



REPORT ON DISCIPLINARY ACTION

Details of Hearing: Faith Krueger, CFP® (Abbotsford, BC)

On February 5, 2019, a Financial Planning Standards Council (FPSC®) Discipline Hearing Panel accepted a Joint Settlement Agreement between FPSC and Faith Krueger, CFP® and ordered that Ms. Krueger receive a Letter of Admonishment.

Background

Ms. Krueger was certified by FPSC as a CERTIFIED FINANCIAL PLANNER® professional in January 2000. She does not have a prior discipline history with FPSC.

In August 2017, FPSC received a public complaint from two of Ms. Krueger's clients, a married couple. In March 2012, the clients' portfolio was transferred to Ms. Krueger's administration. The portfolio included a leveraged loan investment first recommended in 2006 by a different advisor. When she became their financial planner, Ms. Krueger prepared a financial plan for clients. Ms. Krueger failed to:

- Take into account a future pension benefit to an ex-husband (thereby overstating the clients' future revenues);
- Provide for inflation on monthly expenses (thereby understating the clients' future expenses);
- Take into account the loan associated with the leveraged investment (thereby overstating the clients' net worth); and
- Conduct an analysis or consider whether the leveraged investment was suitable for the clients given their age, stated objectives, and financial circumstances.

Admitted Conduct

In the Settlement Agreement with FPSC, Ms. Krueger admitted that she:

- Failed to conduct an independent suitability analysis of a leveraged loan when she prepared the initial financial plan or at any time during the client relationship, contrary to Principle 7 of the Code of Ethics, and Rule 15 of the Rules of Conduct;
- Failed to present an accurate financial plan to the clients, contrary to Principle 7 of the Code of Ethics, and Rule 15 of the Rules of Conduct;

Applicable Standard

The underlying conduct occurred between 2012 and 2014, and was, accordingly, governed by the:

- *Standards of Professional Responsibility for CFP® Professionals and FPSC® Registered Candidates*, in force from November 2011 to February 2014; and

- *Standards of Professional Responsibility for CFP® Professionals and FPSC Level 1™ Certificants in Financial Planning*, in force from March 2014 to September 2014.

FPSC 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 6.8 of the FPSC *Disciplinary Rules and Procedures*. In reaching this conclusion, the Hearing Panel noted, among other things, that:

- Ms. Krueger did not recommend the leveraged investment to her clients, but rather inherited the investment from a previous advisor.

The Hearing Panel accepted the joint proposed Penalty and, on February 5, 2019, Ordered that:

- a. Ms. Krueger receive a Letter of Admonishment from the Hearing Panel;
- b. Prior to December 31, 2019, in addition to completing the 25 hours of Continuing Education (CE) activities required of every FPSC certificant, Ms. Krueger shall, at her own expense, successfully complete an additional eight (8) hours FPSC-accredited CE, of which:
 - i. At least four (4) hours of FPSC-accredited CE in the category of Financial Planning; and
 - ii. At least one (1) hour of FPSC-accredited CE in the category of Professional Responsibility;
- c. Ms. Krueger provide proof of completion of the 30 hours of CE credits to FPSC by December 31, 2019; and
- d. Ms. Krueger pay costs to FPSC of \$2,500 to FPSC by June 20, 2019.