

REPORT ON DISCIPLINARY ACTION

Details of Hearing: Richard P. Harvey (Charlottetown, PE)

On July 23, 2020, an FP Canada Standards Council™ Discipline Hearing Panel accepted a Joint Settlement Agreement between the FP Canada Standards Council and Richard P. Harvey. The Panel ordered, among other penalties, that Mr. Harvey be banned from seeking recertification with FP Canada for a period of nine (9) months.

Background

Mr. Harvey was certified by FP Canada™, then the Financial Planning Standards Council (FPSC®), as a CERTIFIED FINANCIAL PLANNER® professional in October 1996, and consistently renewed his certification until March 31, 2020, when he voluntarily allowed his certification to lapse. He does not have a prior discipline history with the Standards Council.

In May 2017, the Standards Council received a public complaint from a married couple who had engaged Mr. Harvey's services as a financial planner. The initial complaint related to allegations that Mr. Harvey failed to disclose and to refund fees. The complainants made a supplementary complaint alleging that Mr. Harvey made unsuitable recommendations and provided inappropriate advice, including recommending leveraged loans totalling \$300,000 and recommending and implementing critical insurance with annual premiums of approximately \$10,000 which the complainants paid using leveraged funds; notwithstanding the complainant's limited cashflow.

Admitted Conduct

In the Settlement Agreement with the Standards Council, Mr. Harvey admitted, among other things, that he:

- Failed to exercise reasonable and prudent professional judgement in providing financial planning and failed to recommend and implement only those strategies that were prudent and appropriate for his clients, contrary to *Principles 1, 2, 3 and 5* of the *Code of Ethics* and *Rules 15, 16 and 17 of the Rules of Conduct*, when he recommended strategies to clients whose objectives, personal circumstances and investment knowledge did not support such strategies.
- Failed to provide an accurate and understandable description of the compensation arrangements to his clients, contrary to *Principles 1 and 5* of the *Code of Ethics* and *Rule 8 of the Rules of Conduct*, when he provided insufficient information regarding the manner in which he was compensated to this clients, thereby not allowing them to make informed decisions when presented with recommendations.

Applicable Standard

The underlying conduct took place between November 2011 and December 2016. Accordingly, his conduct was governed by the:

- *Standards of Professional Responsibility for CFP® Professionals and FPSC® Registered candidates*, in force from November 2011 to February 2014;
- *Standards of Professional Responsibility for CFP® Professionals and FPSC Level 1™ Certificant in Financial Planning*, in force from March 2014 to September 2014;
- *Standards of Professional Responsibility for CFP® Professionals and FPSC Level 1™ Certificant in Financial Planning*, in force in October 2014;
- *Standards of Professional Responsibility for CFP® Professionals and FPSC Level 1™ Certificant in Financial Planning*, in force from November 2014 to May 2015;
- *Standards of Professional Responsibility for CFP® Professionals and FPSC Level 1™ Certificant in Financial Planning*, in force from June 2015 to February 2016; and
- *Standards of Professional Responsibility for CFP® Professionals and FPSC Level 1™ Certificant in Financial Planning*, in force from March 2016 to May 2017.

FP Canada Standards Council Hearing Panel Decision

The Hearing Panel determined that the Joint Settlement Agreement and proposed penalty were reasonable and should be accepted in accordance with Article 7.2 of the *Disciplinary Rules and Procedures*. The Hearing Panel accepted the joint proposed penalty and, on April 17, 2020, ordered that:

- Mr. Harvey be banned from seeking renewal or reinstatement of CFP certification or any certification with FP Canada for a period of nine (9) months, until May 17, 2021;
- Mr. Harvey be banned from using the CFP certification marks until such time as his certification is renewed and in good standing;
- Prior to renewing his certification, Mr. Harvey shall complete the annual hours of Continuing Education (CE) required of every CFP professional for the year 2020 and any additional years where his certification has lapsed;
- In addition to the required CE, prior to any application for reinstatement of his CFP certification, Mr. Harvey shall, at his own expense successfully complete:
 - i. the FP Canada Introduction to Professional Ethics (IPE) program; and

- ii. an additional 2 hours of CE in the category of financial planning;
- Mr. Harvey shall provide proof of successful completion of the required CE detailed above to the Standards Council as a precondition to renewal of his certification or reinstatement; and
- Mr. Harvey shall pay costs to FP Canada in the amount of \$2,500 to be paid as follows:
 - i. \$1,000 on or before September 17, 2020;
 - ii. \$1,000 on or before October 17, 2020; and
 - iii. \$500 on or before November 17, 2020.