\*\*The Duty to Manage Material Conflicts of Interest When Making an Account Type Recommendation:\*\*](#) This case study addresses how to properly manage a material conflict of interest when a CFP® professional is recommending a client open either a



non-discretionary advisory account (where the client pays an annual percentage of the assets in the account) or a brokerage account (where the client pays a commission for every transaction and will provide more compensation to the CFP® professional over time).

### **The Duty of Confidentiality and Privacy Requires Reasonable Steps to Protect Client Information:**

This case study addresses a CFP® professional's failure to satisfy the duty of confidentiality and privacy by using her personal e-mail instead of her firm e-mail to share documents with clients when the personal e-mail does not include the same level of protection as the firm's e-mail system.

### **Applying the Duty of Confidentiality and Privacy to the Sharing of Non-Public Personal Information:**

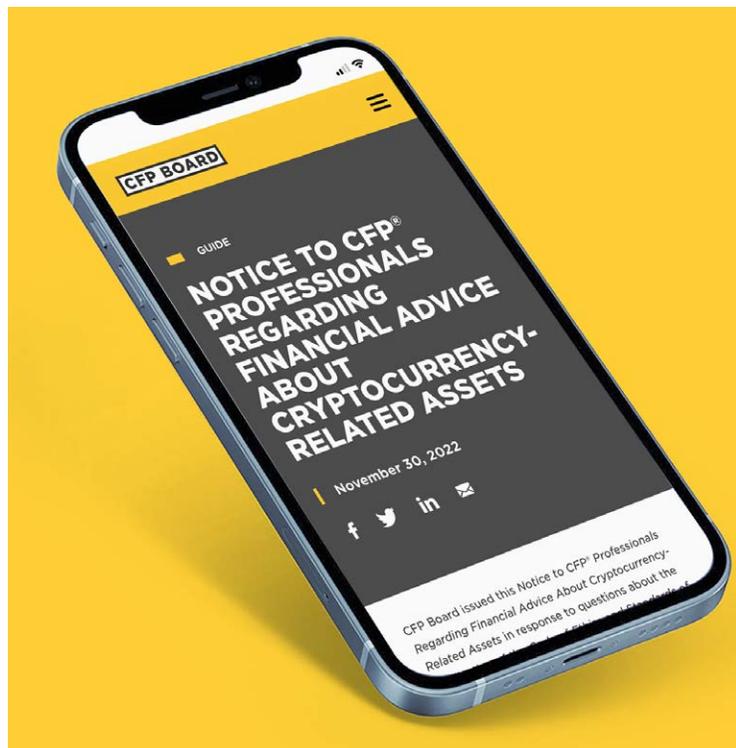
This case study clarifies that the duty of confidentiality requires a CFP® professional to keep confidential and not disclose any non-public personal information, with limited exceptions for ordinary business and legal and enforcement purposes.

### **Interpreting the Practice Standard for Analyzing the Client's Current Course of Action:**

This case study addresses the type of analysis required by step 3 of the *Practice Standards for the Financial Planning Process* (i.e., to analyze the client's current course of action and potential alternative courses of action).

### **Interpreting the Practice Standard for Updating the Financial Planning Recommendations:**

This case study addresses that a CFP® professional with monitoring and updating responsibilities must determine whether circumstances warrant changes to the client's goals, recommendations, or selection of actions, or products or services.



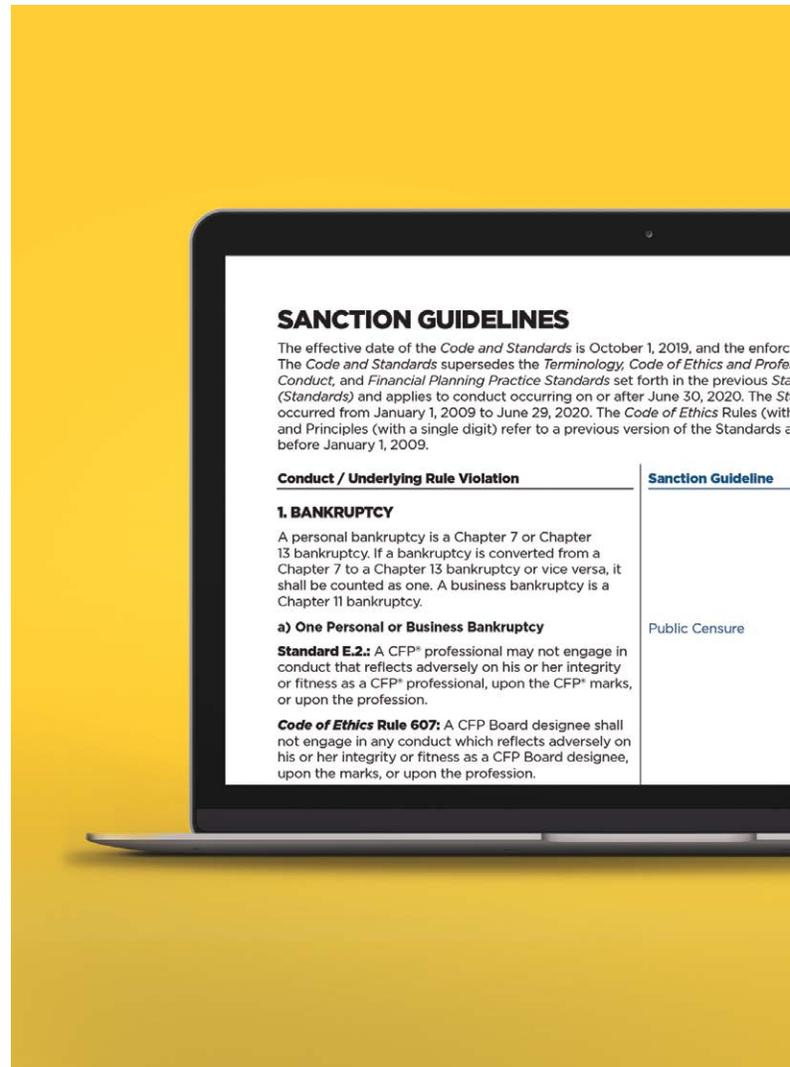
Finally, in late November 2022, CFP Board and the SRC issued a **Notice to CFP® Professionals Regarding Financial Advice About Cryptocurrency-Related Assets**. This timely notice was developed in response to questions about the application of the *Code and Standards* to financial advice on cryptocurrencies and other financial assets whose value is tied to cryptocurrencies. It identifies relevant provisions of the *Code and Standards*, including the Duty of Competence, the Fiduciary Duty, the Duty to Provide Information to a Client, the Duty to Comply with the Law, and Duties When Selecting, Recommending, and Using Technology, as well as considerations that arise under the *Practice Standards for the Financial Planning Process*, and discusses how they apply to cryptocurrency-related assets.

All resources CFP Board has developed with the SRC are available at [CFP.net/Compliance](https://www.cfp.net/compliance).

# COMMISSION ON SANCTIONS AND FITNESS EVALUATES SANCTION RECOMMENDATIONS AND FITNESS DETERMINATIONS

The Commission on Sanctions and Fitness (SFC) substantially completed its review of CFP Board's *Sanction Guidelines* and *Fitness Standards for Candidates for CFP® Certification and Former Professionals Seeking Reinstatement* in December 2022. Since its establishment in February 2021, the SFC has worked to assess the appropriate sanction and fitness determination for the types of conduct that violate the *Code and Standards*. For each type of conduct reviewed, the SFC is responsible for developing recommendations for the appropriate sanction guideline and fitness determination guideline, as well as aggravating and mitigating factors that may lead the DEC to issue an increased or reduced sanction.

In November 2021, following the SFC's review of the sanction for failures to report information about potential misconduct and failures to provide inaccurate ethics declarations to CFP Board, as well as a two-month public comment period, the Board of Directors adopted increased sanction guidelines for these violations from a private censure to a public censure.



The SFC's other recommended changes to the *Sanction Guidelines* and *Fitness Standards* will also be reviewed by the Board of Directors. Once the Board completes an initial review in 2023, it will release the SFC's recommendations for public comment. The SFC will subsequently review input received during the public comment period, develop revised recommendations, and submit the updated *Sanction Guidelines* and *Fitness Standards* to the Board for final approval.

# PROPOSED PROCEDURAL RULES REVISIONS RELEASED FOR PUBLIC COMMENT

In November 2022, CFP Board requested public comment on proposed changes to the *Procedural Rules*. The proposed changes are intended to modernize CFP Board’s enforcement processes and advance the organization’s work to uphold its *Code and Standards* for the benefit of the public.

The proposed revisions to the *Procedural Rules* address a number of topics that CFP® professionals and others have raised about the current *Procedural Rules*, including the following:

1. Expanding the role of counsel for the DEC to make the adjudication process more efficient;
2. Transferring some administrative functions from the Enforcement Department to the Adjudication Department;
3. Incorporating an existing DEC standing order and other existing practices;
4. Promoting the benefits of the adversarial process by eliminating settlement counteroffers;
5. Requiring respondents who are the subject of an Interim Suspension Order to file a petition for reinstatement within two years or receive an Administrative Order of Revocation;



6. Enabling informal outreach;
7. Establishing a process for admitting expert witness testimony; and
8. Modifying the limitations period to address situations where enforcement counsel does not know if the limitations period has passed when opening an investigation.

The comment period ended in January 2023. The Board of Directors subsequently considered the comments, made some changes, and voted to adopt the proposed revisions with an effective date of September 1, 2023.

# CONTINUING EDUCATION PROGRAM REINFORCES ETHICAL COMMITMENTS, REQUIREMENTS

CFP® professionals must complete 30 hours of continuing education every 2 years, including a 2-hour program on CFP Board’s ethical standards. In 2022, CFP® professionals had the opportunity to complete their ethics continuing education (CE) requirement through nearly 50 CE sponsor programs accepted by CFP Board.

Each of these programs was based on a curriculum developed by CFP Board to ensure all CE sponsor partners offer a consistent ethics CE program. The curriculum was carefully designed to promote CFP® professionals’ understanding of and compliance with key elements of the updated *Code and Standards*. It includes a review of the structure and content of the *Code and Standards*, including major changes from previous versions, with an emphasis on updated rules for managing material conflicts of interest and expanded self-reporting requirements. The course also provides a detailed discussion of a CFP® professional’s fiduciary duty and helps participants identify the *Practice Standards* when providing financial planning or financial advice that requires financial planning.

CFP® professionals can find programs that satisfy CFP Board’s CE requirements by visiting [CFP.net/FindCE](https://www.cfp.net/FindCE).



## CONTINUED IMPLEMENTATION OF 5-YEAR PLAN TO MODERNIZE ENFORCEMENT PROGRAM

CFP Board developed a 5-year plan for modernizing its enforcement program. A complete history of this modernization is set forth in the appendix.

# ENFORCEMENT PERSONNEL



**BACK ROW:** Erik N. Frias, Sarah Salifou, Joel Vengrin, Lane Thurgood, Jack Phillips, and Cheven Boddie.  
**FRONT ROW:** Matt Foster, Jason Rhee, McKenna Davis, Adam R. Zajac, Khiran Sidhu, Emily Nevala, Semhal Woldu, Sydney Young, and Tom Sporkin.

**NOT PICTURED:** Luz Cueto and Jane Morris



# CFP BOARD ENFORCEMENT DEPARTMENT

## (DETECTION, INVESTIGATION, AND PROSECUTION)

### LEADERSHIP

---



**TOM SPORKIN, JD**  
Managing Director of  
Enforcement

**Role:** Leads the Enforcement Department which includes a team of 17 attorneys and analysts organized into two groups; one focused on detecting potential misconduct, and one focused on investigating and prosecuting misconduct

**Education:** J.D., Washington College of Law, American University; B.S., University of Maryland

**Key Prior Experience:** Partner, Buckley, LLP; Senior Officer, SEC Enforcement Division; co-managed the SEC Office of Internet Enforcement; designed, built and managed the SEC Office of Market Intelligence (including the Office of Market Surveillance and the Whistleblower Program); supervised comprehensive investigations, triage investigations and data mining on all intelligence the SEC received



**ADAM R. ZAJAC, JD**  
Director of Investigations  
and Counsel to Managing  
Director of Enforcement

**Role:** Manages CFP Board's process for investigating and prosecuting allegations of misconduct

**Education:** LL.M., Georgetown University Law Center; J.D., Wayne State University Law School; B.A., Michigan State University

**Key Prior Experience:** Served as CFP Board's Director of Adjudication from 2012-2018 and Counsel in the Investigations Group from 2009-2012



**ERIK N. FRIAS, JD**  
Director of Detection

**Role:** Manages efforts to detect evidence of misconduct; initiates investigatory process

**Education:** J.D., George Mason University School of Law, magna cum laude; B.S., Georgetown University

**Key Prior Experience:** Attorney, FINRA Enforcement Department; Partner, Frias Daisy & Collins, LLP; Associate, Fried Frank Harris Shriver & Jacobson, LLP

## ATTORNEYS

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**KHIRAN SIDHU, JD**  
Senior Counsel

**Key Prior Experience:**

Partner at SEC enforcement boutique law firm; Associate at Willkie Farr & Gallagher LLP. B.A., University of Maryland; J.D., Columbia Law School



**JOEL VENGRIN, JD**  
Senior Counsel

**Key Prior Experience:**

Senior Counsel with Enforcement Departments at FINRA and the SEC; Assistant District Attorney at the Manhattan DA's Office. B.A., University of Virginia; J.D., University of Virginia School of Law



**LANE THURGOOD, JD, CRCP®**  
Senior Counsel

**Key Prior Experience:**

FINRA Enforcement Department Senior Director; JAG Officer in District of Columbia National Guard. B.A., Brigham Young University; J.D., the University of Utah School of Law



**MATT FOSTER, JD**  
Senior Counsel

**Key Prior Experience:**

Prior to joining CFP Board Matt worked for over a decade at a law firm in Washington, DC



**EMILY NEVALA, JD**  
Counsel

**Key Prior Experience:**

Law Clerk with the U.S. House Parliamentarian's Office; Legal Intern at ACUS; Senior Research Associate at Public International Law and Policy Group. B.A., University of Arkansas; M.A., American University-School of International Service; J.D., Washington College of Law, American University

## ANALYSTS, SPECIALISTS, AND ADMINISTRATIVE SUPPORT

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**JANE MORRIS**  
Senior Analyst



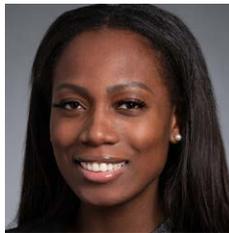
**JACK PHILLIPS**  
Analyst



**LUZ CUETO**  
Analyst



**CHEVEN BODDIE**  
Analyst



**SARAH SALIFOU**  
Senior Specialist



**JASON RHEE**  
Specialist



**SEMHAL WOLDU**  
Specialist



**MCKENNA DAVIS**  
Specialist



**SYDNEY YOUNG**  
Administrator

# ADJUDICATION AND APPEALS PERSONNEL



**BACK ROW:** Jonathan Black, Erin Koepfel, and Leo Rydzewski. **FRONT ROW:** Sewa Gunn, James Comstock, and Aaron Marks.

**NOT PICTURED:** Mary-Helen Perry



## CFP BOARD ADJUDICATION AND APPEALS LEADERSHIP

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**LEO G. RYDZEWSKI, JD, CAE**  
General Counsel

**Role:** Works with volunteer commissions to update CFP Board's ethics standards documents for Board approval (including the *Code and Standards*, *Sanction Guidelines*, and *Fitness Standards*), updates and modernizes the *Procedural Rules* for Board approval, partners with the Standards Resource Commission to develop guidance resources, and oversees adjudication of the *Code and Standards* and *Pathway Agreement*

**Education:** J.D., Florida State University, summa cum laude; B.A., Georgetown University

**Key Prior Experience:** Partner, Holland & Knight LLP; Law clerk to Federico Moreno, U.S. District Court for the Southern District of Florida



**ERIN KOEPEL, JD**  
Deputy General Counsel—  
Adjudication

**Role:** DEC counsel with responsibility for the adjudication function and ensuring that disciplinary matters are resolved in accordance with the *Procedural Rules*

**Education:** J.D., Cornell Law School; B.A., Ohio Wesleyan University, magna cum laude

**Key Prior Experience:** Partner, K&L Gates LLP



**JONATHAN BLACK, JD**  
Assistant General Counsel

**Role:** Appellate counsel responsible for representing Enforcement Department in appeals before the Appeals Commission

**Education:** J.D., University of Virginia School of Law; B.A., University of Arizona

**Key Prior Experience:** Associate, White & Case LLP

## ADJUDICATION AND APPEALS STAFF

---



**JAMES COMSTOCK, JD**  
Associate General Counsel—  
Adjudication

**Role:** Ensures disciplinary matters are resolved in accordance with the *Procedural Rules*

**Education:** J.D., Georgetown University Law School; B.A., James Madison University

**Key Prior Experience:** Legal consultant to major corporations and government-sponsored enterprises



**MARY-HELEN PERRY, JD**  
Associate General Counsel—  
Adjudication

**Role:** Ensures disciplinary matters are resolved in accordance with the *Procedural Rules*

**Education:** J.D., UC Berkeley School of Law; B.A., Wellesley College

**Key Prior Experience:** Senior Staff Attorney, DC Bar Office of Disciplinary Counsel; Associate, Jones Day



**SEWA GUNN**  
Paralegal—  
Adjudication



**AARON MARKS**  
Paralegal

# DISCIPLINARY AND ETHICS COMMISSION



**BACK ROW:** Erin Koeppel, James Comstock, Ben Johnson, Clarence Darrow Richardson, Jr., Keith Barberis, James Bryan, and Leo Rydzewski. **FRONT ROW:** Joel L. Konigsberg, Darby Armont, Alan Besnoff, John MacLean, Melissa Kemp, and H. Amos Goodall.

**NOT PICTURED:** Ty Bilderback, Harvey Hutchinson, Maurice Miller, Jr., and Sue Rogan



## DISCIPLINARY AND ETHICS COMMISSION

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The DEC is a peer-review body composed of volunteer CFP® professionals and members of the public that reviews and takes appropriate action with respect to alleged violations of the *Code and Standards*. The DEC functions in accordance with the *Procedural Rules* and reviews all matters on a case-by-case basis, considering the details specific to an individual case. If the DEC determines there are grounds for sanction, then it may impose a sanction. The DEC also reviews conduct and issues determinations pursuant to the *Fitness Standards*.

The DEC is composed of 12 members who each serve 3-year terms. In making appointments to the DEC, CFP Board strives to achieve professional diversity, including years of professional experience, geographic location, compensation method, business segment and firm size. DEC members receive specialized training and have dedicated legal counsel. The DEC meets at least 6 times a year, and each DEC member attends at least 4 out of the DEC's 6 meetings, which usually span several days. In 2022, DEC members collectively reviewed more than 25,000 pages of materials in preparation for their hearings and settlement reviews; devoted almost 200 hours of time to hearings, reviews or other meetings (plus time for preparation); and issued orders that totaled more than 2,500 pages.

### 2022 DEC MEMBERS



**MAURICE MILLER, JR., CFP®**  
**Chair**  
*Wealth Management Adviser*  
MassMutual



**DARBY ARMONT, CFP®**  
*Executive Vice President*  
*Wealth Management*  
*and Business Strategy*  
Richard P. Slaughter  
Associates



**KEITH BARBERIS, CFP®**  
*Director, Partner,*  
*Wealth Manager*  
Barberis Wealth  
Management of Steward  
Partners Investment  
Advisory LLC

## DISCIPLINARY AND ETHICS COMMISSION (CONTINUED)

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**ALAN BESNOFF, CFP®**  
*Founder/Consultant*  
Securities Expert Witness  
& Litigation Support, LLC



**TY BILDERBACK, CFP®**  
Raleigh, NC



**JAMES BRYAN, CFP®**  
*Principal—Wealth  
Management*  
Cahill Financial Advisors, LLC



**H. AMOS GOODALL, JD,  
CELA, LLM**  
*Attorney*  
Steinbacher, Goodall &  
Yurchak



**HARVEY HUTCHISON, CFP®**  
*Lead Financial Planner*  
Brown Financial Advisory



**BEN JOHNSON, CFP®**  
*Vice President, Financial  
Planning Director*  
Morgan Stanley



**MELISSA KEMP, CFP®**  
*President*  
Premium Administration,  
LLC



**STEPHANIE KING, CFP®**  
*Managing Director, Wealth  
and Advice Solutions*  
Charles Schwab



**JOEL L.  
KONIGSBERG, CFP®**  
*Managing Director/  
Financial Advisor*  
Morgan Stanley

## DISCIPLINARY AND ETHICS COMMISSION (CONTINUED)

---



**JOHN MACLEAN, CFP®**  
*Vice President,  
Corporate Audit*  
Fidelity Investments



**CLARENCE DARROW  
RICHARDSON, JR., ESQ.**  
*Executive Director*  
MassNAELA  
  
*Associate*  
Law Offices of  
Timothy T. Loff



**SUE ROGAN, AFC®**  
*Director of Strategic  
Partnerships*  
CASH Campaign of  
Maryland

# DISCIPLINARY AND ETHICS COMMISSION HISTORICAL ENFORCEMENT DIVISION



**TOP ROW:** Christine Medeiros, Jack C. Harmon II, Catheryne DiPrete, and Bryan Jackson. **MIDDLE ROW:** Michael Beaulieu, Chris Beard, Maurice Miller, Jr., Matthew Murphy, Cheryl Costa, and Rich Vanderheiden. **BOTTOM ROW:** Leo Rydzewski, Gary Strickland, Phil Fazio, and Erin Koeppel.

## DISCIPLINARY AND ETHICS COMMISSION HISTORICAL ENFORCEMENT DIVISION

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In 2020, to adjudicate the additional volume of enforcement matters resulting from the historical investigations, CFP Board called upon former DEC members and other leaders of the profession. These individuals agreed to serve on the DEC for limited terms to allow for the adjudication of the increased number of enforcement matters. This doubled the size of the DEC, creating two divisions of 12 members, allowing a monthly meeting cadence. In April 2022, the DEC returned to its usual 12-member composition and bi-monthly meetings.

### HISTORICAL ENFORCEMENT PERIOD DEC MEMBERS



**CHRIS BEARD, CFP®**  
*Managing Partner*  
Professional Planning  
& Wealth



**MICHAEL BEAULIEU, CFP®**  
*Senior Wealth Advisor  
& Team Leader,  
Managing Director*  
MAI Capital Management



**CHERYL COSTA, CFP®**  
*Founder*  
Woodside Wealth  
Management



**CATHERYNE DIPRETE, CFP®**  
*First Vice President,  
Financial Advisor*  
Morgan Stanley



**PHIL FAZIO, CFP®**  
*Senior Consultant*  
Merrill Lynch Wealth  
Management



**JACK C. HARMON II, CFP®**  
*Principal*  
Harmon Financial  
Advisors, Inc.

## DISCIPLINARY AND ETHICS COMMISSION HISTORICAL ENFORCEMENT DIVISION (CONTINUED)

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**BRYAN JACKSON, CFP®**  
*Senior Wealth Advisor*  
Beacon Pointe

*Program Director*  
Southern Methodist University  
CERTIFIED FINANCIAL  
PLANNER™  
Certificate Program



**CHRISTINE MEDEIROS, CFP®**  
*Financial Advisor*  
Eagle Strategies, LLC



**MAURICE MILLER, JR., CFP®**  
*Wealth Management Adviser*  
MassMutual



**MATTHEW MURPHY, CFP®**  
*Partner/Client Advisor*  
Mission Wealth



**GARY STRICKLAND, ESQ.**  
*Partner*  
Radix Law



**RICH VANDERHEIDEN, ESQ.**  
*Chair, Disciplinary  
Policy Committee*  
Center for Guardianship  
Certification

# APPEALS COMMISSION

The Appeals Commission is responsible for the adjudication of appeal hearings, meaning it has sole authority to issue CFP Board's final decision when there is an appeal of a final order of the DEC or an Administrative Order. Members are volunteer CFP® professionals, attorneys and enforcement experts.

## 2022 MEMBERS



**DENISE (“DENNY”)  
VOIGT CRAWFORD**  
**Chair**  
*Securities Consultant/  
Expert*  
Denise Voigt Crawford  
Securities Consulting



**SHELLY-ANN EWKA, CFP®**  
*Wealth Management  
Director*  
The Teachers Insurance  
and Annuity Association of  
America-College Retirement  
Equities Fund (TIAA)



**SUSAN MACMICHAEL  
JOHN, CFP®**  
*Principal, Managing  
Director of Financial  
Planning*  
F.L. Putnam Investment  
Management Company



**GARY STRICKLAND, ESQ.**  
*Partner*  
Radix Law



**JEFFREY WEEKES, CFP®**  
*First Vice President,  
Financial Advisor, Portfolio  
Management Director*  
Morgan Stanley

# CODE AND STANDARDS ENFORCEMENT COMMITTEE

The Code and Standards Enforcement Committee is a committee of the Board of Directors charged with reviewing and recommending changes to the *Code of Ethics and Standards of Conduct*, *Procedural Rules*, *Sanction Guidelines* or *Fitness Standards for Candidates for CFP® Certification and Former CFP® Professionals Seeking Reinstatement*. The committee also provides oversight for CFP Board's enforcement process and decided appeals filed on or before February 20, 2022, in accordance with the *Procedural Rules*.

## 2022 MEMBERS



**NANCY SMITH**  
**Chair**  
*EVP, Corporate Secretary*  
AARP



**LOUIS BARAJAS, CFP®**  
*President and Partner*  
MGO Private Wealth LLC



**RON GREEN, CFP®**  
*Market Leader*  
Wells Fargo Advisors



**ROBERTA KARMEL**  
*Co-Director*  
Dennis J. Block Center for the  
Study of International Business  
Law, Brooklyn Law School



**PETER ROHR, CFP®**  
*Managing Director*  
The Rohr Group  
Merrill Lynch

# STANDARDS RESOURCE COMMISSION



**TOP ROW:** Thomas Anderson, Pamela Banks, Patrick Daxon, Catheryne DiPrete, and John Pettee. **MIDDLE ROW:** Christine Lazaro, Randy Gardner, Karim Lynn, Jeffrey E. Daniher, Linda Leitz, and C. Frederick Reish. **BOTTOM ROW:** Leo Rydzewski, Kevin Ruth, Lori Trawinski, Micah Hauptman, and Erin Koepfel.

## STANDARDS RESOURCE COMMISSION

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The Standards Resource Commission was formed in June 2018 to assist staff in developing guidance resources to help CFP® professionals and their firms understand and comply with CFP Board's *Code and Standards*. To date, the volunteer members of the commission have developed dozens of materials such as fact sheets, case studies, FAQs and videos, all of which are available online: [CFP.net/Compliance](https://www.cfp.net/Compliance)

### 2022 MEMBERS



**JEFFREY E. DANIHER,**  
**CFP®, AEP®, CTFA, CLU**  
**Chair**  
*Financial Advisor*  
Ritter Daniher Financial  
Advisory, LLC



**THOMAS ANDERSON,**  
**CFP®, J.D.**  
*Assistant General  
Counsel*  
Northwestern Mutual



**PAMELA BANKS**  
*Former Senior Policy  
Counsel*  
Consumers Union



**KEVIN RUTH, CFP®**  
*SVP, Private Wealth*  
Raymond James



**PATRICK DAXON, CFP®**  
*Vice President,  
Wealth Planning*  
Raymond James  
Financial



**CATHERYNE DIPRETE,**  
**CIMA®, CFP®**  
*Senior Vice President,  
Financial Advisor*  
Morgan Stanley

## STANDARDS RESOURCE COMMISSION (CONTINUED)

---



**RANDY GARDNER, J.D.,  
LL.M., CFP®, MBA, CPA**  
*Educator and Founder*  
Estate Plan Inc.



**MICAH HAUPTMAN**  
*Director of Investor Protection*  
Consumer Federation of  
America



**CHRISTINE LAZARO**  
*Professor of Clinical Legal  
Education and Director of the  
Securities Arbitration Clinic*  
St. John's University School  
of Law



**LINDA LEITZ, CFP®**  
*Founder*  
Peace of Mind  
Financial Planning Inc.



**KARIM G. LYNN**  
*Senior Vice President &  
Deputy General Counsel*  
Fidelity Investments



**JOHN PETTEE, CFP®**  
*Senior Wealth Strategist*  
Schwab Private Client  
Investment Advisory



**C. FREDERICK REISH**  
*Partner*  
Drinker Biddle & Reath,  
LLP



**LORI TRAWINSKI, PH.D., CFP®**  
*Director of Banking and  
Finance*  
AARP Public Policy Institute

# COMMISSION ON SANCTIONS AND FITNESS



**BACK ROW:** Christopher Rand, Stephen W. Hall, Andrea Seidt, Russ Ryan, Elizabeth Jeter, Michael Branham, and Joseph M. Miller. **FRONT ROW:** Jeffrey Weekes, Craig C. Reaves, Shelly-Ann Eweka, Leo Rydzewski, Dave O'Brien, and Christine Hines.

**NOT PICTURED:** Linda Sherry, Joe Sicchitano, and Demetra Sullivan



## COMMISSION ON SANCTIONS AND FITNESS

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CFP Board launched the Commission on Sanctions and Fitness in February 2021 to review and recommend changes to CFP Board's *Sanction Guidelines* and *Fitness Standards for Candidates for CFP® Certification and Former Professionals Seeking Reinstatement*. The group is comprised of volunteer members of the public, consumer advocates, individuals with regulatory experience, and CFP® professionals representing various business and compensation models.

### 2022 MEMBERS



**SHELLY-ANN EWEKA, CFP®**  
**Chair**  
*Wealth Management  
Director*  
TIAA



**MICHAEL  
BRANHAM, CFP®**  
*Partner and Senior  
Financial Planner*  
The Planning Center, Inc.



**STEPHEN W. HALL**  
*Legal Director and  
Securities Specialist*  
Better Markets



**CHRISTINE HINES**  
*Legislative Director*  
National Association  
of Consumer  
Advocates



**ELIZABETH JETER  
HRUBALA, CFP®**  
*President and Owner*  
Jeter Hrubala Wealth  
Strategies, LLC



**JOSEPH M. MILLER, CFP®**  
*MVP, Head of Retail  
Retirement*  
MissionSquare Retirement

## COMMISSION ON SANCTIONS AND FITNESS (CONTINUED)

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**DAVE O'BRIEN, CFP®**  
*Principal and Founder*  
EVOadvisers



**CHRISTOPHER RAND, CFP®**  
*Managing Partner*  
FIDES Wealth Strategies  
Group and the Wealth  
Consulting Group



**CRAIG C. REAVES**  
*Attorney*  
Reaves Law Firm, P.C.



**RUSSELL G. RYAN**  
*MVP, Head of Retail  
Senior Litigation  
Counsel*  
New Civil Liberties  
Alliance



**ANDREA SEIDT**  
*Ohio Securities  
Commissioner*  
Ohio Department of  
Commerce, Division of  
Securities



**LINDA SHERRY**  
*Former Director of  
National Priorities and  
Chief Spokesperson*  
Consumer Action



**JOE SICCHITANO, CFP®**  
*Former Head of Wealth  
Planning and Advice Delivery*  
Truist



**DEMETRA SULLIVAN, CFP®**  
*Vice President and Regional  
Market Executive*  
Charles Schwab



**JEFFREY WEEKES, CFP®**  
*Vice President-Financial  
Advisor and Senior  
Portfolio Manager*  
Morgan Stanley

# BUSINESS MODEL COUNCIL

The Business Model Council was formed to provide insights on how CFP Board's *Code and Standards* and *Procedural Rules* impact the different business models of firms that employ and contract with CFP® professionals. Council members are volunteers who also assist CFP Board in the development and review of *Code and Standards* guidance resources and support CFP® certification within their organizations. The Council is comprised of senior-level executives in the compliance, legal and financial planning departments of approximately 25 financial services firms that represent the primary market segments of the financial services industry. Photos of some of the members of the Business Model Council are set forth below.

## 2022 MEMBERS



**CHRISTIAN J. CANNON**  
*Lead Director and  
Associate General  
Counsel*  
Equitable



**ROBERT CHWALK, CFP®,  
CLU®, CHFC®**  
*Vice President*  
*Advanced Wealth Solutions*  
Fidelity Investments



**JAMES CREEL**  
*Senior Counsel*  
The Vanguard Group



**PATRICK DAXON, CFP®**  
*Senior Vice President*  
Raymond James



**NICHOLAS HOLEMAN, CFP®**  
*Director of Financial  
Planning*  
Betterment



**DANIEL M. KEADY, CFP®**  
*Managing Director,  
Chief Financial  
Planning Strategist*  
TIAA

## BUSINESS MODEL COUNCIL (CONTINUED)

---



**JASON P. KELLY**  
*Associate General  
Counsel*  
Edward Jones



**STEPHANIE KING, CFP®**  
*Managing Director,  
Wealth and Advice  
Solutions*  
Charles Schwab



**RICH SCARPELLI, ChFC®**  
*Executive Vice President,  
Head of Financial Planning*  
First Republic Investment  
Management



**STANLEY SMILEY**  
*Senior Vice President*  
Advanced Planning  
Group, Cetera  
Advisors, LLC



**DEMETRA SULLIVAN**  
*Vice President and  
Regional Market  
Executive*  
Charles Schwab



**RICHARD ZAK, CFP®**  
*Managing Director*  
Charles Schwab

# ADJUDICATION ADVISORY GROUP

The Adjudication Advisory Group (AAG) reviewed, evaluated and provided input on potential modifications to CFP Board’s process and practice for providing effective, efficient and credible adjudication of enforcement matters. The AAG’s substantive recommendation—regarding expanded authority for the counsel to the DEC—was incorporated into proposed revisions to the *Procedural Rules* announced in 2022. The AAG’s volunteer members included former SEC and FINRA attorneys, as well as former DEC members and CFP® professionals.

## 2022 MEMBERS



**ANGELA COLEMAN, CFP®**  
*Fiduciary Investment  
Advisor*  
Unified Trust



**GREGG CUVIN, CFP®**  
*Financial Advisor, Senior  
Portfolio Manager, Family  
Wealth Director and Senior  
Vice President*  
Morgan Stanley



**KYLE DEYOUNG, ESQ.**  
*Partner*  
Kirkland & Ellis LLP



**MICHAEL DYSON, ESQ.**  
*Partner*  
Sullivan & Worchester LLP



**SALLY HURME, ESQ.**  
*Former Project Advisor*  
AARP



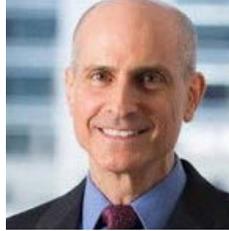
**IVAN KNAUER, ESQ.**  
*Partner*  
Armstrong Teasdale LLP

## ADJUDICATION ADVISORY GROUP (CONTINUED)

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**CHUN LEE, CFP®**  
*Financial Advisor and  
Registered Principal*  
LPL Financial



**BRIAN RUBIN, ESQ.**  
*Partner and Co-head*  
Securities and  
Enforcement Practice,  
Eversheds Sutherland  
LLP

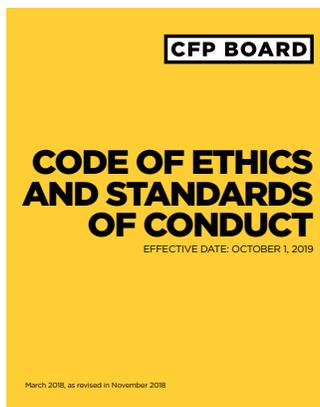
# APPENDIX: OUR COMMITMENT TO ETHICAL STANDARDS

CFP® certification is *the standard* for competent and ethical personal financial planning. All CFP® professionals must satisfy CFP Board's requirements for CFP® certification, including education, examination, experience and ethics.

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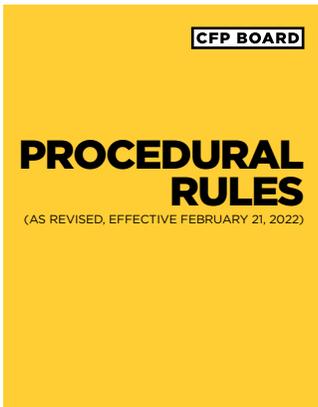
## KEY DOCUMENTS

CFP Board upholds the ethical standards for CFP® certification through a transparent and comprehensive enforcement program. The organization has adopted ethical standards for delivering financial advice and financial planning, a process for enforcing those standards, and sanction guidelines and fitness standards for those seeking CFP® certification.



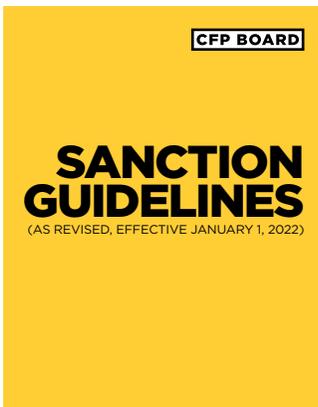
### *Code of Ethics and Standards of Conduct*

The *Code and Standards* reflects the commitment that all CFP® professionals make to uphold high standards of competency and ethics. CFP Board's *Code and Standards* benefits and protects the public, provides standards for delivering financial planning, and advances financial planning as a distinct and valuable profession. Compliance with the *Code and Standards* is a requirement of CFP® certification that is critical to the integrity of the CFP® marks.



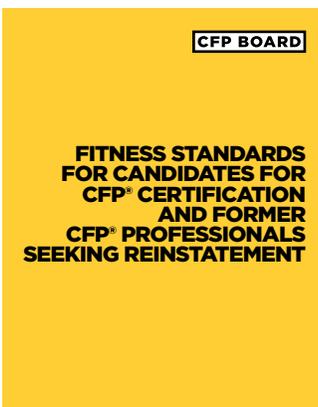
## [Procedural Rules](#)

CFP Board's *Procedural Rules* establish procedures for investigating alleged misconduct and enforcing the *Code and Standards* and *Pathway to CFP® Certification Agreement*. The *Procedural Rules* outline a peer-review process that is credible to the public and fair to those whose conduct is being evaluated. The process includes written notice of the allegations and potential grounds for sanction; an opportunity to present documents, witnesses and argument at a hearing before a Hearing Panel of the DEC; and a written order from the DEC that sets forth the basis for the decision that may be appealed within CFP Board. The parties to a proceeding also have the right to be represented by counsel of their choice.



## [Sanction Guidelines](#)

CFP Board may sanction those who violate the *Code and Standards* or the *Pathway to CFP® Certification Agreement*. Such sanctions range from a private or public censure to a suspension or permanent revocation of the right to use the CFP® marks. The *Sanction Guidelines* provide guidance on the sanction that might apply to a particular violation, to promote consistency in the imposition of sanctions for similar offenses.



## [Fitness Standards for Candidates for CFP® Certification and Former Professionals Seeking Reinstatement](#)

The *Fitness Standards* apply to both candidates for initial CFP® certification and professionals who are eligible to reinstate their certification without retaking the CFP® exam. These standards are used to determine whether an individual should be granted certification. They identify conduct that is unacceptable and would bar an individual from becoming certified, as well as conduct that would require an individual to petition the DEC for a fitness determination.

# HISTORY OF CFP BOARD'S ETHICAL STANDARDS AND ENFORCEMENT

**1986:** CFP Board adopts a *Code of Ethics and Standards of Practice* that outlines ethical standards for CFP® professionals and defines enforcement procedures for those standards in *Disciplinary Rules and Procedures*.

**1999-2001:** CFP Board adopts the first *Financial Planning Practice Standards*, establishing a framework for the professional practice of financial planning. The *Practice Standards* were designed to ensure that financial planning provided by CFP® professionals is based on established norms of practice, to advance professionalism in financial planning, and to enhance the value of the financial planning process. Compliance with these early *Practice Standards* was mandatory for CFP® professionals engaged in financial planning.

**2008:** Significant revisions to the *Standards of Professional Conduct* take effect, the cornerstone of which is the adoption of a fiduciary standard for CFP® professionals. Under that standard, a CFP® professional made a commitment to CFP Board, as part of their certification, to act as a fiduciary when providing financial planning or material elements of financial planning to a client.

**2012:** CFP Board adopts *Sanction Guidelines* to help the DEC maintain consistency regarding the imposition of sanctions for similar offenses.

**2013-2016:** CFP Board defends landmark litigation surrounding CFP® professionals' duties when representing their compensation method. Two CFP® professionals challenged the DEC's determination (affirmed on appeal) that they should be publicly censured for violating CFP Board's standards by misrepresenting their compensation method as fee-only. A federal district court dismissed their claims. The final decision in *Camarda v. CFP Board*, issued in October 2016 by the Court of Appeals for the District of Columbia Circuit, affirmed that CFP Board had the authority to enforce its standards and had appropriately followed its established disciplinary procedures.

**2018:** CFP Board adopts a new *Code and Standards* that expands the scope of the fiduciary standard, requiring CFP® professionals to act in the best interest of the client at all times when providing financial advice. Other key changes included more detailed standards for disclosing and managing material conflicts of interest, more comprehensive practice standards for the financial planning process, and enhanced reporting requirements. The *Code and Standards* became effective October 1, 2019, with CFP Board initiating enforcement of the revised standards on June 30, 2020.

**2019:** In July 2019, CFP Board creates an Independent Task Force to examine and provide recommendations for modernizing its enforcement practices. Former Texas Securities Commissioner Denise Voigt Crawford is appointed to chair the Task Force. CFP Board also announces it will no longer rely solely on the self-disclosures of CFP® professionals, will begin

checking FINRA's [BrokerCheck](#) and the SEC's [Investment Adviser Public Disclosure Database](#) (IAPD) for disciplinary records on a routine basis, and will provide BrokerCheck and IAPD information to consumers via [LetsMakeaPlan.org](#) and [CFP.net/verify](#). The organization begins updated background checks on all CFP® professionals, who numbered more than 89,000 at the time. The Task Force releases its final report in December 2019.

**JANUARY 2020:** The Board of Directors adds expertise in reinforcement, risk and compliance with the appointment of new Directors Roberta Karmel, a former SEC commissioner and a leading authority on securities regulation, and Alex Rozman, a global expert in risk and compliance.

**MAY 2020:** CFP Board adopts new *Procedural Rules* to strengthen enforcement processes and align with the updated *Code and Standards*, including by authorizing requests for admission and questions by oral examination. The final *Procedural Rules*, which became effective on June 30, 2020, consolidated and replaced the former *Disciplinary Rules and Procedures* and the *Appeal Rules and Procedures*.

**JUNE 2020:** CFP Board implements additional reforms to strengthen its enforcement program and concludes updated background checks for all CFP® professionals. These proactive detection efforts were consistent with the findings and recommendations of the Independent Task Force. Key program changes included requiring CFP® professionals to make ongoing disclosures of an expanded category of information within 30 days, and developing processes for periodically reviewing state regulatory websites and a national database of criminal, civil and financial records for information relevant to *Code and Standards* enforcement.

**OCTOBER 2020:** CFP Board announces several key changes to strengthen the organization's governance, including broadening the Appeals Committee's scope to include oversight of ethical standards and enforcement and changing its name to the Code and Standards Enforcement Committee, and requiring additional staff reporting on enforcement.

**DECEMBER 2020:** CFP Board opens the last of 1,266 historical investigations into the potential misconduct of CFP® professionals. These investigations resulted from the updated background checks CFP Board conducted on all CFP® professionals in 2019 and 2020 and focused on potential misconduct that had occurred within the previous 7 years.

Additionally, CFP Board creates a new Managing Director of Enforcement position, reporting directly to the CEO, which is tasked with leading a team of attorneys and legal staff to modernize detection, investigation and prosecution activities at CFP Board. Thomas A. Sporkin, JD, a 20-year veteran of the SEC's Enforcement Division and former partner of boutique financial services law firm, Buckley, LLP (which recently merged with and became known as Orrick), becomes the first person to hold this title.

**JANUARY 2021:** CFP Board formally bifurcates the oversight of its enforcement and adjudication programs, with Managing Director of Enforcement Tom Sporkin overseeing the detection, investigation and prosecution functions and CFP Board General Counsel Leo Rydzewski overseeing the adjudication and appellate functions.

**NOVEMBER AND DECEMBER 2021:** CFP Board adopts revisions to the *Sanction Guidelines* and *Procedural Rules* that recommend a public censure (increased from a private censure) for failing to provide an accurate ethics declaration to CFP Board and for failing to timely report to CFP Board certain categories of information that may reveal misconduct. These changes are set to take effect in January 2022 and January 2024, respectively.

**JANUARY 2022:** CFP Board amends the *Procedural Rules* to establish a new Appeals Commission to adjudicate appeal hearings and announces the appointment of the Commission's inaugural 5 members. The Appeals Commission will issue CFP Board's final decision when an individual appeals a final order of the DEC or a staff-issued administrative order. Denise Crawford, former Independent Task Force chair, is the Appeals Commission's first chair.

**NOVEMBER 2022:** CFP Board announces additional proposed changes to its *Procedural Rules* and requests public comment. The proposed changes include expanding the role of the DEC counsel to make the adjudication process more efficient, transferring some administrative functions from the Enforcement Department to the Adjudication Department, and enabling pre-investigation outreach.

# CFP BOARD'S 5-YEAR PLAN TO MODERNIZE ITS ENFORCEMENT PROGRAM

Since November 2019, CFP Board has worked to implement a 5-year strategic plan for enhancing our enforcement of the ethical standards for CFP® certification, modernizing the manner in which it detects, investigates and adjudicates potential violations of the *Code and Standards*. These modernization efforts are on track to be substantially complete by the end of 2023.

**2019:** CFP Board transformed its detection program by moving from largely relying on the self-disclosure of CFP® professionals to proactively detecting potential misconduct in public records.

**2020:** CFP Board substantially increased the enforcement program's size by hiring staff with previous enforcement experience at both FINRA and the SEC. Staff also managed a group of nearly 40 contract personnel to handle investigations of previously unreported potential misconduct that occurred during the prior 7 years. At the same time, CFP Board doubled both the size of the DEC (creating two divisions) and the frequency of its hearings (increased from 6 times per year to once a month) to adjudicate the additional volume of enforcement matters resulting from the historical investigations. Staff also expanded the organization's capability to conduct online adjudications.

**2021:** CFP Board hired a former high-ranking SEC official, Tom Sporkin, JD, to lead its detection, investigation and prosecution efforts. Tom is an industry veteran whose background and experience were a perfect match for CFP Board. While at the SEC, Tom co-managed the Office of Internet Enforcement. He also designed, built and managed the Office of Market Intelligence, which included the Office of Market Surveillance and the SEC's whistleblower program. In that role, Tom supervised comprehensive investigations, triage investigations and data mining on all intelligence the SEC received. Bringing a fresh perspective to CFP Board, Tom oversaw a comprehensive self-assessment of the enforcement program and engaged in a sequence of process improvement efforts. Many of the changes that Tom advanced are not public-facing, but they promote efficiency, enable better tracking and reporting, and elevate the functionality of the enforcement program.

Staff formed a new Detection Group within the Enforcement Department, established a new Director of Detection position, and expanded the number of permanent staff-level positions dedicated to detection.

Staff formed an Adjudication Advisory Group (AAG) of former regulators and former DEC members to review CFP Board’s adjudication program and recommend process improvements, if needed. The AAG determined that CFP Board’s existing adjudication process is effective, efficient and credible. AAG members also praised the program’s sophistication, thoughtfulness and deliberativeness. The AAG developed one specific recommendation for expanding the authority of counsel to the DEC to make CFP Board’s adjudication function even more efficient. That recommendation is reflected in proposed revisions to the *Procedural Rules* that CFP Board issued for public comment in late 2022.

Staff made significant changes to CFP Board’s internal case management system to facilitate improved data capture and oversight for detection, investigation and adjudication functions. Staff completed a comprehensive review of [LetsMakeaPlan.org](https://www.letsmakeaplan.org)’s (LMAP) Find a CFP® Professional tool to ensure that all public sanctions are reflected in the search results.

An external subject matter expert (SME) evaluated whether the proactive detection efforts that the organization adopted in 2019—which sought to identify potential misconduct based on public records—were achieving their intended purpose. That SME concluded that the detection function was operating effectively.

**2022:** With the help of an external SME, the enforcement program underwent a comprehensive gap analysis of then-current policies and procedures to capture the modernization work that CFP Board completed in 2021-2022. The SME worked with staff to develop updated written policies and procedures covering detection, investigation, prosecution and adjudication. Each of CFP Board’s policies and procedures manuals were deemed effective by the SME by year end.

CFP Board hired additional staff for its Adjudication and Enforcement Departments. An associate general counsel was hired to assist with adjudication, while 3 staff analyst positions were added to the Investigations Group to address an increase in case assignments resulting from Detection Group initiatives.

In January 2022, CFP Board deployed a new interactive online ethics declaration, aligned with the *Code and Standards*, that is designed to prompt CFP® professionals to submit information and upload documents related to reportable events. Also in 2022, staff updated the “File a Complaint” page on LMAP to educate consumers about CFP Board’s expectations of CFP® professionals and encourage them to submit tips regarding potential misconduct.



**2023—A LOOK AHEAD:** CFP Board will direct additional resources to the DEC Counsel to support implementation of increased responsibilities called for by the revised *Procedural Rules*. Among other things, the revised *Procedural Rules* establish the DEC Counsel's office as the central filing point for all case documents and bestow upon the DEC Counsel the responsibility for resolving procedural motions. CFP Board also will hire at least 2 additional full-time staff to support the adjudication program.

Additionally, staff will retain an outside firm to perform a comprehensive, independent evaluation of its Enforcement and Adjudication Departments. This evaluation will assess whether the policies and procedures that are now in place, are appropriate, effective, and fit for a leading voluntary certification and standards setting organization.



**CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.**

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