



## REPORT ON DISCIPLINARY ACTION

### Details of Hearing: Scott Douglas Ford (Richmond Hill, ON)

On December 5, 2018, a Financial Planning Standards Council (FPSC®) Discipline Hearing Panel found that Scott Douglas Ford breached the *CFP™ Code of Ethics* and *FPSC® Rules of Conduct*. On March 6, 2019, the Hearing Panel ordered, among other penalties, a twelve (12) month ban on Mr. Ford from seeking renewal or reinstatement of his CFP® certification and using the CFP Certification Marks.

### Background

Mr. Ford was certified by FPSC as a CERTIFIED FINANCIAL PLANNER® professional in August 2006. His certification remained current until March 31, 2017, when it lapsed due to voluntary non-renewal. He does not have a prior discipline history with FPSC

In September 2016, FPSC instructed an investigation into Mr. Ford's conduct, following review of a news release issued by another financial services regulator.

### Underlying Conduct

In 2008, Mr. Ford opened investment accounts for two siblings. At the time, he recorded their investment objectives as "100% growth" and their risk tolerance level as "100% medium risk." In 2009 and in 2013, Mr. Ford, unbeknownst to the clients, changed their investment objectives to include speculative trading and an increased level of risk. These changes to the clients' investment objectives and increased risk tolerance, did not reflect the clients' values, goals, objectives and risk tolerances.

In February 2012, in accordance with Mr. Ford's recommendation, the clients' accounts were combined into one household fee-based account. On review, the volume of trades made by Mr. Ford for in the clients' accounts did not support the cost saving justification given by him for the transition and the clients ultimately incurred additional expenses.

Between 2008-2014, the siblings each sustained realized and unrealized losses of approximately \$6,000-\$8,000, due to Mr. Ford's conduct.

### Applicable Standard

The underlying conduct took place between October 2008 and June 2014. Further, Mr. Ford failed to disclose the client complaints, in addition to the regulatory proceeding, to FPSC between 2015 and 2017.

Accordingly, his conduct was governed by the:

- *CFP™ Code of Ethics*, in force from April 2005, with a format update in January 2010, until November 2011;
- *FPSC® Rules of Conduct*, in force from November 2011 to November 2014;
- *Rules of Conduct*, in force from November 2014 to June 2017.

### **FPSC Hearing Panel Decision**

The Hearing Panel considered written submissions from FPSC and Mr. Ford. In accordance with Article 7.2 of the *Disciplinary Rules and Procedures*, the Hearing Panel determined that Mr. Ford engaged in misconduct that is deserving of sanctions. In reaching this conclusion, the Hearing Panel noted, among other things, that:

- Mr. Ford demonstrated a lack of judgement and did not put his clients' interests first.
- Mr. Ford's actions to move the clients into fee-based accounts caused them to pay fees they otherwise would not have incurred. Mr. Ford profited from these fees.

The Hearing Panel found that, among other things, that Mr. Ford:

- Failed to act diligently to learn the essential facts relative to his clients, contrary to Principle 7 of the *Code of Ethics*;
- Failed to exercise reasonable and prudent judgment when providing financial advice to his clients, contrary to Principle 1 of the *Code of Ethics*, Rules 201 and 202 of the *Code of Ethics*, and Rule 15 of the *Rules of Conduct*;
- Failed to make and/or implement suitable investment recommendations to his clients, contrary to Principle 1 of the *Code of Ethics*, Rule 702 of the *Code of Ethics*, and Rule 16 of the *Rules of Conduct*;
- Breached Rule 601 of the *Code of Ethics* and Rule 18 of the *Rules of Conduct*; and
- Failed to meet his disclosure obligations and misleading FPSC when submitting applications to renew his CFP certification for the years 2015/2016 and 2016/2017, contrary to Rule 25 of the *Rules of Conduct*.

On March 6, 2019, the Hearing Panel Ordered that:

- a. Mr. Ford be banned from using the CFP Certification Marks and from seeking renewal or reinstatement of CFP certification for a period of twelve (12) months (until March 6, 2020);
- b. After the twelve month ban, should Mr. Ford seek renewal or reinstatement of his certification, he must provide proof that he has met the annual Continuing Education requirement of twenty-five (25) hour credits including 2 credits in the area of Professional Responsibility; and
- c. Mr. Ford shall pay costs to FPSC of \$3,127 on or before July 30, 2019.