

REPORT ON DISCIPLINARY ACTION

Details of Hearing: David Hucul (Coquitlam, BC)

On January 8, 2021, an FP Canada Standards Council™ Discipline Hearing Panel accepted a Joint Settlement Agreement between the FP Canada Standards Council and David Hucul, CFP®. The Panel ordered, among other penalties, that Mr. Hucul's certification and entitlement to use the CFP® certification marks be suspended for a period of six (6) months from January 8, 2021 to July 8, 2021.

Background

Mr. Hucul was certified by FP Canada™, then the Financial Planning Standards Council (FPSC®), as a CERTIFIED FINANCIAL PLANNER® professional in August 1999. He has consistently renewed his certification and does not have a prior discipline history with the Standards Council.

On his 2018/2019 CFP certification renewal form, Mr. Hucul reported that his conduct was the subject of a review by another regulatory body.

The Standards Council commenced an independent investigation into Mr. Hucul's conduct in July 2019.

Admitted Conduct

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

- Failed to act with diligence, failed to place his client's interests first, and failed to exercise reasonable and prudent professional judgement, by processing a redemption of \$500,000 in a client's account based on email instructions received from a third party, contrary to the policies and procedures of his employer and contrary to Principles 1 and 7 and Rule 15 of the *Standards of Professional Responsibility* in force between March 2016 and May 2017; and
- Failed to perform financial planning in accordance with applicable laws, regulations, rules or established policies of governmental agencies by engaging in conduct that contravened MFDA Rules 2.10, 1.1.2, and 2.1.1, as found by the MFDA on April 11, 2019, contrary to Rule 24 of the *Standards of Professional Responsibility* in force between April 1, 2019 to December 31, 2019.

Applicable Standard

The conduct relating to the processing of redemptions based on emails from a third party, occurred between December 2016 and January 2017. The conduct relating to engaging in conduct contrary to applicable rules of another regulator occurred on April 11, 2019. As such, Mr. Hucul's conduct was governed by the following *Standards of Professional Responsibility*:

- *Standards of Professional Responsibility for CFP® Professionals and FPSC Level 1™ Certificant in Financial Planning*, in force between March 2016 and May 2017; and
- *Standards of Professional Responsibility for CFP Professionals and FPSC Level 1 Certificants in Financial Planning*, in force between April 2019 and December 31, 2019.

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 6.10 of the *Disciplinary Rules and Procedures*. The Hearing Panel accepted the joint proposed penalty and, on January 8, 2021, ordered that:

- Mr. Hucul's CFP certification and entitlement to use the CFP certification marks shall be suspended for a period of six (6) months from January 8, 2021 to July 8, 2021;
- Mr. Hucul shall, at his own expense, successfully complete the Introduction to Professional Ethics (IPE) Course offered by the FP Canada Institute™, prior to his reinstatement and in addition to completing the annual 25 hours of Continuing Education (CE) activities required of every CFP Certificant;
- Mr. Hucul shall provide proof of successfully complete of the Continuing Education described above to the Standards Council prior to his reinstatement; and
- Mr. Hucul shall pay costs to FP Canada in the amount of \$1,500, by March 8, 2021.

DISCIPLINARY HEARING DECISION AND REASONS

IN THE MATTER OF FP CANADA STANDARDS COUNCIL™
AND
DAVID HUCUL, CFP®

Hearing held on: December 9, 2020

Hearing Panel: **FP Canada Standards Council Discipline Hearing Panel**
Meagan S. Balaneski, CFP®, Chair of the Hearing Panel
Albert Pelletier
Stuart Dollar, CFP®

Also Present: Erica Richler, Independent Legal Counsel to the Hearing Panel
Jessica Sutharsan, Secretary to the Hearing Panel

1. The FP Canada Standards Council Discipline Hearing Panel (the “Panel”) met by video conference to consider allegations of misconduct against David Hucul, CFP® (the “Respondent”). The Panel considered the Joint Settlement Agreement filed by the parties, as well as the parties’ joint written submissions.
2. This matter involves allegations that the Respondent processed a redemption of \$500,000 on the basis of email instructions without taking appropriate steps to verify those instructions with the client. The instructions did not in fact come from the client and were ultimately discovered to be fraudulent.
3. The allegations against the Respondent were set out in the Request for Hearing Panel dated June 18, 2020 as follows:
 - a. Between December 2016 and January 2017, the Respondent failed to act with integrity, diligence failed to place the client’s interests first, and failed to exercise reasonable and prudent professional judgment, by processing a redemption of \$500,000 in a client’s account based upon email instructions received from a third party, contrary to the policies and procedures of his employer, contrary to Principles 1, 2 and 7 and Rules 2 and 15 of the *Standards of Professional Responsibility* in force between March 2016 and May 2017;
 - b. ...
 - c. The Respondent failed to perform financial planning in accordance with applicable laws, regulations, rules or established policies of governmental agencies by engaging in conduct

that contravened MFDA Rules 2.10, 1.1.2, and 2.1.1, as found by the MFDA on April 11, 2019, contrary to Rule 24 of the *Standards of Professional Responsibility* in force between April 1, 2019 to December 31, 2019.

JOINT SETTLEMENT AGREEMENT

4. The parties filed with the Panel a Joint Settlement Agreement, a copy of which is attached as Schedule A.
5. As part of the Joint Settlement Agreement, the Standards Council withdrew the allegation set out in paragraph 3(b) above (relating to providing false and misleading information to the Standards Council). The Respondent admitted the remaining allegations in paragraphs 3(a) and 3(c) above, but did not admit and does not accept that he failed to act with integrity contrary to principle 2.
6. Although the Respondent does not admit or accept that he failed to act with integrity contrary to rule 2,¹ the Respondent's refusal to admit or accept that he failed to act with integrity contrary to principle 2 also functions as a refusal to admit or accept that he failed to act with integrity under Rule 2. The Panel also notes that FP Canada Standards Council has not pursued the allegation that Mr. Hucul failed to act with integrity under either principle 2 or rule 2.
7. The terms of the Settlement Agreement as they pertain to penalty are as follows:
 - a. The Respondent's CFP certification and entitlement to use the CFP marks shall be suspended for a period of six (6) months commencing on the date of the Hearing Panel order;
 - b. Prior to his reinstatement, in addition to completing the annual 25 hours of Continuing Education (CE) activities required of every CFP Certificant, the Respondent shall, at his own expense, successfully complete the FP Canada Introduction to Professional Ethics (IPE) program;
 - c. The Respondent shall provide proof of successful completion of the IPE program to the Standards Council prior to his reinstatement; and
 - d. The Respondent shall pay costs to FP Canada in the amount of \$1,500 which costs are due to FP Canada within 60 days of the date of this Order.

DECISION AND REASONS

¹ Rule 2 reads: "A CFP professional shall not engage in any conduct that reflects adversely on his or her integrity or fitness as a CFP professional, the CFP marks or the profession."

8. Pursuant to Article 6.10 of the *Disciplinary Rules and Procedures*, the “Hearing Panel shall review the Settlement Agreement and, unless the Hearing Panel considers the terms of the Settlement Agreement to be inappropriate in the circumstances, shall make an order consistent with the agreed terms of the Settlement”.
9. The Panel accepts the Joint Settlement Agreement and finds that it is not inappropriate in the circumstances.
10. In regards to the removal of allegation B (paragraph 3 above), the Panel accepts that the removal of this allegation is appropriate, given the facts of this case.
11. In regards to the removal from allegation A that Mr. Hucul failed to act with integrity (paragraph 3, above), the Panel again accepts that the removal of this allegation is appropriate, given the facts of this case.
12. In regards to allegations A and C above (as modified), the Panel finds that the facts support the findings of misconduct. The actions taken by Mr. Hucul were not prudent, and the rules of his dealer member regarding client contact during a transaction, of which Mr. Hucul signed an acknowledgement, as well as the rules of the MFDA, were not followed. Mr. Hucul’s failure to follow the MFDA’s rules, as alleged, resulted in the MFDA making an order against him, as alleged in the Request for Hearing Panel dated June 18, 2020, as referenced in paragraph 3(c) above.
13. There are several aggravating factors in the case, including the following:
 - a. Mr. Hucul is an experienced and senior financial planner, having originally obtained his CFP designation in August 1999. Therefore, he had the requisite experience to understand his professional obligations and to follow his dealer’s policies and procedures.
 - b. Mr. Hucul had worked with the broker dealer Investment Planning Council (“IPC”) from 2001 to 2017, and should have been well versed in his broker dealer’s policies. Policies as they specifically pertain to this case include
 - i. proceeds of a redemption cannot be sent to third party bank accounts, and
 - ii. an advisor has the responsibility to confirm emailed redemption instructions by telephoning the client.
 - c. Based on the timeline of the agreed facts, Mr. Hucul had more than one opportunity to recognize the warning signs of fraud, and subsequently to reach out to the client for confirmation of the transaction. A summary of the agreed timeline is provided below, and a

detailed timeline is included in the Joint Settlement Agreement (Schedule A).

2016-12-20: email request for redemption is received, and an order entry form was signed and returned requesting the proceeds of \$500,000 to a third-party bank account. A member of the processing team was concerned with the request, and alerted IPC's compliance department.

2016-12-22: IPC's compliance department requested an explanation for the deposit to the third-party bank account. A response was received by email, and forwarded to the compliance department. The redemption was then processed.

2016-12-28: IPC was notified that the bank had rejected the deposit because the account had been closed. The client's email was used to advise this, and new banking instructions were received for a second third-party bank account. The redemption proceeds were then successfully deposited into the second third-party bank account.

2017-01-05: IPC was advised that the initial third-party bank account was fraudulent, and a response was again received via email purporting to the validity of the transaction.

2017-01-09: IPC was notified that the second third-party bank account was also fraudulent.

2017-01-10: Mr. Hucul reached out to the client by telephone, and the fraudulent nature of the redemption was discovered.

- d. Although a substantial portion of the client's funds were recovered, Mr. Hucul's actions still resulted in his broker dealer having to reimburse the client for losses from this fraud in an amount exceeding \$100,000, plus interest.

14. The Panel also considered various mitigating factors, including the following:

- a. Mr. Hucul does not have a disciplinary history with FP Canada Standards Council.
- b. Mr. Hucul self-reported the complaint to FP Canada, and was thereafter both cooperative and forthcoming in the investigative process. While his actions amounted to misconduct, he did not engage in dishonesty during the transaction or in the subsequent investigative process.
- c. Mr. Hucul has additionally signed a joint settlement agreement with the MFDA, in which penalties included both a \$10,000 fine, and \$2,500 in costs to be paid.

- d. The consequences of these events, including termination of the contract with his dealer, have been severe and damaging for Mr. Hucul's career.
 - e. Once the fraudulent nature of the transaction was discovered, Mr. Hucul expressed genuine remorse for his actions.
 - f. The client's portfolio losses as a result of this misconduct were made whole by the dealer member, and Mr. Hucul did not profit or otherwise benefit from the transaction.
15. The Panel has reviewed the penalty agreed to by the parties and has considered the factors set out in the Joint Settlement Agreement. The Panel is satisfied that the consequences of Mr. Hucul's actions, including both the damage to his career and his personal remorse, are sufficient to deter Mr. Hucul from committing misconduct in the future.
16. Mr. Hucul's actions are similar to those considered in the case of Chun-Yi Tay, where the penalty imposed was greater than the penalty recommended in the present case. Compared to the Chun-Yi Tay case, the amount of misappropriated funds in Mr. Hucul's case is significantly larger. However, unlike the Chun-Yi Tay case, Mr. Hucul was honest and cooperative in the investigation. Therefore, the Panel agrees that a lower penalty is sufficient to acknowledge the misconduct.
17. This Decision and Settlement Agreement will become part of the public record. As such, the Panel believes that it will provide sufficient deterrence for other CFP certificants to avoid committing the type of misconduct that Mr. Hucul has, or if they find that they have, to embrace Mr. Hucul's approach of honesty and cooperation. The Panel believes that this approach is also in the public interest.

ORDER

18. For these reasons, the Panel accepts the Joint Settlement Agreement.
19. The Panel finds that the Respondent engaged in misconduct as alleged in the Request for Hearing Panel and as admitted in the Joint Settlement Agreement, more particularly contrary to Principles 1 and 7 and Rule 15 of the *Standards of Professional Responsibility* in force between March 2016 and May 2017, and contrary to Rule 24 of the *Standards of Professional Responsibility* in force between April 1, 2019 to December 31, 2019.
20. The Panel orders the following disciplinary penalty pursuant to its authority under article 8.2 of the *Disciplinary Rules and Procedures*:
- a. The Respondent's CFP certification and entitlement to use the CFP marks shall be

suspended for a period of six (6) months commencing on the date of the Hearing Panel order;

- b. Prior to his reinstatement, in addition to completing the annual 25 hours of Continuing Education (CE) activities required of every CFP Certificant, the Respondent shall, at his own expense, successfully complete the FP Canada Introduction to Professional Ethics (IPE) program;
- c. The Respondent shall provide proof of successful completion of the IPE program to the Standards Council prior to his reinstatement; and;
- d. The Respondent shall pay costs to FP Canada in the amount of \$1,500 which costs are due to FP Canada within 60 days of the date of the Hearing Panel Order.

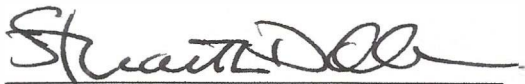
DATED this 8th day of January, 2021



Meagan S. Balaneski, CFP®, Chair of the Hearing Panel



Albert Pelletier,



Stuart Dollar, CFP®



FP Canada Standards Council™

and

David Hucul, CFP®

Joint Settlement Agreement

I. NOTICE OF SETTLEMENT

1. In accordance with Article 6.10 of the *FP Canada Standards Council™ Disciplinary Rules and Procedures* in effect from September 1, 2020 (the "DRP"), and as set out in this Joint Settlement Agreement (the "Agreement"), a settlement of all particulars in this matter has been reached between the FP Canada Standards Council™, (the "Standards Council"), a Division of FP Canada™, and David Hucul, CFP® ("Mr. Hucul" or the "Respondent").

II. ACKNOWLEDGEMENTS

Execution of this Agreement

2. The Respondent has carefully reviewed this Agreement.
3. The Respondent has signed this Agreement voluntarily and without duress. The Respondent has received the advice of legal counsel with respect to signing this Agreement.
4. The parties agree that this Agreement will be filed with the Standards Council Discipline Hearing Panel (the "Hearing Panel") on consent.

The Allegations

5. The allegations the Standards Council is proceeding with, which are set out in the Request for a Hearing Panel dated June 18, 2020¹, are set out below:

1. Between December 2016 and January 2017, the Respondent failed to act with integrity, diligence failed to place the client's interests first, and failed to exercise reasonable and prudent professional judgment, by processing a redemption of \$500,000 in a client's account based upon email instructions received from a third party, contrary to the policies and procedures of his employer, contrary to Principles 1, 2 and 7 and Rules 2 and 15 of the *Standards of Professional Responsibility* in force between March 2016 and May 2017;

...

3. The Respondent failed to perform financial planning in accordance with applicable laws, regulations, rules or established policies of governmental agencies by engaging in conduct that contravened MFDA Rules 2.10, 1.1.2, and 2.1.1, as found by the MFDA on April 11, 2019, contrary to Rule 24 of the *Standards of Professional Responsibility* in force between April 1, 2019 to December 31, 2019.

Admissions

2. The Respondent admits the facts contained in this Agreement and admits that the facts support Allegation 1 (although he does not admit that he failed to act with integrity, contrary to Principle 2) and Allegation 3 of professional misconduct contained in the Request for a Hearing Panel.

3. The Standards Council withdraws Allegation 2 contained in the Request for a Hearing Panel.

4. The Respondent understands that because he has signed this Agreement, the Standards Council will not have to prove the admitted facts or the admitted particulars through a full hearing; instead, the Hearing Panel will be asked to make a finding of misconduct based on this Agreement.

¹ Request for Hearing Panel, dated June 18, 2020, JSA Document Book, Tab 1

5. The Respondent understands that, in accordance with Article 10 of the *DRP*, the Standards Council will publish the Disciplinary Decision as well as a Summary of the Disciplinary Decision.

Jurisdiction

6. The Respondent accepts the jurisdiction of the Hearing Panel to make a finding of misconduct in accordance with Article 8.1 of the *DRP*. He further accepts the jurisdiction of the Hearing Panel to impose a penalty pursuant to Article 8.2 of the *DRP*.

7. The Respondent understands that the Hearing Panel will review this Agreement having regard to article 6.10 of the *DRP* and that the Hearing Panel may reject this Agreement and/or request amendments to this Agreement.

Waiver of Appeal

8. The Respondent is aware of his right to appeal a decision of the Hearing Panel pursuant to Article 9.1 of the *DRP* and, by executing this Agreement, voluntarily waives such right upon acceptance of this Agreement by the Hearing Panel.

III. FACTS

Background of the Respondent

9. FP Canada's records indicate that FP Canada (formerly FPSC®) certified the Respondent as a CFP professional in August 1999. As of the date of this memorandum, the Respondent's certification is current. He does not have a prior discipline history with the Standards Council.

10. The Respondent is 50 years of age. From 2001 to the present time, the Respondent has been an owner/operator of MoneyWorks Consultants, a financial planning service provider located in Coquitlam, British Columbia. From 2001 to 2017, the Respondent worked with a company called Investment Planning Council ("IPC"). After the events which gave rise to this proceeding, the Respondent's contract with IPC was terminated by IPC. The Respondent advises that he ceased trading in mutual funds for two years

(between 2017 and 2019) due to his inability to find employment while proceedings before the Mutual Fund Dealers Association of Canada ("MFDA") were pending in relation to the events giving rise to this proceeding, but started trading in mutual funds again in July 2019.

11. The Respondent is licensed in BC to provide Segregated Funds and Insurance Products associated with IDC Worldsource Insurance Network and is also licenced in BC as an Investment Fund Representative.

History of Proceedings

12. This matter came to the Standards Council's attention when, on his 2018/2019 Annual Renewal Application form, the Respondent reported that he was the subject of a review by the MFDA.² The conduct underlying the allegations occurred during the Respondent's tenure at IPC as an Investment Advisor.

13. On April 11, 2019, an MFDA hearing panel accepted a Settlement Agreement signed by the Respondent in the MFDA proceeding. The Respondent was ordered to pay a \$10,000 fine and costs in the amount of \$2,500.

14. On July 5, 2019, the Standards Council commenced an independent investigation into the Respondent's conduct as a FP Canada certificant. The investigation was completed on April 17, 2020.

15. On May 8, 2020, the Conduct Review Panel convened and referred this matter to a Hearing Panel.

The Alleged Misconduct

Allegation #1 – The \$500,000 Redemption

16. As noted above, in December of 2016 and January of 2017, the Respondent worked as an Investment Advisor with IPC. At all material times, IPC's policies and procedures

² Respondent's 2018/2019 Renewal Form, dated February 15, 2018, JSA Document Book, Tab 2

required its advisors to telephone the client before processing redemptions from a client where the redemption instructions were provided by email or fax. This policy was in place to protect clients from the risk of unauthorized transactions being processed in their accounts without the knowledge or authorization of the actual client.

17. At all material times, IPC's policies and procedures required all redemption proceeds to be made payable directly to the client via cheque or electronic deposit into the bank account on file for the client. This policy was in place to prevent third parties from directing IPC Investment Advisors to send the proceeds of a redemption to a person other than the client or to an account that is not controlled by the client.

18. In September of 2015, Client X became a client of IPC and opened an account that was jointly serviced by the Respondent and another Advisor, Y.

19. Between December 20, 2016 and January 18, 2017, Advisor Y was on vacation. On December 19, 2016, before leaving on vacation, Advisor Y forwarded an email to the Respondent, purportedly from Client X, and asked the Respondent to take care of the requested redemption on Advisor Y's behalf.

20. Unbeknownst to Advisor Y and the Respondent, the email was not in fact from Client X. Rather, an unknown person had gained access Client X's account and was posing as Client X. In the December 19, 2016 email, the fraudster requested information about Client X's investment account, including Client X's portfolio summary.

21. Client X and the Respondent had signed an agreement permitting the Respondent and other IPC staff to communicate with Client X via email.³ In accordance with the email agreement, on December 20, 2016, the Respondent forwarded Client X's portfolio summary, requested by the fraudster who was posing as Client X.

³ Email Agreement, signed by Client X, dated September 20, 2015, JSA Document Book, Tab 3

The First Redemption Attempt

22. That same day, after receiving the portfolio summary, the fraudster emailed the Respondent and requested information on the procedural steps required to withdraw funds from Client X's non-registered account at IPC. The Respondent provided the fraudster with the requested information. Also on December 20, 2016, the fraudster sent an email to the Respondent attaching an order entry purportedly signed by Client X. The signed order entry authorized the Respondent to redeem \$500,000 from one of Client X's mutual funds held in his non-registered account at IPC. Also attached to this email was a direct deposit form directing the Respondent to arrange for the proceeds of the requested redemption to be deposited into a third party bank account which appeared to belong to a law firm in Woodbridge, Ontario.

23. The Respondent did not telephone Client X to confirm his instructions regarding the redemption, as was required by the policies and procedures in place at the relevant time, which state:⁴

Redemptions

For redemptions the Advisor has the responsibility to double check the authenticity of the redemption instruction. By telephoning the Client to confirm it, the Advisor protects the client from a potential e-mail security breach.

24. On December 20, 2016, the Respondent submitted the signed order entry form and the direct deposit form requesting the redemption in the amount of \$500,000 with proceeds to be directed to the third party bank account for processing. The third party bank account purportedly belonged to a law firm located in Woodbridge, Ontario.

25. The redemption request was sent directly to the processing team. The Respondent did not provide the redemption request to IPC's compliance department prior to submitting it for processing. A member of the processing team; however, was concerned

⁴ Email from M Hansen to T Thompson, dated November 27, 2019, attaching s. D2 of the Policies and Procedures in place at the relevant time, JSA Document Book, Tab 4

about the deposit to a third party bank account and alerted IPC's compliance department to a potential issue.

26. On December 22, 2016, IPC's compliance department questioned the trade because the proceeds were being deposited to a third party bank account. The compliance department asked the Respondent for an explanation as to why the proceeds had been directed to a third party bank account.

27. The Respondent emailed Client X and asked for an explanation. The fraudster provided an explanation via email. He claimed that the funds were being deposited into the trust account of a law firm to be held in escrow. The Respondent forwarded the response to the compliance department. Subsequently, the redemption was processed and an attempt to deposit the proceeds into the law firm's trust account was made.

28. On December 28, 2016, IPC was notified that the bank had rejected the deposit because the third party bank account, ostensibly belonging to a law firm, had been closed.

The Second Redemption

29. On December 28, 2016, the Respondent sent another email to Client X's email account to advise that the deposit had been rejected. Later the same day, the Respondent received an email purportedly from Client X with new instructions to send the redemption proceeds to a different third party bank account to a bank located in Calgary, Alberta. The name of the third party bank account holder identified in the December 28, 2016 email appeared to be a trucking company.

30. The Respondent amended the banking information and sent the amended banking information directly to the processing team. He did not inform his branch manager or the IPC's compliance department about the issues with the first deposit, or the new banking instructions he had received. He also failed to contact the client via telephone to confirm the new instructions.

31. On December 28, 2016, the redemption proceeds were deposited to the third party bank account held in the name of the trucking company.

32. On January 5, 2017, the following occurred:

- a) IPC was advised by the first bank that the third party bank account in the name of the law firm appeared to be a fraudulent account;
- b) the Respondent emailed Client X's email account requesting details about the suspicious bank account that had been closed;
- c) the Respondent received a response by email that stated as follows:

the account is owned by a friends (sic) company. And he also got in touch with me with the same concern earlier today. I am depositing the money as a simple personal loan to a friend and nothing more than that. Can your compliance department get the money released to the beneficiary on this information or not ?; and

- d) the Respondent forwarded the response to his branch manager.

33. On January 9, 2017, IPC received notification from the bank in Calgary that the third party bank account in the name of the trucking company, to which the redemption proceeds had been directed on December 28, 2016, was also a fraudulent account.

The Discovery of the Fraud and the Aftermath

34. On or about January 10, 2017, the Respondent called Client X to inquire about the third party bank account at the Calgary bank. During their phone conversation, Client X revealed that he had no knowledge of the redemption request that the Respondent had received and that he had not authorized the redemption or sent or received any of the emails the Respondent had been exchanging in December 2016 and January 2017 concerning the \$500,000 redemption request. The Respondent then realized that he had been dealing with an individual who had unlawfully accessed Client X's email account and perpetrated a fraud on Client X.

35. Client X had no knowledge of the fraud until the Respondent contacted him on January 10, 2017.

36. By the time IPC was informed that the \$500,000 in redemption proceeds had been deposited into a fraudulent account, more than \$100,000 of the \$500,000 had already been withdrawn from the Calgary bank account and misappropriated. Between January

2017 and March 17, 2017, \$397,446.56 was recovered from the Calgary bank through court orders and was returned to Client X.

37. On April 21, 2017, the Respondent's contract with IPC was terminated effective immediately as a result of his role in the events described above.

38. On May 15, 2017, IPC reimbursed Client X for the balance of the loss from the \$500,000 redemption that was processed from his account, plus interest.

Allegation #3 - Breach of Rule 24 of the Standards of Professional Responsibility

39. On March 11, 2019, the Respondent signed a Settlement Agreement with MFDA admitting to the conduct and sequence of events described in this Agreement.⁵

40. On April 11, 2019, an MFDA hearing panel accepted the Settlement Agreement signed by the Respondent in the MFDA proceeding, and found that the Respondent had contravened MFDA Rules 2.10, 1.1.2 and 2.1.1 by acting contrary to IPC's policies and procedures. The Respondent was ordered to pay a \$10,000 fine and costs in the amount of \$2,500. The MFDA hearing panel released its Reasons for Decision on May 15, 2019.⁶

IV. APPLICABLE STANDARDS

41. The charts below detail the applicable *Standards of Professional Responsibility*, Principles and Rules:

Applicable Standards	Time Frame
<i>Standards of Professional Responsibility for CFP® Professionals and FPSC Level 1® Certificants in Financial Planning, March 2016</i>	March 2016 – May 2017
<i>Standards of Professional Responsibility for CFP® Professionals and FPSC Level 1® Certificants in Financial Planning, April 2019</i>	April 2019 – December 2019

⁵ MFDA Settlement Agreement, dated March 11, 2019, JSA Document Book, Tab 5

⁶ MFDA Reasons for Decision, dated May 15, 2019, JSA Document Book, Tab 6

Applicable Principles and Rules of the Standards of Professional Responsibility for CFP Professionals and FPSC Level 1 Certificants in Financial Planning, March 2016

Principle 1: Client First

A CFP professional shall always place the client's interests first.

Placing the client's interests first requires the CFP professional to act honestly and to place the client's interest ahead of his/her own and ahead of all other interests.

Principle 7: Diligence

A CFP professional shall act diligently in providing financial planning.

Diligence is the provision of services in a prompt and thorough manner. Diligence also includes proper planning for and supervision of the rendering of professional services.

Rule 15	A CFP Professional shall exercise reasonable and prudent professional judgment in providing financial planning.
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Applicable Principles and Rules of the Standards of Professional Responsibility for CFP Professionals and FPSC Level 1 Certificants in Financial Planning, April 2019

Rule 24	A Certificant shall provide their professional services in accordance with applicable laws, regulations, rules or established policies of governmental agencies and other applicable authorities, including FP Canada and the FP Canada Standards Council.
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V. AGREEMENT WITH RESPECT TO PENALTY

42. The parties have made the following agreement with respect to penalty:

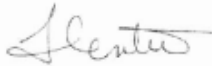
- a) The Respondent's CFP certification and entitlement to use the CFP marks shall be suspended for a period of six (6) months commencing on the date of the Hearing Panel order;
- b) Prior to his reinstatement, in addition to completing the annual 25 hours of Continuing Education (CE) activities required of every CFP Certificant, the Respondent shall, at his own expense, successfully complete the FP Canada Introduction to Professional Ethics (IPE) program;

- c) The Respondent shall provide proof of successful completion of the IPE program to the Standards Council prior to his reinstatement; and
- d) The Respondent shall pay costs to FP Canada in the amount of \$1,500 which costs are due to FP Canada within 60 days of the date of the Hearing Panel Order.

43. The parties jointly submit that the penalty proposed in this case is appropriate, in the public interest, and consistent with the admissions and the applicable standards.

This Agreement may be signed in counterparts, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Agreed to by FP Canada Standards Council this 29th day of October, 2020



Tamara Center, Counsel to FP Canada Standards Council

Agreed to by David Hucul this 29 day of October, 2020.



David Hucul, CFP®