

FP CANADA STANDARDS COUNCIL™

AND

NORMAN MANIKKAWASAGAN, CFP®

STATEMENT OF ALLEGATIONS

I. THE CERTIFICANT

1. Norman Manikkawasagan (“Mr. Manikkawasagan” or the “Respondent”) was certified by the Financial Planning Standards Council®, now FP Canada™, as a CERTIFIED FINANCIAL PLANNER® professional in April 1999. Mr. Manikkawasagan has consistently renewed his certification, which remains in good standing as of the date of this Statement of Allegations. He does not have a prior disciplinary history with the FP Canada Standards Council™ (the “Standards Council”).
2. Between 1997 and December 2012, Mr. Manikkawasagan worked at Royal Bank of Canada (“RBC”) in Edmonton, Alberta, his last position being a Senior Client Advisor. In December 2012, he joined his wife’s insurance practice, Manikkawasagan Financial Services Inc., which is also based in Edmonton, Alberta.
3. In or about November 2023, Mr. Manikkawasagan moved from Edmonton, Alberta to Markham, Ontario but continues to offer services through Manikkawasagan Financial Services Inc.

II. BACKGROUND OF THE PROCEEDINGS

The 2012 Engagement

4. In late 2012, while employed at RBC, Mr. Manikkawasagan first met FM and his family (the “Clients”) and he and the RBC Wealth Management team prepared a comprehensive financial plan for the Clients. In or around this time, other advisors put \$36 million in life insurance in place for the Clients (the “in-force insurance”), however this was not part of

the financial plan. In December of 2012, Mr. Manikkawasagan left RBC and did not solicit the Clients.

The March 2020 Engagement

5. In March 2020, the Clients reached out to Mr. Manikkawasagan and they reestablished the planner/client relationship. They discussed their in-place insurance structure and the Clients requested a second opinion with respect to whether their entire portfolio was appropriate, and was what was best for their family going-forward.
6. Mr. Manikkawasagan facilitated the transfer of the Clients' existing investments to another wealth management company and helped the Clients obtain a new accountant. He also brought in another individual, BH,¹ to review the Clients' in-place insurance structure, as this was not his area of expertise. Although Mr. Manikkawasagan brought BH in to assist the Clients with estate and insurance-related matters, Mr. Manikkawasagan remained involved in making estate and insurance-related recommendations to the Clients, who viewed Mr. Manikkawasagan as their primary advisor.
7. The insurance-related recommendations made by Mr. Manikkawasagan (with BH) to the Clients were to, amongst other things, increase the estate benefit of the life insurance policies and to equalize the estate for the benefit of the FM's children. In particular, Mr. Manikkawasagan led the Clients to believe they had a \$6 million leveraged loan risk upon death and therefore recommended and implemented an additional \$6 million life insurance policy for them. However, the loans were in fact set up as Collateral Loan Facilities and were covered off by funds in a previously established Stabilized Return Investment Account ("SIRA").
8. In or about April 2021, Mr. Manikkawasagan submitted an application for the additional \$6 million in insurance on the Clients' behalf. The application indicated that the Clients did not have in-force insurance when in fact, the Clients had \$36 million of in-force insurance. Although additional information was provided with the application which showed the Clients' in-force insurance, the application itself was not correct.

Client Complaints and Referral to Hearing Panel

9. On January 17, 2023, Mr. Manikkawasagan was made aware that the Clients made a complaint to another regulatory body (which was ultimately closed). Mr. Manikkawasagan

¹ The individual was not an FP Canada Certificant.

failed to report the complaint to FP Canada within fifteen (15) days of becoming aware of it or at any time thereafter, contrary to his obligation to report changes which he attested to on his 2022/2023 CFP Renewal Application form. Mr. Manikkawasagan also misled FP Canada on his 2023/2024 CFP Renewal Application form, which he filed one month later, on February 17, 2023, by falsely attesting that he was not subject to any complaints, notwithstanding that he was.

10. On April 26, 2023, the Clients also made a complaint to the Standards Council relating to the above-noted issues.
11. The Standards Council initiated an independent investigation into Mr. Manikkawasagan's conduct on August 24, 2023.
12. On August 7, 2024, the Conduct Review Panel ("CRP") convened and referred the allegations set out herein to a Hearing Panel.

III. NOTICE

13. Further to the direction of the Conduct Review Panel, and in accordance with Article 5.1 of the FP Canada *Standards Council Disciplinary Rules and Procedures* (DRP), I hereby give notice of the Standards Council's request that a hearing date be set with respect to the matter identified as: *FP Canada Standards Council™ and Norman Manikkawasagan, CFP®*.
14. The Standards Council requests that the hearing be held in writing

IV. APPLICABLE STANDARDS

15. Mr. Manikkawasagan's conduct occurred between March 2020 and October 2021, and Mr. Manikkawasagan failed to report the complaint to the other regulator from January to May 2023. Accordingly, Mr. Manikkawasagan's conduct is governed by the *Standards of Professional Responsibility* in effect between January 2020 and May 2024. The applicable Principles and Rules of the *Standards of Professional Responsibility* are set out in **Appendix "A"**.

V. ALLEGATIONS

The Standards Council makes the following allegations against the Respondent:

1. Between March 2020 and April 2021, the Respondent failed to conduct sufficient due diligence on the products and financial structures FM and his family (the "Clients") had

in place when recommending and implementing an additional \$6 million life insurance policy, thereby failing to act with diligence and to exercise prudent and professional judgment, contrary to Principle 7 and Rule 21 of the *Standards of Professional Responsibility* in effect between January 2020 and June 2021.

2. Between March 2021 and April 2021, the Respondent's recommendation and implementation of an additional \$6 million life insurance policy to pay down the existing loan facilities, was neither prudent nor appropriate for the Clients and the recommendation demonstrates a failure to assess the Clients' current situation. This conduct was contrary to Rules 22 and 23 and Practice Standard 5 and 6 of the *Standards of Professional Responsibility* in effect between January 2020 and June 2021.
3. Between March 2021 and April 2021, the Respondent made a recommendation with respect to equalization for the benefit of the FM's children, when this equalization was not one of the Clients' goals, thereby failing to act with the care and diligence of a prudent professional and failing to identify the Clients' goals, needs, and priorities, contrary to Principles 1 and 7 and Practice Standard 3 of the *Standards of Professional Responsibility* in effect between January 2020 and June 2021.
4. In April 2021, the Respondent was aware that the Clients' application form for an additional \$6 million of insurance was not filled out accurately in that it indicated that the Clients did not have other in-force insurance, notwithstanding that they did. By providing an inaccurate response on the application form itself, the Respondent engaged in conduct which lacked diligence and professionalism, contrary to Principles 7 and 8 of the of the *Standards of Professional Responsibility* in effect between January 2020 and June 2021.
5. Between January and May 2023, the Respondent failed to report to FP Canada the complaint made to another regulator, within 15 days, as required, contrary to his obligation to report changes which he attested to on his 2022/2023 CFP Renewal Application form, contrary to Rule 33(b) of the *Standards of Professional Responsibility* in effect between May 2022 and May 2024.
6. In February 2023, the Respondent misled FP Canada on his 2023/2024 CFP Renewal Application form, by falsely attesting that he was not subject to any complaints, notwithstanding that he was, contrary to Rules 33(a) and 37 of the *Standards of Professional Responsibility* in effect between May 2022 and May 2024.

Dated: September 18, 2024



Tamara Center

Director, Professional Conduct and
Enforcement

Counsel to FP Canada Standards Council™

APPENDIX “A”

Standards of Professional Responsibility for CFP Professionals and QAFP Professionals –January 2020 to June 2021

Principle 1: Duty of Loyalty to the Client

The Duty of Loyalty encompasses:

- The duty to act in the client’s interest by placing the client’s interests first. Placing the client’s interests first requires the Certificant place the client’s interests ahead of their own and all other interests;
- The obligation to disclose conflicts of interest and to mitigate conflicts in the client’s favour; and
- The duty to act with the care, skill and diligence of a prudent professional.

Principle 7: Diligence

A Certificant shall act diligently when providing advice and/or services to clients. Diligence is the degree of care and prudence expected from Certificants in the handling of their clients’ affairs. Diligence requires fulfilling professional commitments in a timely and thorough manner and taking due care in guiding, informing, planning, supervising, and delivering financial advice and/or services to clients.

Principle 8: Professionalism

A Certificant shall act in a manner reflecting positively upon the profession. Professionalism refers to conduct that inspires confidence and respect from clients and the community, and embodies all of the other principles within the Code of Ethics.

Rule 21: A Certificant shall always exercise reasonable and prudent professional judgment.

Rule 22: A Certificant shall make only those recommendations that are both prudent and appropriate for the client.

Rule 23: A Certificant shall implement only those strategies that are both prudent and appropriate for the client and that the Certificant reasonably believes will not materially and negatively impact the client’s best interests.

Practice Standard 3: Identify the Client’s Goals, Needs and Priorities

Discuss the client’s personal goals, needs and priorities before identifying possible strategies or making recommendations.

Practice Standard 5: Assess the Client’s Current Situation

Identify and evaluate the strengths and weaknesses in the client's financial situation, perform required calculations, develop needed projections and analyze and integrate the resulting information relative to the client's personal goals, needs and priorities.

Practice Standard 6: Identify and Evaluate the Appropriate Financial Planning Strategies

Identify and assess the possible financial planning strategies to achieve the client's personal goals, needs and priorities.

Standards of Professional Responsibility from May 2022 to May 2024

Rule 33: A Certificant shall meet all FP Canada requirements for continued certification, including:

a) Making full and accurate Legal Declarations when completing their Annual Renewal Form. Reportable items are outlined in the "Declarations and Professional Obligations" section of the certification renewal form and include consumer proposals and bankruptcies; involvement in civil proceedings; criminal convictions; court orders; and investigations or decisions by professional bodies and regulatory/licensing bodies;

b) Advising FP Canada, in writing, of any changes to prior Legal Declarations within 15 days of becoming aware of new information;

...

Rule 37: A Certificant shall not make any false or misleading statement to FP Canada, the FP Canada Standards Council or any other department or division of FP Canada.