

SANCTION GUIDELINES

(as revised November 2021)

The revisions noted in this redline document were adopted by the Board of Directors in November 2021. Revisions related to an Inaccurate Ethics Declaration take effect January 1, 2022. Revisions related to Failure to Timely Report Information to CFP Board take effect January 1, 2024.

View the current *Sanction Guidelines* at [CFP.net/SanctionGuidelines](https://www.cfp.net/SanctionGuidelines)

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Sanction Guidelines

The effective date of the *Code and Standards* is October 1, 2019, and the enforcement date is June 30, 2020. The *Code and Standards* supersedes the *Terminology, Code of Ethics and Professional Responsibility, Rules of Conduct*, and *Financial Planning Practice Standards* set forth in the previous *Standards of Professional Conduct (Standards)* and applies to conduct occurring on or after June 30, 2020. The *Standards* applies to conduct that occurred from January 1, 2009 to June 29, 2020. The *Code of Ethics* Rules (with three digits and no decimal) and Principles (with a single digit) refer to a previous version of the *Standards* and apply to conduct occurring before January 1, 2009.

Conduct / Underlying Rule Violation	Sanction Guideline	Policy Notes
<p>14. Failure to Disclose:</p> <p>Failure to Disclose to CFP Board</p> <p>Standard E.3.: A CFP® professional must provide written notice to CFP Board within thirty (30) calendar days after the CFP® professional, or an entity over which the CFP® professional was a Control Person, has:</p> <p>Been charged with, convicted of, or admitted into a program that defers or withholds the entry of a judgment or conviction for, a Felony or Relevant Misdemeanor;</p> <p>Been named as a subject of, or whose conduct is mentioned adversely in, a Regulatory Investigation or Regulatory Action alleging failure to comply with the laws, rules, or regulations governing Professional Services;</p> <p>Had conduct mentioned adversely in a Finding in a Regulatory Action involving failure to comply with the laws, rules, or regulations governing Professional Services (except a Regulatory Action involving a Minor Rule Violation in a Regulatory Action brought by a self-regulatory organization);</p> <p>Had conduct mentioned adversely in a Civil Action alleging failure to comply with the laws,</p>	<p>Private Censure</p>	<p>The sanction imposed may be higher than Private Censure if it is determined that the Respondent's failure to disclose was intentional.</p>

~~rules, or regulations governing Professional Services;~~

~~Become aware of an adverse arbitration award or civil judgment, or a settlement agreement, in a Civil Action alleging failure to comply with the laws, rules, or regulations governing Professional Services, where the conduct of the CFP® professional, or an entity over which the CFP® professional was a Control Person, was mentioned adversely, other than a settlement for an amount less than \$15,000; f. Had conduct mentioned adversely in a Civil Action alleging fraud, theft, misrepresentation, or other dishonest conduct;~~

~~Been the subject of a Finding of fraud, theft, misrepresentation, or other dishonest conduct in a Regulatory Action or Civil Action;~~

~~Become aware of an adverse arbitration award or civil judgment, or a settlement agreement in a Civil Action alleging fraud, theft, misrepresentation, or other dishonest conduct, where the conduct of the CFP® professional, or an entity over which the CFP® professional was a Control Person, was mentioned adversely;~~

~~Had a professional license, certification, or membership suspended, revoked, or materially restricted because of a violation of rules or standards of conduct;~~

~~Been terminated for cause from employment or permitted to resign in lieu of termination when the cause of the termination or resignation involved allegations of dishonesty, unethical conduct, or compliance failures;~~

~~Been named as the subject of, or been identified as the broker/adviser of record in, any written, customer-initiated complaint that alleged the CFP® professional was involved in:~~

~~Forgery, theft, misappropriation, or conversion of Financial Assets;~~

~~Sales practice violations and contained a claim for compensation of \$5,000 or more; or~~

~~Sales practice violations and settled for an amount of \$15,000 or more.~~

~~Filed for or been the subject of a personal bankruptcy or business bankruptcy where the CFP® professional was a Control Person;~~

~~Received notice of a federal tax lien on property owned by the CFP® professional; or~~

~~Failed to satisfy a non-federal tax lien, judgment lien, or civil judgment within one year of its date of entry, unless payment arrangements have been agreed upon by all parties.~~

~~**Rule of Conduct Rule 6.4:** A certificant shall notify CFP Board in writing of any conviction of a crime, except misdemeanor traffic offenses or traffic ordinance violations unless such offense involves the use of alcohol or drugs, or of any professional suspension or bar within 30 calendar days after the date on which the certificant is notified of the conviction, suspension or bar.~~

~~**Disciplinary Rules Article 3(g): Grounds for Discipline:** Misconduct by a certificant or registrant, individually, or in concert with others, including the following acts or omissions, shall constitute grounds for discipline, whether or not the act or omission occurred in the course of a client relationship: (g) Any false or misleading statement made to CFP Board.~~

~~Failure to Disclose~~

14. Failure to Disclose Required Information to Client

Standard 10.a: When providing or agreeing to provide Financial Advice that does not require Financial Planning in accordance with the Practice Standards, a CFP® professional must provide the following information to the Client, prior to or at the

Public Censure

Conduct / Underlying Rule Violation	Sanction Guideline	Policy Notes
<p>time of the Engagement, and document that the information has been provided to the Client:</p> <ol style="list-style-type: none"> I. A description of the services and products to be provided; II. How the Client pays for the products and services, and a description of the additional types of costs that the Client may incur, including product management fees, surrender charges, and sales loads; III. How the CFP® professional, the CFP® Professional's Firm, and any Related Party are compensated for providing the products and services; IV. The existence of any public discipline or bankruptcy, and the location(s), if any, of the webpages of all relevant public websites of any governmental authority, self-regulatory organization, or professional organization that sets forth the CFP® professional's public disciplinary history or any personal bankruptcy or business bankruptcy where the CFP® professional was a Control Person; V. The information required under Section A.5.a. (Conflict of Interest Disclosure); VI. The information required under Section A.9.d. (Written Notice Regarding Non-Public Personal Information); VII. The information required under Section A.13.a.ii. (Disclosure of Economic Benefit for Referral or Engagement of Additional Persons); and VIII. Any other information about the CFP® professional or the CFP® Professional's Firm that is Material to a Client's decision to engage or continue to engage the CFP® professional or the CFP® Professional's Firm. 		

Conduct / Underlying Rule Violation	Sanction Guideline	Policy Notes
<p>Standard 10.b.: When providing or required to provide Financial Planning in accordance with the Practice Standards, a CFP® professional must provide the following information to the Client, prior to or at the time of the Engagement, in one or more written documents:</p> <ol style="list-style-type: none"> I. The information required to be provided in Sections A.10.a.i.-iv. and vi.-viii.; and II. The terms of the Engagement between the Client and the CFP® professional or the CFP® Professional's Firm, including the Scope of Engagement and any limitations, the period(s) during which the services will be provided, and the Client's responsibilities. A CFP® professional is responsible for implementing, monitoring, and updating the Financial Planning recommendation(s) unless specifically excluded from the Scope of Engagement. <p><i>Rule of Conduct</i> Rule 2.1: A certificant shall not communicate, directly or indirectly, to clients or prospective clients any false or misleading information directly or indirectly related to the certificant's professional qualifications or services. A certificant shall not mislead any parties about the potential benefits of the certificant's service. A certificant shall not fail to disclose or otherwise omit facts where that disclosure is necessary to avoid misleading clients.</p> <p><i>Practice Standards</i> 100-1: Defining the scope of the engagement:</p> <ul style="list-style-type: none"> • Disclosing the practitioner's material conflict(s) of interest; • Disclosing the practitioner's compensation arrangement(s) <p><i>Practice Standards</i> 400-3: Presenting the Financial Planning Recommendation(s): The financial planning practitioner shall communicate the recommendation(s) in a manner and to an extent reasonably necessary to assist the client in making an informed decision.</p>		

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<p><u>19. Failure to Timely Report Information to CFP Board</u></p> <p><u>Standard E.3.: A CFP® professional must provide written notice to CFP Board within thirty (30) calendar days after the CFP® professional, or an entity over which the CFP® professional was a Control Person, has:</u></p> <ol style="list-style-type: none"> <u>1. Been charged with, convicted of, or admitted into a program that defers or withholds the entry of a judgment or conviction for, a Felony or Relevant Misdemeanor;</u> <u>2. Been named as a subject of, or whose conduct is mentioned adversely in, a Regulatory Investigation or Regulatory Action alleging failure to comply with the laws, rules, or regulations governing Professional Services;</u> <u>3. Had conduct mentioned adversely in a Finding in a Regulatory Action involving failure to comply with the laws, rules, or regulations governing Professional Services (except a Regulatory Action involving a Minor Rule Violation in a Regulatory Action brought by a self-regulatory organization);</u> <u>4. Had conduct mentioned adversely in a Civil Action alleging failure to comply with the laws, rules, or regulations governing Professional Services;</u> <u>5. Become aware of an adverse arbitration award or civil judgment, or a settlement agreement, in a Civil Action alleging failure to comply with the laws, rules, or regulations governing Professional Services, where the conduct of the CFP® professional, or an entity over which the CFP® professional was a Control Person, was mentioned adversely, other than a settlement for an amount less than \$15,000;</u> <u>6. Had conduct mentioned adversely in a Civil Action alleging fraud, theft, misrepresentation, or other dishonest conduct;</u> 	<p><u>Public Censure (effective 1/1/2024)</u></p>	<p><u>Mitigating Factors:</u></p> <p><u>Only the following should constitute a mitigating factor:</u></p> <p><u>(1) Respondent establishes that the failure to report was unintentional and caused by excusable neglect under circumstances that are not likely to recur and do not suggest a purpose to evade the reporting requirement. A Respondent does not demonstrate excusable neglect by showing a lack of knowledge of the reporting requirement. A Respondent may establish excusable neglect by showing:</u></p> <p><u>(A) A logistical error made while attempting to report;</u></p> <p><u>(B) Reasonable reliance upon the advice of a legal or compliance professional that the Code and Standards does not require Respondent to report the information to CFP Board;</u></p> <p><u>(C) An emergency, medical issue, or circumstance of a similarly catastrophic nature prevented Respondent from timely reporting the information; or</u></p> <p><u>(D) A reasonable misinterpretation of the reporting requirement.</u></p> <p><u>(2) Respondent reports the information shortly after the 30-day reporting deadline, and before CFP Board contacts Respondent about the information.</u></p>

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<p><u>7. Been the subject of a Finding of fraud, theft, misrepresentation, or other dishonest conduct in a Regulatory Action or Civil Action;</u></p> <p><u>8. Become aware of an adverse arbitration award or civil judgment, or a settlement agreement in a Civil Action alleging fraud, theft, misrepresentation, or other dishonest conduct, where the conduct of the CFP® professional, or an entity over which the CFP® professional was a Control Person, was mentioned adversely;</u></p> <p><u>9. Had a professional license, certification, or membership suspended, revoked, or materially restricted because of a violation of rules or standards of conduct;</u></p> <p><u>10. Been terminated for cause from employment or permitted to resign in lieu of termination when the cause of the termination or resignation involved allegations of dishonesty, unethical conduct, or compliance failures;</u></p> <p><u>11. Been named as the subject of, or been identified as the broker/adviser of record in, any written, customer-initiated complaint that alleged the CFP® professional was involved in: (i) forgery, theft, misappropriation, or conversion of Financial Assets; (ii) sales practice violations and contained a claim for compensation of \$5,000 or more; or (iii) sales practice violations and settled for an amount of \$15,000 or more;</u></p> <p><u>12. Filed for or been the subject of a personal bankruptcy or business bankruptcy where the CFP® professional was a Control Person;</u></p> <p><u>13. Received notice of a federal tax lien on property owned by the CFP® professional; or</u></p> <p><u>14. Failed to satisfy a non-federal tax lien, judgment lien, or civil judgment within one year of its date of entry, unless payment arrangements have been agreed upon by all parties.</u></p>		<p><u>Aggravating Factors:</u></p> <p><u>(1) Respondent intended to conceal information or mislead.</u></p> <p><u>(2) Respondent failed to report more than one unrelated reportable event.</u></p> <p><u>(3) Respondent previously failed to report or was sanctioned for Failure to Report.</u></p> <p><u>(4) Respondent's failure to report materially delayed or impaired the investigation.</u></p> <p><u>Other Policy Notes</u></p> <p><u>The following demonstrate no violation:</u></p> <p><u>(1) The information was timely reported on Form U4.</u></p> <p><u>(2) Respondent did not know and reasonably should not have known the information that was required to be reported.</u></p> <p><u>(3) CFP Board detects the information and delivers a Notice of Investigation to Respondent prior to the 30-day reporting deadline.</u></p>

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<p><u>23. Inaccurate Ethics Declaration</u></p> <p><u>Standard E.5.: A CFP® professional may not make false or misleading representations to CFP Board or obstruct CFP Board in the performance of its duties. A CFP® professional must satisfy the cooperation requirements set forth in CFP Board’s <i>Procedural Rules</i>, including by cooperating fully with CFP Board’s requests, investigations, disciplinary proceedings, and disciplinary decisions.</u></p>	<p><u>Public Censure</u></p>	<p><u>Mitigating Factors:</u></p> <p><u>Only the following should constitute a mitigating factor:</u></p> <p><u>(1) Respondent establishes that the inaccurate Ethics Declaration was unintentional and caused by excusable neglect under circumstances that are not likely to recur and do not suggest a purpose to avoid providing information responsive to the questions on the Ethics Declaration. A Respondent does not demonstrate excusable neglect by showing a lack of knowledge that the Ethics Declaration required the Respondent to report the information, subject to subsection b. below. A Respondent may establish excusable neglect by showing:</u></p> <p><u>(A) Reasonable reliance upon the advice of a legal or compliance professional that the <i>Code and Standards</i> does not require Respondent to report the information to CFP Board; or</u></p> <p><u>(B) A reasonable misinterpretation of a question on the Ethics Declaration.</u></p> <p><u>Aggravating Factors:</u></p> <p><u>(1) Respondent intended to conceal information or mislead.</u></p> <p><u>(2) Respondent made more than one inaccurate</u></p>

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		<p><u>statement in the Ethics Declaration.</u></p> <p><u>(3) Respondent previously submitted or was sanctioned for an Inaccurate Ethics Declaration.</u></p> <p><u>(4) Respondent's Inaccurate Ethics Declaration materially delayed or impaired the investigation.</u></p> <p><u>Other Policy Notes</u> <u>The following demonstrates no violation:</u></p> <p><u>(1) The information was timely reported on Form U4.</u></p> <p><u>(2) Respondent did not know and reasonably should not have known the information at the time Respondent submitted the Ethics Declaration.</u></p>