



Report on Disciplinary Actions 2014

The following individual has received admonishment, and a one (1) year suspension of the right to use the CFP® certification marks in all correspondence and the representation of himself as a CFP® professional:

- Cloth, M. Jason (Markham, ON)

Details of Hearing and Appeal Hearing Results

Cloth, M. Jason (Markham, ON)

On July 9, 2014 FPSC's Disciplinary Hearing Panel of the Enforcement Policy Committee (the Hearing Panel) considered the matter of the Financial Planning Standards Council and Jason M. Cloth, CFP®.

By way of unanimous decision dated August 7, 2014, the Hearing Panel found that, Mr. Cloth:

- 1) Breached Rule 101 of the FPSC® Code of Ethics (the Code) by (i) acting dishonestly and misrepresenting the mechanics of a Term Life Insurance policy to his client and (ii) failing to properly explain to his client the cost of the product.
- 2) Breached Rule 202 by failing to act in the interests of his client by allowing a provision of the policy which was of significance and importance to the client, being the Cost of Insurance, to be changed from Level to Yearly Renewable without making the necessary and adequate disclosure and without the client's authorization.
- 3) Breached Rule 702 by failing to implement only those recommendations that were suitable for the client by failing to confirm the client's understanding of the product.

Mr. Cloth appealed the Hearing Panel's decision.

On October 30, 2014, the Appeal Hearing Panel convened and considered a joint submission of FPSC (the Respondent) and Mr. Cloth (the Appellant) made on consent of the parties.

The Appeal Panel accepted that the submission of the parties were fair and reasonable given the circumstances.

The Appeal Panel allowed the Appeal in part, upheld the following findings of the Hearing Panel:

- i. Mr. Cloth breached Rule 101 of the Code by failing to properly explain and illustrate to his client the cost of the product over the client's life expectancy or for the time period the insurance was to be in force;
- ii. Mr. Cloth breached Rule 202 of the Code by failing to act in the interests of his client by allowing a provision of the policy which was of significance and importance to the client, being the Cost of Insurance, to be changed from Level to Yearly Renewable without making the necessary and adequate disclosure and without the client's proper authorization; and
- iii. Mr. Cloth breached Rule 702 of the Code by failing to implement only those recommendations that were suitable for the client, by not sufficiently explaining to the client the details of the insurance product, the effects of changes made to the insurance, and by failing to confirm the client's understanding of the product purchased by periodically reviewing it with the client.

In accordance with the Order imposed by the Appeal Panel, Mr. Cloth was issued a Letter of Admonishment, and his right to use the CFP certification marks has been suspended for one (1) year until November 6, 2015.

