

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

JEFFREY M. CAMARDA AND
KIMBERLY K. CAMARDA, individuals,
4371 U.S. Highway 17, Suite 201,
Fleming Island, FL 32003

Plaintiffs,

v.

CERTIFIED FINANCIAL PLANNER
BOARD OF STANDARDS, INC, a
Corporation organized and existing
under the laws of the State of Colorado,
1425 K Street, NW, Suite 500,
Washington, DC 20005,

Defendant.

Civil Action No. 1:13-cv-871-RJL

AMENDED COMPLAINT FOR INJUNCTIVE RELIEF AND DAMAGES

Plaintiff, Jeffrey M. Camarda (“Jeff Camarda”) and Kimberly K. Camarda (“Kim Camarda”) (collectively, the “Camardas” or “Plaintiffs”), by and through their undersigned counsel, hereby aver as follows:

PARTIES, JURISDICTION AND VENUE

1. Plaintiffs are individuals residing in Clay County, Florida and operating businesses from an office building located at 4371 US Highway 17, Suite 201, Fleming Island, Florida 32003.

2. Upon information and belief, Defendant Certified Financial Planner Board of Standards, Inc. (“CFP Board”) is a Colorado corporation with its principal place of business located at 1425 K Street NW, Suite 500, Washington, D.C. 20005.

3. This Court has subject-matter jurisdiction in this action pursuant to 28 U.S.C § 1332, because at the time of filing this lawsuit: (1) complete diversity of citizenship exists between Plaintiffs and Defendant CFP Board; and (2) the relief sought by Plaintiffs exceeds \$75,000.00.

4. This Court also has subject-matter jurisdiction in this action pursuant to 28 U.S.C. § 1331, as Plaintiffs assert claims under the Sherman Act, 15 U.S.C. §§ 1 and 2, and the Lanham Act, 15 U.S.C. § 1125.

5. This Court has personal jurisdiction over the Defendant CFP Board as its principal place of business is in Washington, D.C.

6. Venue is appropriate in this Court pursuant to 28 U.S.C § 1391(b) and pursuant to the specific terms of Terms and Conditions of Certification entered into between the parties.

FACTUAL BACKGROUND

A. Background of the Camarda Companies

7. Jeff Camarda is a Managing Member of Camarda Financial Advisors LLC f/k/a Camarda Financial Advisors, Inc. (“Camarda Advisors”) and of Camarda Consultants, LLC (“Camarda Consultants”), (collectively, the “Camarda Companies”). Kim Camarda is also a Managing Member of Camarda Advisors and a Manager of Camarda Consultants.

8. Camarda Advisors was formed in 1992 originally as a Florida corporation but was later converted to a limited liability company in 2009. Camarda Advisors provides fee-only

investment management services to its clients across the United States, and primarily in the Southeast, with a concentration of clients in Florida.

9. Camarda Consultants was formed in 2007. Camarda Consultants is a licensed insurance agency and financial consulting firm providing business planning, tax, estate planning, insurance, and other non-investment-advisory services to its clients for both fees and commissions.

10. Since their respective inceptions, Camarda Advisors and Camarda Consultants are and have always been two separate and distinct legally formed and organized entities under Florida law.

11. Camarda Advisors and Camarda Consultants maintain separate corporate filings with the Florida Secretary of State, file separate state and federal tax returns, and, at all relevant times, have maintained separate websites, advertising, and personnel.

12. Camarda Consultants employs 1099 licensed insurance agents or brokers who sell insurance policies on a commission basis. Camarda Advisors does not and never has.

13. Camarda Consultants is separately licensed as an insurance agency with the State of Florida. Camarda Advisors is not and never has been.

14. Moreover, Camarda Advisors has only ever provided "fee-only" investment services. Camarda Consultants has never advertised itself as providing "fee-only" investment services.

15. At all relevant times, Camarda Advisors' website has represented that Camarda Advisors provided "fee-only" investment services and has offered no other services.

16. Likewise, Part II of the Camarda Advisors' Form ADV, the Uniform Application for Investment Adviser Registration filed with the Securities and Exchange Commission, states

that Camarda Advisors provides “fee-only” investment services to clients. A true and correct copy of Camarda Advisor’s Form ADV Part II for the relevant time period is attached as Exhibit A.

17. In addition to the Form ADV, every current or prospective client of Camarda Advisors and/or Camarda Consultants receives a written disclosure statement regarding the services provided by each separate entity and the compensation each entity might receive for its services. All prospective clients of Camarda Advisors and/or Camarda Consultants clients have been required to sign this statement.

18. Thus, the Camarda Companies’ required disclosure statements provide a clear explanation to current and prospective clients that only Camarda Consultants sells insurance products on a commission basis, and that any business relationship between a client and Camarda Consultants is a separate and distinct relationship from any with Camarda Advisors. This process ensures that no current or prospective client should be misled as to the separate and distinct nature of, and compensation received by, Camarda Consultants and Camarda Advisors.

B. The CFP Board

19. The CFP Board is a private not-for-profit corporation which grants CFP® certifications and CFP® marks to individuals, such as the Camardas, who meet the CFP Board’s required standards for competent and ethical personal financial planning.

20. The CFP Board is governed by its Board of Directors (the “Board of Directors”), a majority of which consists of CFP® professionals.

21. In order to become certified as a CFP® professional, individuals must pass a comprehensive Certification Examination, have three years of professional experience in the financial planning process, pass the CFP Board’s Fitness Standards for Candidates and

Registrants, agree to abide by the Board's Code of Ethics and Professional Responsibility and Rules of Conduct, and agree to comply with the Financial Planning Practice Standards. In addition, once authorized to use the CFP® marks, individuals must pay an annual \$325 certification fee, submit a certification application every two years, and complete 30 hours of continuing education every two years.

22. The CFP Board has exclusive ownership and control over the granting of CFP® certifications and licensing of the use of the CFP® professional service trademark.

23. Upon information and belief, the CFP Board derives virtually all of its revenue from the manufacture and licensing of the CFP® professional service trademark.

24. Upon information and belief, there are approximately 68,000 CFP® certificate holders nationwide.

25. The CFP Board's stated "mission" is to "benefit the public by granting the CFP® certification and upholding it as the recognized standard of excellence for competent and ethical personal financial planning." See Mission and Objectives, available at <http://www.cfp.net/about-cpf-board/mission-and-objectives> (last accessed 9/25/13). Indeed, "[t]he CFP® certification process . . . identifies to the public that those individuals who have been authorized to use the CFP® certification marks in the U.S. have met rigorous professional standards and have agreed to adhere to the principles of integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence when dealing with clients." See CFP Certification Requirements, available at <http://www.cfp.net/become-a-cfp-professional/cfp-certification-requirements> (last accessed 9/23/13).

26. The CFP Board considers itself obligated "to ensure that those involved in crafting and debating public policy," including "regulators and policy-makers . . . understand the

public value of CFP® certification and the competent and ethical financial planning services it represents.” *See* Purpose, Parameters and Policies of CFP Board, *available at* http://www.cfp.net/docs/default-document-library/purpose_of_cfp_board.pdf?sfvrsn=2 (last accessed 9/25/13). The CFP Board also engages in active communication “with its stakeholders – including the public, current and potential CFP® professionals, financial planning educators, and employers of CFP® professionals – and establishes relationships with allied organizations and the media to ensure the continued recognition of the CFP® certification as the standard of excellence for personal financial planning.” *Id.* Further, the CFP Board has an ongoing “national public awareness campaign to increase awareness of the CFP® certification among the general public . . . something that stands to provide value for all CFP® professionals and real benefits for the many Americans who can improve their lives with the assistance of competent, ethical and professional financial planning.” *Id.*

27. The CFP Board’s function in certifying and overseeing financial planners is valuable for consumers. Indeed, to underscore the importance of “the public’s growing demand for financial planners who adhere to rigorous standards,” the CFP Board conducted a nationwide consumer survey among upper-income households which revealed that 85% considered successful completion of a certification examination “very important” or “extremely important”, 95% felt that financial planner should adhere to professional practice standards, and 97% said the most important standard for financial planners was adherence to a professional code of ethics. *See* CFP Certification Requirements, *available at* <http://www.cfp.net/become-a-cfp-professional/cfp-certification-requirements> (last accessed 9/24/13).

28. Further, certification by the CFP Board is extremely valuable for CFP® professionals themselves. A survey conducted of CFP® professionals by the CFP Board in 2008

revealed that 91% would recommend CFP® certification to other financial professionals, 78% agree that they have a “competitive edge” over non-certificants, and 75% agree that becoming a CFP® professional directly contributed to their success. *See* 2011 CFP® Professionals Survey, *available at* [http://www.cfp.net/docs/news-events---research-facts-figures/2011_cfp\(r\)_professionals_survey_report.pdf?sfvrsn=2](http://www.cfp.net/docs/news-events---research-facts-figures/2011_cfp(r)_professionals_survey_report.pdf?sfvrsn=2) (last accessed 9/25/13).

29. To maintain and ensure the high standards of excellence for CFP® professionals and to protect the value of its CFP® mark, the CFP Board, through its Board of Directors, has promulgated by-laws and rules governing its membership and certificant holders, as well as the proper conduct of disciplinary proceedings and appeals, which are amended or supplemented from time to time. The CFP Board requires individuals who utilize the CFP® mark to abide by the CFP Board’s standards of professional conduct and practices.

30. The CFP Board has adopted the Code of Ethics and Professional Responsibility (the “Code”), which identifies the ethical principles that certificants are required to meet in their professional activities.

31. The CFP Board has also promulgated Disciplinary Rules and Procedures (the “Disciplinary Rules”) to investigate and punish any violations of the Code. The Disciplinary Rules provide a process by which CFP certificants are given notice of potential violations and contain written procedures governing investigations and discipline of members for alleged violations. A true and correct copy of the Disciplinary Rules, as amended November 30, 2012 and effective January 1, 2013, is attached hereto as Exhibit B. The true and correct copy of the prior version of the Disciplinary Rules is attached hereto as Exhibit C.¹

¹ The specific provisions of the Disciplinary Rules cited in this Amended Complaint are nearly the same, for all pertinent purposes, in both versions of the Disciplinary Rules. Nevertheless, there may be significant differences between the two versions in other provisions of the Disciplinary Rules that could be relevant to this case and to

32. The Disciplinary Rules require, *inter alia*, that proper notice and an opportunity to be heard be provided to any certificant accused of Rules violations.

33. The Disciplinary and Ethics Commission of the CFP Board (the “Commission”) is responsible for reviewing and taking appropriate action with respect to alleged violations of the Code and is formed pursuant to, and governed by, the by-laws of the CFP Board.

34. In addition, Appeal Rules and Procedures (the “Appeal Rules”) adopted by the CFP Board, govern appeals of orders of the Commission.

35. As with any board purporting to require compliance with self-imposed standards and rules of conduct, the CFP Board must exercise reasonable standards of due process and fairness, especially those standards inherent in adopting, implementing, and applying its own by-laws, rules, and/or customs. *See, e.g., Silver v. New York Stock Exch.*, 373 U.S. 341, 367 n. 17, 18 (1963); *Ortiz-Bonilla v. Federacion de Ajedrez*, No. 12-1022, 2013 U.S. App. LEXIS 17623, at * 31-32 (1st Cir. Aug. 21, 2013).

C. The Camardas’ Certification and Use of the CFP® Mark

36. In 1992, Jeff Camarda was granted the right to use the CFP® certification mark by the CFP Board. Jeff Camarda uses his CFP® certification and mark in the course of his business operations with Camarda Advisors.

37. In 2000, Kim Camarda was also granted the right to use the CFP® certification mark by the CFP Board. However, although Kim Camarda holds a CFP® certification, she does not practice as a financial planner. For Camarda Advisors, Kim Camarda serves in an executive and administrative nature; she does not service clients, do financial planning, or dispense

Plaintiff’s claims. Plaintiffs do not concede, at this point, which version of the Disciplinary Rules applies to their disciplinary action and they reserve all their rights with respect to this issue.

investment advice to clients. Other than her formal designation as a “Manager” for purposes of Florida LLC registration, Kim Camarda has no direct involvement in Camarda Consultants.

38. In exchange for the Camardas’ permitted use of the CFP® marks, the Camardas agreed to comply with the CFP Board’s Code and other rules and standards of conduct, with the expectation that they would be interpreted and applied in a fair and reasonable manner, and in keeping with notions of due process.

39. In exchange for the Camardas’ agreement to use CFP® marks in accordance with the CFP Board’s standards and rules, the CFP Board agreed to render fair and reasonable interpretations and application of the standards and rules for investigating and prosecuting disciplinary complaints against the Camardas.

40. In connection with their biennial recertification, the Camardas were required to review the terms and conditions applying to their CFP® certifications and to affirm their agreement with those terms and conditions in an Ethics Declaration, which asked applicants to agree to the following statements: “I affirm that I have read, understand and voluntarily agree to be bound by the terms and conditions of certification as previously set forth . . . I understand that upon completion of all certification requirements, CFP Board will issue an ID card and CFP Board and I will be bound by the terms and conditions.”

41. Jeff Camarda made the required Ethics Declaration on November 20, 2003, December 23, 2005, December 20, 2007, December 7, 2009 and November 12, 2011.

42. Kim Camarda made the required Ethics Declaration on March 12, 2004, February 7, 2006, December 27, 2007, January 5, 2010 and January 30, 2012.

C. Disgruntled Competitor's Unwarranted Grievance to the CFP Board

43. Upon information and belief, on or about January 24, 2011 the CFP Board received an anonymous grievance from a local business competitor of the Camardas, who on information and belief is a disgruntled former employee of the Camardas (and a CFP® professional) (the "Grievance").

44. The Grievance alleged that Camarda Advisors made misrepresentations to clients in violation of the Code by advertising that Camarda Advisors provided "fee-only" investment services when it supposedly also provided commission-based insurance services. The Grievance was signed by: "Another financial planner who is tired of the people giving us a bad reputation."

45. On February 3, 2011, the CFP Board sent Jeff Camarda a Notice of Investigation informing him of the Grievance and requesting that he provide a written response to the allegations, along with various information and documents, within thirty days.

46. In response, on February 25, 2011, Jeff Camarda provided the CFP Board with all information and documents requested, including a written response refuting the allegations, disclosure documents, corporate documents and information concerning the ownership structure and governance of Camarda Advisors and Camarda Consultants, and Camarda Advisors' Form ADV dated October 2010.

47. The CFP Board then requested additional information and documents from Jeff Camarda on March 8, 2011. Also on March 8, 2011, the CFP Board sent Kim Camarda a Notice of Investigation informing her of the Grievance and requesting that she provide a written response to the allegations, along with various information and documents, within thirty days.

48. In response, on March 31, 2011, the Camardas sent a joint written response to the CFP Board again refuting the allegations, discussing the relationship between Camarda Advisors

and Camarda Consultants, answering the specific questions posed in the March 8, 2011 letter, and providing financial documents, materials from Camarda Advisors' website, corporate filings, and other documents and information requested by the CFP Board.

49. On December 14, 2011, the CFP Board sent the Camardas a formal Complaint alleging violations of Rules 2.1² and 6.5³ of the Code (the "Complaint"), having determined that there was "probable cause" to refer the matter to the Commission.

50. The sole basis for the Complaint was that Camarda Advisors' advertisements describing itself as a "fee-only" entity constituted a misrepresentation to clients or prospective clients because the CFP Board had unilaterally determined that Camarda Advisors and Camarda Consultants were supposedly "functionally one organization" (as the CFP Board construed its Rules), and because Camarda Consultant - a separate and distinct corporate entity from Camarda Advisors at all times - also provides services to its own customers that are commission-based, Camarda Advisors could not advertise itself as "fee-only."

51. Because there was no basis to any of these so-called "violations," on January 20, 2012, the Camardas filed their Answer to the Complaint and immediately invoked their right to a hearing to contest and dispute the CFP Board's actions rather than accept any unjustifiable discipline.

52. Even though the Camardas had committed no violations of the Code or any other rules, nor had they made any purported "misrepresentations" to their clients, and viewed the CFP Board's allegations otherwise as meritless, the Camardas, in the spirit of compromise and in

² Rule 2.1 provides: "A certificant shall not communicate, directly or indirectly, to clients or prospective clients any false or misleading information related to the certificant's professional qualifications or services. A certificant shall not mislead any parties about the potential benefits of the certificant's service. A certificant shall not fail to disclose or otherwise omit facts where disclosure is necessary to avoid misleading clients."

³ Rule 6.5 provides; "a certificant shall not engage in conduct which reflects adversely on integrity or fitness, upon the CFP® marks, or upon the profession."

order to attempt to address the CFP Board's concerns, immediately and without having been asked to do so, amended Camarda Advisors' marketing materials to remove the phrase "fee-only."

53. Nonetheless, the CFP Board insisted on proceeding forward to a full hearing on the Complaint before a Hearing Panel of the Commission (the "Hearing Panel").

D. The CFP Board Hearing and Utter Lack of Evidence of Rules Violations

54. The hearing was held on March 1, 2012 before the three-member Hearing Panel. The Hearing Panel consisted of a member and chairperson who were CFP® professionals, and one independent panel member (a volunteer Certified Public Accountant).

55. During the hearing, it was obvious that the CFP Board had not conducted a proper and diligent investigation of the baseless Complaint against the Camardas, and did not intend to. Indeed, it was clear at the hearing that during its so-called "investigation" of the Grievance, the CFP Board apparently did nothing other than request documents and information from the Camardas. The CFP Board gathered no other additional evidence, interviewed no clients of the Camardas, and performed no further investigation into the veracity of the Grievance.

56. Moreover, the CFP Board failed to present or even consider any evidence as to whether Camarda Advisors and Camarda Consultants were, in fact, separate entities and whether any clients of Camarda Advisors or Camarda Consultants had actually been misled.

57. In fact, during the hearing, the CFP Board conceded that it never spoke to any of the clients of Camarda Advisors or Camarda Consultants in conducting its investigation of the allegations.

58. In particular, the CFP Board failed to present or find any evidence that:

- a. any of the current or former clients of Camarda Consultants or Camarda Advisors had been misled or, indeed, had ever complained about their advertising;
- b. there was any revenue sharing between Camarda Advisors and Camarda Consultants which would support the CFP Board's claim that they were one entity;
- c. Camarda Advisors ever provided services in any manner other than "fee-only";
- d. Camarda Consultants ever advertised itself as a "fee-only" entity;
- e. any current or former clients of Camarda Advisors misunderstood that Camarda Advisors was a separate and distinct entity from Camarda Consultants and that Camarda Advisors provided "fee-only" services; or
- f. either of the Camardas received any direct or indirect compensation for non- "fee-only investment management" services as would be required per the CFP Board's own Rules for their "fee-only" definition to not be met.

59. In further disregard to the Camardas' rights to a fair hearing, none of the members of the Hearing Panel exhibited any competent knowledge or a proper understanding of the applicable rules promulgated by the CFP Board to even begin to apply them fairly and justly to the Camardas and their business.

60. Although the CFP Board's own rules (Section 2.2 of the Code) explain the express disclosures to clients required by the CFP Board to satisfy Section 2.1 (prohibiting misleading disclosures), the CFP Board ignored all of Section 2.2 in its entirety and disregarded

clear evidence that the Camardas presented demonstrating that they were fully compliant with each of the specific disclosure requirements of Section 2.2.

61. The CFP Board further ignored other applicable rules demonstrating the Camardas' compliance with the CFP Board's ethical standards and which explained and interpreted the meaning of the rules the Camardas were accused of violating. For example, the CFP Board ignored Rules 1.2, 1.3, 2.22, 2.2, and 4.3 of the Code, as well as its own January 2007 pronouncement that its "fee-only" definition specifically excludes "related parties" (such as the Camarda Companies).

62. Instead, the CFP Board fashioned its own definition of key terms - including the term "practice," which was defined and applied for the first time in the context of the disciplinary hearing against the Camardas - in reliance on outdated and superseded rules. Worse, the CFP Board then gave the newly defined term retroactive effect as applied to the Camardas. This was arbitrary, capricious, and inherently unfair as the Camardas neither received notice of this new definition nor provided an opportunity to address the allegations or sufficiently dispute any such newly minted "definition."

63. Further, the Hearing Panel either was unaware of, or disregarded, the fact that other certificants have used, and continue to use, the term "fee-only" while selling commission-based products - in effect, ignoring evidence that the CFP Board selectively enforces the very rules that Camardas were being prosecuted for.

E. The Baseless Disciplinary Order

64. Despite the lack of evidence of any wrongdoing or violation of any of the ethics rules, on March 30, 2012, the CFP Board issued an Order finding that the Camardas had violated

Rules 2.1 and 6.5 of the Code, which provided grounds for discipline under Article 3(a) of the Disciplinary Rules⁴ (the “Order”).

65. The sole basis for the Order was the CFP Board’s conclusion that, although Camarda Advisors and Camarda Consultants were “legally distinct entities,” they were “functionally one organization.” Therefore, the CFP Board held that Camarda Advisors cannot represent itself as providing fee-only services when Camarda Consultants also receives insurance commissions.

66. The CFP Board did not, because it could not, present any evidence to establish the Camardas ever received any “non-fee” compensation, a critical element of the “fee-only” definition.

67. The CFP Board further failed to recognize conflicts of interest among its own hearing officers and governing Directors as evidence was presented during the extensive proceedings which demonstrated at least two of the hearing officers had done the same thing as the Camardas without disqualification or penalty.

68. Despite acknowledging that the Camardas had already revised Camarda Advisors’ website to remove all references to “fee-only,” that they had not received any client complaints regarding their advertising, that they had relied on outside compliance consultants to prepare their Form ADV Part II, and that they had replaced these compliance consultants — the CFP Board wrongly ruled in favor of disciplinary action against the Camardas.

69. Specifically, the CFP Board stated that it intends to issue a Public Letter of Admonition which would allege the Camardas violated certain of the Rules (“Public Letter”) and to publish this Public Letter on the CFP Board website as well as in a press release to local and

⁴ Article 3(a) of the Disciplinary Rules provides in pertinent part that “[a]ny act or omission that violates the . . . *Rules of Conduct*” is grounds for discipline.

perhaps other newspapers and publications. A copy of the Public Letter was provided to the Camardas on March 30, 2012.

70. The severe sanction intended by the CFP Board is not only unjustified in light of the utter lack of evidence provided at the hearing and denial of due process throughout the proceeding, but is also inappropriate and unorthodox because the Camardas do not have a previous disciplinary record with the CFP Board, nor have they suffered a professional suspension by any other regulatory authority.⁵

71. Further, upon information and belief this was the first time the CFP Board had disciplined a CFP member with a public admonition for a violation of Rule 2.1 or 6.5 of the Code premised upon the alleged misrepresentation of providing “fee only” services.

F. The Appellate Panel’s “Rubber Stamp” of the So-Called “Violations”

72. Once the Camardas received the CFP Board’s Order, the Camardas timely submitted their Petition for Appeal to the CFP Board of Appeals Committee (the “Appellate Panel”) on May 30, 2012.

73. A hearing was held before the Appellate Panel on December 5, 2012. Of the five-member Appellate Panel, three members, including the chairperson, were CFP® members, while two were independent members of the CFP Board.

74. Under Article 3.1 of the Appeal Rules, the Appellate Panel was required to affirm the Commission’s findings of fact and/or discipline imposed unless they were “clearly erroneous,” “unsupported by substantial evidence,” or where a rule has been “misapplied.”

75. However, despite the fact that the Order fit into all three of these categories, on January 3, 2013, the Appellate Panel “rubber stamped” the decision of the CFP Board by

⁵ Indeed, had the CFP Board still insisted on disciplining the Camardas for the alleged violations (despite any basis to do so), it could have chosen the lesser sanction of a private censure. See Rule 4.1 of the Disciplinary Rules.

concluding, without explanation or reason, that the Disciplinary Panel below had made no errors in enforcing or interpreting the applicable rules and Code of the CFP Board.

76. In affirming the Order, the Appellate Panel upheld the newly-minted and unprecedented definitions of key terms being applied retroactively to the Camardas, without prior notice, in violation of their due process rights.

77. In addition, the Appellate Panel improperly confirmed the decision of the Disciplinary Panel despite the absence of proof demonstrating either actual confusion by clients or the potential for confusion, or the receipt of non-fee compensation, and in the absence of precedent to support the level of discipline levied by the Disciplinary Panel.

78. Moreover, evidence was presented to the CEO of the CFP Board at the appeals hearing demonstrating that certain commissioners of the CFP Board had acted in a similar manner to the acts of which the Camardas were disciplined, yet these commissioners have not been investigated or prosecuted under the Code. The Appellate Panel ignored this evidence entirely.

79. The CFP Board initially indicated its intention to publish the Public Letter on the Internet and in local newspapers on or about January 22, 2013. After the instant lawsuit was filed, the parties stipulated that the CFP Board would not publish the Public Letter while the instant lawsuit was pending.

G. Recent Publicity of the Disciplinary Action

80. Although the Public Letter has not yet been published, the disciplinary action against the Camardas and the findings of the CFP Board regarding the Camardas' alleged rules violations have already received significant and negative attention in the public domain.

81. Further, comments have been made to Plaintiffs in the business community regarding the disciplinary proceedings.

82. Plaintiffs have reason to believe that they will lose existing clients and/or fail to gain new clients as a result of the disciplinary action and disparagement of their reputation by the actions of the CFP Board.

83. Should the arbitrary, capricious, and unsupported decisions of the CFP Board and Appellate Panel be allowed to stand, they will cause substantial and irreparable harm to the Camardas, as well to the Camarda Companies.

COUNT I
(Breach of Contract)

84. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 83 as if set forth fully herein.

85. In order to state a breach of contract claim, a plaintiff must allege: “(1) a valid contract between the parties; (2) an obligation or duty arising out of the contract; (3) a breach of that duty; and (4) damages caused by the breach.” *World Class Construction Mgmt. Group v. Baylor*, No. 12-0069, 2013 U.S. Dist. LEXIS 121625, at * 7 (D.D.C. Aug. 27, 2013) (citation omitted).

86. The by-laws, rules, and promulgations of the CFP Board constitute a contract governing the proper conduct of proceedings for discipline and the overall relationship by and between the CFP Board and its members and certificant holders, including, but not limited to, the Camardas. *See, e.g., Ortiz-Bonilla v. Federacion de Ajedrez*, No. 12-1022, 2013 U.S. App. LEXIS 17623, at * 31-32 (1st Cir. Aug. 21, 2013) (discussing cases); *see also Williams v. Univ. Med. Ctr.*, 688 F.Supp. 2d 1134, 1143 (D. Nev. 2010) (same).

87. In exchange for the Camardas' permitted and continued use of the CFP® marks, the Camardas agreed to comply with the CFP Board's rules and standards of conduct.

88. In exchange for the Camardas' agreement to comply with the CFP Board's rules and standards, the CFP Board agreed to adhere to its rules and guidelines for investigating and prosecuting disciplinary actions.

89. The CFP Board further has a contractual obligation to the Camardas to promulgate, implement, and apply clear rules and provide adequate notice of such rules and interpretation of such rules so that compliance with such rules and standards can be made by the Camardas. In addition, the CFP Board has an obligation pursuant to its business relationship with the Camardas to apply its rules and standards fairly and consistently and to provide due process protections.

90. The CFP Board breached its obligations and responsibilities to the Camardas by failing to adhere to and follow its own rules, guidelines and standards for disciplinary proceedings and by rendering a disciplinary sanction wholly devoid of evidentiary support or basis.

91. The CFP Board breached its obligations and responsibilities to the Camardas by denying them due process in failing to conduct a fair hearing, failing to consider and properly evaluate the evidence presented, failing to adhere to the Board's own procedures, standards and precedent in order to render a reasoned decision supported by the evidence and reasonable interpretation of the applicable rules, and by otherwise acting in an arbitrary and capricious manner throughout the disciplinary process.

92. The CFP Board breached its obligations and responsibilities to the Camardas by false and disparaging statements about the Camardas in the course of this proceeding, and by the

Public Letter and indicating its intent to publish the Public Letter on the Internet and in local newspapers.

93. As a result of the CFP Board's actions, Plaintiffs have suffered, and will continue to suffer, injuries to their good reputation, good will, established business relationships, income, business designations and certifications, and future business relationships.

94. Plaintiffs are entitled to recover all damages available under applicable law, in an amount to be determined at trial.

COUNT II
(Unfair Competition)

95. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 83 as if set forth fully herein.

96. "Unfair competition is not defined in terms of specific elements, but by various acts that would constitute the tort if they resulted in damages." *Furash & Co. v. McClave*, 130 F.Supp. 2d 48, 57 (D.D.C. 2001). These acts can include defamation, interference with access to the business, and false advertising. *See id.*

97. Defendant CFP Board's actions, recited above, have constituted actionable unfair competition.

98. As a result of Defendant's actions, Plaintiffs have suffered and will continue to suffer injuries.

99. Plaintiffs are entitled to recover all damages allowed under applicable law, in an amount to be determined at trial.

COUNT III
(Common Law Due Process/Fair Procedure)

100. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 83 as if set forth fully herein.

101. Private organizations such as the CFP board have a common law duty to provide due process and use fair procedures in making decisions that affect their members. *See, e.g., Thomas M. Cooley Law School v. ABA*, 459 F.3d 705, 711-12 (6th Cir. 2006); *Whittier College v. Amer. Bar Assn.*, No. 07-1817, 2007 U.S. Dist. LEXIS 43707, at * 19 (C.D. Cal. May 7, 2007); *Auburn Univ. v. S. Assn of Colleges & Schools, Inc.*, 489 F.Supp. 2d 1362, 1373-74 (N.D. Ga. 2002); *Peoria School of Business, Inc. v. Accrediting Council for Continuing Educ. & Training*, 805 F.Supp. 579, 583 (N.D. Ill. 1992).

102. Defendant CFP Board's actions, as recited above, in failing to adhere to and follow its own rules, guidelines and standards for disciplinary proceedings, failing to conduct a fair hearing, failing to consider and properly evaluate the evidence presented, failing to adhere to the Board's own procedures, standards and precedent in order to render a reasoned decision supported by the evidence and reasonable interpretation of the applicable rules, rendering a disciplinary sanction wholly devoid of evidentiary support or basis, and by otherwise acting in an arbitrary and capricious manner throughout the disciplinary process, constitute a violation of Plaintiffs' common law right to due process and fair procedure.

103. As a result of Defendant's actions, Plaintiffs have suffered and will continue to suffer injuries.

104. Plaintiffs are entitled to recover all damages allowed under applicable law, in an amount to be determined at trial.

COUNT IV
(Violation of Lanham Act)

105. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 83 as if set forth fully herein.

106. The Lanham Act imposes civil liability where, *inter alia*, a person “in connection with any goods or services . . . uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any . . . false or misleading description of fact, or false or misleading representation of fact, which . . . is likely to cause confusion, or to cause mistake . . .” 15 U.S.C. § 1125(a)(1)(A).

107. The CFP Board has exclusive ownership and control over the granting of CFP® certifications and licensing of the use of the CFP® professional service trademark.

108. The CFP Board grants professionals the right to use the CFP® mark in exchange for their agreement to abide by various rules of professional standards and conduct.

109. In exchange, the CFP Board agrees to adhere to its rules and guidelines for investigation and prosecuting disciplinary actions.

110. The CFP Board makes assertions in its public statements and materials regarding its adherence to certain standards – in particular, its fair enforcement of its rules regarding professional conduct and its adherence to the Disciplinary Rules.

111. As demonstrated by the Camardas’ disciplinary proceedings, however, these statements are false or, at the very least, misleading. The CFP Board failed to adhere and follow its own rules, guidelines and standards for disciplinary proceedings by denying the Camardas due process in failing to adhere to the Board’s own procedures, standards and precedent in order to render a reasoned decision supported by the evidence and reasonable interpretation of the applicable rules, failing to conduct a fair hearing, failing to consider and properly evaluate the

evidence presented, rendering a disciplinary sanction wholly devoid of evidentiary support or basis, and by otherwise acting in an arbitrary and capricious manner throughout the disciplinary process.

112. These false or misleading statements are likely to cause confusion and harm to customers, including the Camardas, who pay for their right to use the CFP® mark and who rely on the statement of the CFP Board regarding its adherence to its rules and standards.

113. The false or misleading statements are also likely to cause confusion and harm to consumers, who rely on the CFP Board's adherence to its rules and standards in granting CFP® certification and in disciplining members for violations.

114. As a result of Defendant's actions, Plaintiffs have suffered and will continue to suffer injuries.

115. Plaintiffs are entitled to recover all damages allowed under applicable law, including punitive damages and attorneys' fees, in an amount to be determined at trial.

COUNT V
(Violation of Sherman Act § 1)

116. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 83 as if set forth fully herein.

117. Section 1 of the Sherman Act prohibits "[e]very contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce." 15 U.S.C. § 1.

118. In order to state a claim for violation of Section 1 of the Sherman Act, a party must allege "(1) that defendants entered into some agreement for concerted activity, (2) that either did or was intended to unreasonably restrict trade in the relevant market, which (3) affects interstate commerce." *ASA Accugrade, Inc. v. Am. Numismatic Ass'n*, 370 F. Supp. 2d 213, 215 (D.D.C. 2005).

119. Trade associations can be treated as “continuing conspiracies when they regulate areas where their members are in competition.” *Klickads, Inc. v. Real Estate Board*, No. 04-8042, 2007 U.S. Dist. LEXIS 57305, at * 10 (S.D.N.Y. Aug. 6, 2007) (*citing* 7 Phillip E. Areeda, et al., *Antitrust Law* § 1477)).

120. The granting of the use of the CFP® mark has significant commercial repercussions for financial planners.

121. The taking of disciplinary actions has significant commercial repercussions and implications for disciplined CFP® professionals’ reputations.

122. The CFP Board acted in concert, through its Board of Directors and its members, other CFP® professionals and competitors of each other and of Plaintiffs in the relevant market, to adopt rules to control the use of its trademark and to regulate and discipline its members.

123. The actions of the CFP Board in enacting vague rules governing members’ conduct, in enforcing those rules in an arbitrary and capricious manner, constitute unreasonable restraints of trade.

124. The actions of the CFP Board in enforcing its disciplinary rules in an arbitrary and capricious manner, failing to provide Plaintiffs with due process, and in taking unwarranted and disproportionate disciplinary action against the Plaintiffs and threatening to make public statements disparaging the Plaintiffs, constitute unreasonable restraints of trade in violation of Section 2 of the Sherman Act.

125. Further, the actions of the Hearing Panel and the Appellate Panel - both of which were composed of a majority of CFP® professionals who are competitors of Plaintiffs - in enforcing the Code and Disciplinary Rules in an arbitrary manner and failing to provide due

process to Plaintiffs - constitute unreasonable restraints of trade in violation of Section 2 of the Sherman Act.

126. The actions of the CFP Board as detailed above have had an adverse effect on competition in the relevant market. The integrity of the CFP Board, the premiere standard-setting organization in the financial planning industry, has been called into question by its actions with respect to the Camardas. Further, the value of the CFP certification® as the “recognized standard of excellence for competent and ethical personal financial planning” has been diminished, to the detriment of CFP® certificants as well as the thousands of consumers who rely on the CFP® mark to identify those financial planners who “have met rigorous professional standards and have agreed to adhere to the principles of integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence when dealing with clients.”

127. Further, as a result of Defendant CFP Board’s actions, Plaintiffs have been injured, and continue to be injured, in their business, including injuries to their good reputation, good will, established business relationships, income, business designations and certifications, and current and future business relationships.

128. Interstate commerce has been affected, in that the relevant market is nationwide, the activities of the CFP Board are national in scope, and CFP® professionals and their current and/or potential clients are located around the country.

129. Plaintiffs are entitled to all damages available under the law, including treble damages and attorneys’ fees, in an amount to be determined at trial.

COUNT VI
(Violation of Sherman Act § 2)

130. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 83 as if set forth fully herein.

131. Section 2 of the Sherman Act makes it unlawful to “monopolize or attempt to monopolize . . . any part of the trade of commerce among the several States.” 15 U.S.C. § 2.

132. “The offense of monopolization under [Section 2] has two elements: (1) the possession of monopoly power in the relevant market and (2) the willful acquisition or maintenance of that power as distinguished from growth or development as a consequence of a superior product, business acumen, or historic accident.” *Sky Angel U.S., LLC v. Nat’l Cable Satellite Corp.*, No. 12-1834, 2013 U.S. Dist. LEXIS 77444, at *25 (D.D.C. June 3, 2013) (citing *U.S. v. Grinnell Corp.*, 384 U.S. 563, 570-71)).

133. The CFP Board has exclusive ownership and control over the granting of CFP® certifications and licensing of the use of the CFP® professional service trademark.

134. As such, the CFP Board has monopoly power in the relevant market, which is defined as the nationwide market for financial planning services.

135. The CFP Board’s mission is to ensure a high level of competency, ethics and professionalism among CFP professionals by requiring those who utilize the CFP® mark to abide by the Code and be subject to the Disciplinary Rules for infractions of the Code.

136. The granting of the use of the CFP® mark has significant commercial benefits for financial planners.

137. The taking of disciplinary actions against CFP members has significant detrimental commercial repercussions and implications for disciplined members’ reputations as CFP® professionals.

138. By enacting and enforcing vague rules governing members’ conduct, enforcing disciplinary rules in an arbitrary and capricious manner, failing to provide Plaintiffs with due process, and taking unwarranted and disproportionate disciplinary action the CFP Board has

acted in an anticompetitive way to willfully acquire and/or maintain its monopoly power and limit and control competition in the relevant market.

139. By threatening to make false and disparaging statements about the Plaintiffs by means of issuing the Public Letter and indicating its intent to publish the Public Letter on the Internet and in local newspapers, the CFP Board has acted in an anticompetitive way to willfully acquire and/or maintain its monopoly power and limit and control competition in the relevant market.

140. The actions of the CFP Board as detailed above have had an adverse effect on competition in the relevant market. The integrity of the CFP Board, the premiere standard-setting organization in the financial planning industry, has been called into question by its actions with respect to the Camardas. Further, the value of the CFP® certification as the “recognized standard of excellence for competent and ethical personal financial planning” has been diminished, to the detriment of CFP® certificants as well as the thousands of consumers who rely on the CFP® mark to identify those financial planners who “have met rigorous professional standards and have agreed to adhere to the principles of integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence when dealing with clients.”

141. Further, as a result of Defendant CFP Board’s actions, Plaintiffs have been injured, and continue to be injured, in their business, including injuries to their good reputation, good will, established business relationships, income, business designations and certifications, and current and future business relationships.

142. Interstate commerce has been affected, in that the relevant market is nationwide, the activities of the CFP Board are national in scope, and CFP® professionals and their current and/or potential clients are located around the country.

143. Plaintiffs are entitled to all damages available under the law, including treble damages and attorneys' fees, in an amount to be determined at trial.

COUNT VII
(Permanent Injunctive Relief)

144. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 83 as if set forth fully herein.

145. This is an action by Plaintiffs against Defendant CFP Board for permanent injunctive relief pursuant to Fed. R. Civ. P. 65 to enjoin Defendant CFP Board from enforcing its purported "disciplinary sanction" against Plaintiffs and to prevent the publication and release of its proposed Public Letter on the Internet or in the form of a press release or any other form of publication or dissemination from the CFP Board alleging any violations of any CFP rules by the Camardas.

146. Any publication and/or enforcement of the CFP Board's disciplinary decision threatens imminent interference with Plaintiffs' good reputation, goodwill, and established business interests, and advantageous relationships with its clients.

147. The CFP Board's publication and enforcement of its disciplinary decision also threatens imminent and severe harm to Plaintiffs' reputation, income, business designations and certifications, and future business.

148. If the CFP Board is not enjoined from enforcement and publication of its disciplinary decision against the Camardas, Plaintiffs will suffer immediate irreparable harm for which they have no adequate remedy at law if injunctive relief is not entered.

149. As a direct and proximate result of the CFP Board's unwarranted and unjustified threatened interference with Plaintiffs' business and related interests through enforcement and

publication of the CFP Board's disciplinary decision, Plaintiffs have a clear legal right to the injunctive relief requested.

150. As the CFP Board has breached its contractual obligations to the Camardas, all as set forth herein, there exists a substantial likelihood that Plaintiffs will prevail on the merits of this action and the public interest will be served by such injunctive relief.

151. Finally, a balancing of the harms to Plaintiffs and Defendant weighs heavily in favor of entry of the injunctive relief sought by Plaintiffs.

WHEREFORE, the Plaintiffs hereby demand judgment against the Defendant as follows:

- a. declaring that Defendant CFP Board breached its obligations and responsibilities to the Camardas by failing to adhere and follow its own rules, guidelines, and standards for disciplinary proceedings and by rendering a disciplinary sanction wholly devoid of evidentiary support or basis in the CFP Board's own rules;
- b. declaring that the CFP Board's disciplinary sanction should be void and should be vacated in light of the CFP Board's breach of its obligations to the Camardas and/or failure to conduct a fair hearing;
- c. permanent injunctive relief against Defendant CFP Board enjoining the CFP Board, and all persons acting in concert with, on behalf of, or in participation with CFP Board (including all related entities, agents, officers, directors, employees, successors, assigns, and any other firms and corporations), permanently from taking any contemplated action to publish or otherwise disseminate or release the Public Letter in the form of

a press release or any other form of communication, publication, or dissemination from the CFP Board against the Plaintiffs;

- d. damages in an amount to be determined at trial;
- e. punitive damage in an amount to be determined at trial;
- f. attorney's fees; and
- g. any other and further relief as this Court deems just and proper under the circumstances.

Respectfully submitted,

/s/ Phillip C. Chang

Phillip C. Chang (DC Bar No. 998320)

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CERTIFICATE OF SERVICE

I certify that on September 27, 2013, a copy of this pleading was filed electronically with the Clerk of Court using the CM/ECF system. Notice of this filing will be sent to the following counsel of record by operation of the court's CM/ECF system:

Christine N. Walz,
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/s/ Phillip C. Chang
Phillip C. Chang (DC Bar No. 998320)

⁶ Suspended for non-payment of dues. Reinstatement of admission is currently being sought.

FORM ADV**Uniform Application for Investment Adviser Registration****Part II - Page 1**

Name of Investment Adviser: Camarda Financial Advisors, Inc.				
Address: (Number and Street) 4371 US Highway 17 South, Suite 201	(City) Orango Park	(State) FL	(Zip Code) 32003	Area Code: Telephone number: (904) 278-1177

This part of Form ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any governmental authority.

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	Balance Sheet, if required	Schedule G

(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

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Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.



FORM ADV
Part II - Page 2Applicant
Camardo Financial Advisors, Inc.SEC File Number
801-61028Date
10/2010

I. A. Advisory Services and Fees. (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instructions below.)

Applicant:

		100 %
<input checked="" type="checkbox"/> (1)	Provides investment supervisory services	%
<input type="checkbox"/> (2)	Manages investment advisory accounts not involving investment supervisory services	%
<input checked="" type="checkbox"/> (3)	Furnishes investment advice through consultations not included in other service described above	%
<input type="checkbox"/> (4)	Issues periodicals about securities by subscription	%
<input type="checkbox"/> (5)	Issues special reports about securities not included in any service described above	%
<input type="checkbox"/> (6)	Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities	%
<input checked="" type="checkbox"/> (7)	On more than an occasional basis, furnishes advice to clients on matters not involving securities	%
<input type="checkbox"/> (8)	Provides a timing service	%
<input type="checkbox"/> (9)	Furnishes advice about securities in any manner not described above	%

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? Yes ☒ No ☐

C. Applicant offers investment advisory services for: (check all that apply)

<input checked="" type="checkbox"/> (1) A percentage of assets under management	<input type="checkbox"/> (4) Subscription fees
<input checked="" type="checkbox"/> (2) Hourly charges	<input type="checkbox"/> (5) Commissions
<input checked="" type="checkbox"/> (3) Fixed Fees (not including subscription fees)	<input type="checkbox"/> (6) Other

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Types of clients - Applicant generally provides investment advice to: (check those that apply)

<input checked="" type="checkbox"/> A. Individuals	<input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations
<input type="checkbox"/> B. Banks or thrift institutions	<input type="checkbox"/> F. Corporations or business entities other than those listed above
<input type="checkbox"/> C. Investment companies	<input type="checkbox"/> G. Other (describe on Schedule F)
<input checked="" type="checkbox"/> D. Pension and profit sharing plans	

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

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FORM ADV
Part II - Page 3Applicant
Camarda Financial Advisors, Inc.SEC File Number
801-61028Date
10/2010**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- | | |
|--|--|
| <p>A. Equity securities</p> <p><input checked="" type="checkbox"/> (1) exchange-listed securities</p> <p><input checked="" type="checkbox"/> (2) securities traded over-the-counter</p> <p><input checked="" type="checkbox"/> (3) foreign issues</p> <p><input type="checkbox"/> B. Warrants</p> <p><input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper)</p> <p><input type="checkbox"/> D. Commercial paper</p> <p><input checked="" type="checkbox"/> E. Certificates of deposit</p> <p><input type="checkbox"/> F. Municipal securities</p> <p><input type="checkbox"/> G. Investment company securities:</p> <p><input type="checkbox"/> (1) variable life insurance</p> <p><input checked="" type="checkbox"/> (2) variable annuities</p> <p><input checked="" type="checkbox"/> (3) mutual fund shares</p> | <p><input checked="" type="checkbox"/> H. United States government securities</p> <p><input type="checkbox"/> I. Options contracts on:</p> <p><input checked="" type="checkbox"/> (1) securities</p> <p><input type="checkbox"/> (2) commodities</p> <p><input type="checkbox"/> J. Futures contracts on:</p> <p><input type="checkbox"/> (1) tangibles</p> <p><input type="checkbox"/> (2) intangibles</p> <p><input type="checkbox"/> K. Interests in partnerships investing in:</p> <p><input type="checkbox"/> (1) real estate</p> <p><input type="checkbox"/> (2) oil and gas interests</p> <p><input type="checkbox"/> (3) other (explain on Schedule F)</p> <p><input type="checkbox"/> L. Other (explain on Schedule F)</p> |
|--|--|

4. Methods of Analysis, Sources of Information, and Investment Strategies.**A. Applicant's security analysis methods include: (check those that apply)**

- | | |
|---|--|
| (1) <input checked="" type="checkbox"/> Charting | (4) <input checked="" type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|---|--|
| (1) <input checked="" type="checkbox"/> Long term purchases (securities held at least a year) | (5) <input type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases (securities sold within a year) | (6) <input checked="" type="checkbox"/> Option writing, including covered options, uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days) | (7) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

Answer all items. Complete amended pages in full, delete amended items and file with execution page (page 1).

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FORM ADV
Part II - Page 4Applicant
Camarda Financial Advisors, Inc.SBC File Number
801-61028Date
10/2010**5. Education and Business Standards.**Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? Yes ☒ No ☐

(If yes, describe these standards on Schedule F.)

6. Education and Business Background

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name • formal education after high school
- year of birth • business background for the preceding five years

7. Other Business Activities. (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☒ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- ☐ C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input type="checkbox"/> (1) broker-dealer
<input type="checkbox"/> (2) investment company
<input type="checkbox"/> (3) other investment adviser
<input type="checkbox"/> (4) financial planning firm
<input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant
<input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (7) accounting firm
<input type="checkbox"/> (8) law firm
<input checked="" type="checkbox"/> (9) insurance company or agency
<input type="checkbox"/> (10) pension consultant
<input type="checkbox"/> (11) real estate broker or dealer
<input type="checkbox"/> (12) entity that creates or packages limited partnerships |
|--|--|

(For each checked in box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- ☐ D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?

Yes ☐ No ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

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FORM ADV
Part II - Page 6Applicant
Camarda Financial Advisors, Inc.SEC File Number
801-81028Date
10/2010**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☒ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly named services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes ☒ No ☐

(If yes, describe on Schedule F)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly named services:

- A.** Describe below the reviews and reviewers of the accounts. For reviews, include their frequency, different levels, and triggering factors. For reviewers, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

While the underlying securities in managed accounts are continuously monitored by the Registrant, client account reviews are conducted on at least a quarterly basis by the Registrant's Principals, Jeffrey M. Camarda and Kimberley A. Camarda and/or Associated Persons. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to comprehensively review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.

- B.** Describe below the nature and frequency of regular reports to clients on their accounts.

Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Those clients to whom Registrant provides investment management services in Classic portfolios (see Item 1.D. of Schedule F for a complete description) may also receive a periodic report from the Registrant summarizing account activity and performance.

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

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FORM ADV Part II - Page 6	Applicant Camarda Financial Advisors, Inc.	SEC File Number 801-81028	Date 10/20/10
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12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

(1) securities to be bought or sold?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
(2) amount of the securities to be bought or sold?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
(3) broker or dealer to be used?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
(4) commission rates paid?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

B. Does applicant or a related person suggest brokers to clients?

	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
--	--	--------------------------------

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients?

	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
--	--	--------------------------------

B. directly or indirectly compensates any person for client referrals?

	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
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(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule Q if applicant:

- has custody of client funds or securities; or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance.

Has applicant provided a Schedule Q balance sheet?

	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
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Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 8).

ACTUP Form ADV © 1996-2008 Advisor Consultant Network, Inc.

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
Camarda Financial Advisors, LLC	801-61028	10/20/2010

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Camarda Financial Advisors, LLC		IRS Empl. Ident. No.: 22-2566911
Item of Form (Identify)	ANSWER	
Item 1B	<p>INTRODUCTION</p> <p>This brochure provides information about the qualifications and business practices of Camarda Financial Advisors, Inc. (hereinafter "Camarda"). Please contact Kimberly Camarda, Chief Compliance Officer of Camarda, if you have any questions regarding the contents of this brochure. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State securities authority.</p> <p>Additional information about Camarda is available on the Internet at: http://www.adviserinfo.sec.gov/IAPD/Content/Search/Find_OrgSearch.aspx. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Camarda is 113784.</p> <p>INVESTMENT SERVICES</p> <p>Camarda offers a combination of the following advisory services, where appropriate, to individuals, pension and profit sharing plans, trusts, estates and charitable organizations.</p> <p>Investment Management</p> <p>Camarda manages investment advisory accounts using proprietary model asset allocation portfolios. Each model portfolio is designed by Camarda's Portfolio Management Board to meet a particular investment goal. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income).</p> <p>Through personal discussions with the client in which the client's goals and objectives are established, Camarda will determine which model portfolio is best suited to the client's circumstances. As appropriate, Camarda may suggest an allocation among the models to more adequately address the client's individual needs. Once the appropriate portfolio(s) has been determined, clients will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio, including particular securities or funds. Clients will retain individual ownership of all securities. In order to ensure that Camarda's initial portfolio determination remains suitable and that the client's account continues to be managed in a manner fitting the client's financial circumstances, Camarda will seek to maintain client suitability information in the client's file. Consequently, each client is advised to promptly notify the Camarda if there are ever any changes in their financial situation or investment objectives, or if they wish to impose any reasonable restrictions upon Camarda's management services or modify existing restrictions.</p> <p>Camarda will manage these advisory accounts on a discretionary basis only. However, certain clients may possess legacy holdings which, for tax purposes or otherwise, the client does not wish to immediately liquidate. Where these assets neither fit within nor conform to an asset category of the selected model portfolio(s) ("Non-conforming Assets") the client may nonetheless include these assets under Camarda's Investment Management Services. Camarda will accept and monitor these Non-conforming Assets and make recommendations regarding their use and disposition (including, potentially, writing covered calls against such assets) on an ongoing basis in conjunction with its management of model portfolio assets. Camarda may also, as appropriate, modify the composition of the client's model portfolio assets to account for Non-conforming Assets. However, Camarda will not sell or transition Non-conforming Assets into the model portfolio managed on a discretionary basis without first notifying the client and receiving the client's authorization.</p> <p>To best meet client needs, Camarda classifies its approach to Investment Management into two broad categories, each with distinct benefits and characteristics.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

Classic:

Camarda will invest a client's Classic Account in one or more of the following in accordance with the selected model portfolio(s): individual equities, bonds or notes, no-load or load-waived mutual funds, exchange-traded funds (ETFs) and other investment products. Camarda will allocate the client's assets among various investments taking into consideration the overall management style selected by the client.

Classic Account clients will also receive a comprehensive service package including: a monthly newsletter, quarterly calls and performance reviews, quarterly market forecasts and rebalance reviews, monthly communication (e-mail & phone), annual proprietary client cash flow modeling/volatility stress testing, complimentary non-Camarda managed account reviews/advice (such as for 401(k) accounts), and invitations to various client events throughout the year.

Express:

The process for creating and managing Express Accounts is similar to the process utilized for Classic Accounts except that, due to the smaller size of these accounts or other client needs, they will generally be invested only in no load or load waived mutual funds and ETFs. Express Accounts are generally designed for clients whose investment needs and/or account value require investment in mutual funds and ETFs rather than other types of investment products in order obtain adequate market exposure in each asset class as determined appropriate by Camarda's Portfolio Management Board.

Express Account clients' service package includes one quarterly review call, an annual rebalance and mail-in review, a comprehensive, initial and annual portfolio compatibility analysis, a complimentary, annual written Modular Financial Plan and a client-customized Confidential Financial Profile generated annually or as-needed.

Camarda will monitor Classic and Express Accounts, including Nonconforming Assets, at least quarterly and rebalance these accounts as needed. If Camarda believes that a particular fund or other investment is performing inadequately, or if Camarda believes that a different fund or investment is more suitable, then Camarda will reinvest the client's assets in accordance with the discretionary authority granted.

Camarda will charge an annual investment management fee based upon the portfolio category and total assets under management, as follows:

Classic Portfolio Fee Schedule (annual)

\$100,000 - \$500,000	2.50%
\$500,001 - \$1,000,000	2.00%
\$1,000,001 - \$5,000,000	1.50%
\$5,000,001 and over	1.00%

Express Fee Schedule (annual)

Up to \$200,000	1.99%
\$200,001 - \$1 million	1.50%

Camarda's annual investment management fee shall be pro-rated and paid quarterly, in advance, based upon the market value (or fair market value in the absence of market value) of the assets on the last business day of the previous quarter. Camarda will charge its advisory fee on both model portfolio assets and Non-conforming Assets, as applicable.

With respect to new engagements, Camarda generally requires a \$100,000 per client minimum for Camarda's Classic investment management services. Express client accounts will typically have assets totaling under \$200,000. A minimum of \$500,000 total assets under management is generally required for new clients wishing to utilize certain tactical portfolios, of which \$250,000 must be placed in the tactical portfolio itself. (Existing

Complete unrecoded pages in full, circle amended items and file with execution page (page 1).

Camarda clients may invest in these portfolios while maintaining a lower minimum account size). The minimum account size and fee schedule may be negotiable under certain circumstances (e.g., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, historical relationship, related accounts, account composition, negotiations with client, accounts referred to adviser by another professional, etc.) in the sole discretion of Camarda.

Both Camarda's *Investment Advisory Agreement* and the custodial/clearing agreement executed by the client may authorize the custodian to debit the account for the amount of the Camarda's investment advisory fee and to directly remit that management fee to the Camarda in compliance with regulatory procedures. In the limited event that the Camarda bills the client directly, payment is due upon receipt of the Camarda's invoice.

Financial Planning and Consulting

Camarda may determine to provide financial planning and/or consulting services (including investment and non-investment related matters) on a stand-alone fee basis.

Clients engaging Camarda to provide Financial Planning Services will receive a written report detailing a financial plan designed to achieve the client's stated financial goals and objectives.

In general and as client needs dictate the financial plan will address any or all of the following areas of concern:

- **PERSONAL:** Family records, budgeting, personal liability, estate information and financial goals.
- **EDUCATION:** Education IRAs, financial aid, state savings and 529 plans, grants and general assistance in preparing to meet dependent's continuing educational needs through development of an education plan.
- **TAX & CASH FLOW:** Income tax and spending analysis and planning for past, current and future years. Camarda will illustrate the impact of various investments on a client's current income tax and future tax liability.
- **DEATH & DISABILITY:** Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- **RETIREMENT:** Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- **INVESTMENTS:** Analysis of investment alternatives and their effect on a client's portfolio.

Camarda gathers required information through in-depth personal interviews and document reviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed and a written report is prepared.

Clients may also request Consulting Services to address an isolated area(s) of concern. Consulting engagements typically do not result in a written report due to the nature of the service.

If requested by the client, Camarda may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Camarda. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Camarda if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Camarda's previous recommendations and/or services.

Camarda's financial planning and consulting fees are negotiable, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s) and may be charged in one of two ways:

1. As a fixed fee, typically ranging from \$1,000 to \$10,000;
2. On an hourly basis, ranging from \$100 to \$500 per hour. If appropriate, an estimate for total hours will be determined at the start of the engagement.

Prior to engaging the Camarda to provide financial planning or consulting services, clients will generally be required to enter into a *Financial Planning and Consulting Agreement* with Camarda setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the portion of the fee that

Complete amended pages in full, circle amended items and file with execution page (page 1).

is due from the client prior to Camarda commencing services.

General Information

Negotiability of Fees: In certain circumstances, all fees and account minimums may be negotiable. In addition, certain family members and personal acquaintances of Camarda's affiliated persons may receive advisory services at a discounted rate which is not available to advisory clients generally.

Fee Calculation: The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a)(1) of the Advisers Act).

Agreements: Prior to engaging Camarda to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Camarda setting forth the terms and conditions under which Camarda shall manage the client's assets, and a separate custodial/clearing agreement with Fidelity and/or Schwab. The Investment Advisory Agreement between the Camarda and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Camarda's investment management fee shall be prorated through the date of termination, and any refund that may be due shall be promptly forwarded to the client.

Neither Camarda nor the client may assign the Investment Advisory Agreement or Financial Planning and Consulting Agreement without the prior consent of the other party. Transactions that do not result in a change of actual control or management of the Camarda shall not be considered an assignment.

Any client who has not received a copy of Camarda's written disclosure statement at least forty-eight (48) hours prior to executing the Financial Planning and Consulting Agreement or Investment Advisory Agreement shall have five (5) business days subsequent to executing the agreement to terminate the Camarda's services without penalty.

Other Fees and Expenses: All fees paid to Camarda for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

Mutual Funds and ETFs utilized in model portfolios are generally selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure.

In addition to Camarda's advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers. Such fees may include, but are not limited to, any transaction charges, fees for duplicate statements and transaction confirmations, and fees for electronic data feeds and reports.

Verification of Information: In performing its services, Camarda shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. The client is free to accept or reject any recommendation made by the Camarda.

Proxy Disclosures: As a matter of firm policy and practice, Camarda does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, class action lawsuits or other type events pertaining to the client's investment assets.

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Camarda) will be profitable or equal any specific performance level(s).

Complete amended pages in full, circle amended items and file with execution page (page 1).

	<p><u>Please Note: Inverse/Enhanced Market Strategies.</u> The Camarda may also recommend leveraged long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) <u>inverse relationship</u> to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) <u>enhanced relationship</u> to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be <u>no assurance</u> that any such strategy will prove profitable or successful. No client is required to accept Camarda's recommendation to purchase such funds for his/her/their/its accounts.</p> <p><u>Please Note: Cash Positions.</u> At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the Camarda may maintain cash positions for defensive purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating the Camarda's advisory fee. The Camarda's Chief Compliance Officer, Kimberly Camarda, remains available to address any questions that a client or prospective may have regarding the above fee billing practices.</p> <p><u>Please Note: Options Transactions.</u> Although the intent of the options-related transactions that may be recommended by the Camarda is primarily to produce current income and/or to hedge risk, the underlying equity securities are subject to principal volatility and/or risk. Thus, a client must be willing to accept the volatility and principal risks associated with such strategy. In light of these risks, the client may direct the Camarda, in writing, not to employ any or all such strategies for his/her/their/its accounts.</p> <p><u>Please Note: Use of Margin.</u> To the extent that a client authorizes the use of margin, and margin is thereafter employed by the Camarda in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to the Camarda may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential <u>conflict of interest</u> whereby the client's decision to employ margin may correspondingly increase the advisory fee payable to the Camarda due to the corresponding increase in market value of the account. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.</p> <p><u>Non-Investment Consulting/Implementation Services.</u> If requested by the client, the Camarda may provide limited consulting services regarding non-investment related matters, such as estate planning, insurance, etc. Neither the Camarda, nor any of its representatives, serves as an attorney, accountant, or insurance agent, and no portion of the Camarda's services should be construed as such. To the extent requested by a client, the Camarda may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance, etc.), including individuals and/or entities affiliated with Camarda as disclosed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Camarda.</p>
Item 4.(C)(7)	When appropriate to the needs of the client, Camarda may recommend the use of trading (securities sold within 30 days) or option writing. In addition, certain of Camarda's model asset allocation portfolios are managed in a tactical manner, that is, in an active and adaptable manner by rebalancing the type, number and/or percentage of assets held in various categories as needed to take advantage of market pricing anomalies or strong market sectors. Because these investment strategies involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated tolerance for risk. Clients should also understand that, in general, an actively managed portfolio may result in higher transaction costs than other "buy and hold" investment strategies.
Item 5	All individuals that give investment advice on behalf of the Camarda must have earned a college degree and/or have substantive investment-related experience. In addition, all such individuals shall have attained all required investment-related licenses and/or designations.
Item 6	Camarda's Investment Policy Committee determines all investment-related policies and procedures to be applied for client accounts. Members of Camarda's Investment Committee are as follows:

Complete amended pages in full, circle amended items and file with execution page (page 1).

JEFFREY M. CAMARDA, CFP®, ChFC®, CLU, CFA, CFS, BCM
 Chief Executive Officer, Corporate Secretary, Chief Operations Officer

Born: 12/24/1957

Post-Secondary Educational Background:

State University of New York – 1981, Bachelor of Science

Certifications:

Certified Financial Planner, Certificate, 1992

Chartered Financial Consultant, 1994

Chartered Life Underwriter, 1995

Chartered Financial Analyst, 2000

Certified Funds Specialist, 2001

Board Certified, Mutual Funds, 2001

Recent Business Background:

Camarda Financial Advisors, Inc., CEO, Corporate Secretary, COO – 1998 – Present

Camarda Insurance & Investment Planning, Insurance Agent – 2004 – 2006

Sunset Financial Services, Inc., Registered Representative – 1999 – 2004

Signator Investors, Inc., Independent Producer/Registered Representative – 1993 – 1999

John Hancock Mutual Life Insurance Co., Independent Producer/Marketing – 1992 – 1999

KIMBERLY A. CAMARDA, CFP®, ChFC®, CFS, BCM

President, Chief Compliance Officer

Born: 01/24/1970

Post-Secondary Educational Background:

Centenary College – 1991, Bachelor of Science

Fairleigh Dickinson University – 1992, Graduate Studies in Finance (un-degreed)

Certifications:

Certified Financial Planner, Certificate, 1999

Certified Funds Specialist, 2001

Board Certified, Mutual Funds, 2001

Chartered Financial Consultant, 2006

Recent Business Background:

Camarda Financial Advisors, Inc., President, Chief Compliance Officer – 1999 – Present

Sunset Financial Services, Inc., Registered Representative – 1999 – 2004

Pruco Securities Corporation, Preferred Advisor/Registered Representative – 1998 – 1999

MARK F DEL PEZZO, CFA

Investment Policy Committee Consultant

Born: 04/07/1961

Post-Secondary Educational Background:

University of North Carolina, Asheville – 1984, Bachelor of Science, Management

Jacksonville University – 1992, Masters Business Administration

Certifications:

Chartered Financial Analyst, 1998

Recent Business Background:

Investment Policy Committee Consultant

Mark F DelPezzo, Inc., CEO, Investment/ALM Consulting – 2008 – Present

Community Trust & Investment Co., Sr VP & Investment Committee Chair – 2007 – 2008

Vystar Credit Union, Sr. Portfolio Manager – 2003 – 2007

Deutsche Bank, Chief Investment Officer (South East) – 1999 – 2002

CHRISTOPHER B. REA, CFA

Vice President - Investments

Born: 05/25/1961

Post-Secondary Educational Background:

University of North London – 1985, Bachelor of Science, Electronics & Telecommunications

University of Warwick – 1993, Masters Business Administration

Certifications:

Chartered Financial Analyst, 1999

Recent Business Background:

Camarda Financial Advisors, LLC – Vice President Investments

Decision Tree Systems, LLC and Forebears, CFO & CEO – 2003 – 2010

Complete amended pages in full, circle amended items and file with execution page (page 1).

	<p>St John's Investment Management, Inc., Member Investment Committee, Portfolio Manager - 2001 - 2003 Deloitte & Touche, LLC, Corporate Finance Consultant - 1999 - 2001</p> <p>THANH BUI, DBA Staff Financial Analyst Born: 05/31/1975 Post-Secondary Educational Background: National Economics University, Hanoi, Vietnam - 1996, Bachelor of Science, Banking National Economics University, Hanoi, Vietnam - 2003, Masters of Science, Finance Argosy University, Florida - 2010, Doctor of Business Administration, Accounting Recent Business Background: Enofa & Associates, Audit Intern - 2009 Bao Viet/Vietnam Insurance Corporation, Portfolio Manager/Investment Analyst - 1997-2005</p>
Items 7C, 8.C(9) & 9D	<p>The principal executive officers of Camarda, Jeffrey and Kimberly Camarda, wholly own, manage, and devote between 30%-50% of their time to Camarda Real Estate Partners I, LLP and Camarda Residential Partners, LLP, each a private real estate limited partnership ("Partnerships"). No client of the Camarda is associated with, invested in or solicited to invest in either Partnership.</p> <p>As disclosed in the Introduction to this Schedule F, additional disclosure information concerning Camarda and its associated persons, including their participation in the Partnerships, is available on the Internet at www.adviserinfo.sec.gov/IAPD. See Schedule D, Section 7.B. for additional information regarding the Partnerships.</p> <p>The principal executive officers of Camarda also devote a limited amount of time (less than 5%) to Camarda Consultants, LLC (hereinafter "Camarda Consultants") a consulting firm affiliated with Camarda through common ownership and control. Camarda Consultants provides back office administrative support with respect to the estate planning, business planning, insurance and/or other non-investment advisory needs of clients, coordinating and facilitating the efforts of other client professionals implementing recommendations made in financial plans or otherwise. If requested, Camarda Consultants may refer clients to third-party professionals and/or assemble a team of attorneys, accountants or others to meet client needs. Camarda Consultants is also separately licensed as an insurance agency with the State of Florida. The services provided through Camarda Consultants are separate and distinct from Camarda's advisory services, and are provided for separate and typical compensation. Associated persons of Camarda are licensed insurance agents or brokers for one or more insurance companies and provide these services through Camarda Consultants. These individuals, in their separate capacities as insurance agents or brokers, will be able to purchase insurance and insurance-related investment products for clients, for which they will receive separate, yet customary compensation. Clients are not under any obligation to engage these individuals or Camarda Consultants when considering implementation of advisory recommendations. While these associated persons endeavor at all times to put the interest of the clients first as part of Camarda's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interests.</p> <p>Mark F. DelPezzo, Consultant to the Investment Policy Committee for Camarda, in his separate and individual capacity, provides investment management services to clients through Mark F. DelPezzo, Inc., a private investment adviser exempt from registration under applicable securities laws (hereinafter "MFDP Adviser"). MFDP Adviser is not affiliated with Camarda. The advisory services of MFDP Adviser are separate and distinct from those provided by Camarda and are provided for separate compensation. There are no referral arrangements between Camarda and MFDP Adviser.</p> <p>As Mr. DelPezzo was engaged as a consultant to Camarda to assist in the development of new portfolio strategies, Camarda may, from time to time, trade the same or similar securities for client portfolios that are traded by MFDP Adviser for that firm's clients. When this occurs, Camarda clients may receive a better or worse price or execution than MFDP Adviser receives for its clients depending on the order of trade execution, the type of security traded and the broker dealer used. Camarda has no access to MFDP Adviser's client's portfolio, trading or other information. Similarly, Camarda restricts Mr. DelPezzo's access to Camarda's client's portfolio, trading and other client information. Nevertheless, when making recommendations to Camarda regarding changes to certain Camarda model portfolios, Mr. DelPezzo will have a general idea that trades in certain securities will be made in the near future by Camarda. As a result, Mr. DelPezzo will seek to route the order of recommendations to Camarda and to MFDP Adviser clients in order to minimize the potential for any resulting</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

	systematic disadvantage to the clients of either firm.
Item 9E	<p>Camarda has implemented an investment policy relative to personal securities transactions. This investment policy is part of Camarda's overall Code of Ethics which serves to establish a standard of business conduct for all of Camarda's Associated Persons that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request. Camarda's Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by Camarda's access persons. Among other things, Camarda's Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Camarda's Code provides oversight, enforcement and recordkeeping provisions. A copy of Camarda's Code of Ethics is available to Camarda's advisory clients or prospective clients upon request to the Chief Compliance Officer at Camarda's principal office address.</p> <p>In accordance with Section 204A of the Investment Advisors Act of 1940, the Camarda also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Camarda or any person associated with the Camarda.</p>
Item 10	Please see the response set forth on this Schedule F to Item 1D relating to Camarda's conditions for managing accounts.
Items 12A and 12B	<p>Investment Discretion: Camarda requires that clients grant written discretionary authority to determine which securities and the amounts of securities that are to be bought or sold for the client's account(s).</p> <p>Should the client wish to impose reasonable limitations on this discretionary authority, such limitations shall be included in this written authority statement. Clients may change/amend these limitations as desired. Such amendments shall be submitted in writing. (See also Item 1.D, of this Schedule F for disclosure regarding Non-conforming Assets).</p> <p>Directed Brokerage: Camarda does not have the discretionary authority to determine the broker dealer to be used for transactions made in client accounts or the commission rates to be paid. As such, clients must direct Camarda as to the broker dealer to be used. For clients in need of brokerage or custodial services, and depending on client circumstances and needs, Camarda may recommend the use of TD Ameritrade, Inc. (hereinafter "TD Ameritrade") or Fidelity Brokerage Services, LLC, each FINRA-member broker dealers unaffiliated with Camarda. Camarda clients must evaluate these brokers before opening an account. The factors considered by Camarda when making this recommendation are the broker's ability to provide professional services, Camarda's experience with the broker, the broker's reputation, and the broker's quality of execution services and costs of such services, among other factors. Clients are not under any obligation to affect trades through any recommended broker.</p> <p>Clients should note that Camarda participates in the Institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade. Camarda also has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides Camarda with Fidelity's "platform" services. Through these Programs, Camarda receives certain benefits that it would not receive if it did not offer investment advice to clients. (See the disclosure at Item 13.A, of this Schedule F).</p> <p>Clients should also consider that Camarda participates in the TD Ameritrade AdvisorDirect referral program sponsored by TD Ameritrade through which TD Ameritrade may refer clients to Camarda. Participation in the referral program creates an inherent conflict between the client's interest in receiving a recommendation for a broker that will provide best price, best execution and the lowest cost clearing, settlement and custodial services on the one hand (as well as Camarda's fiduciary duty to seek the same on behalf of its clients) and Camarda's interest in receiving future client referrals from TD Ameritrade. In light of this conflict, when seeking brokerage recommendations from Camarda, clients should be aware of their various brokerage options, including utilizing the services of the recommended broker or choosing another broker. Camarda will not make commitments to any broker or dealer to compensate that broker or dealer through brokerage or dealer transactions for client referrals. (See the disclosure at Item 13.B, of this Schedule F).</p> <p>Clients are free to select the broker dealer of his or her choice. However, Camarda reserves the right to decline acceptance of any client account for which the client directs the use of a broker dealer other than TD Ameritrade</p>
Complete amended pages in full, circle amended items and file with execution page (page 1).	

	<p>or Fidelity if Camarda believes that this choice would hinder its fiduciary duty to the client and/or its ability to service the account. In directing the use of a particular broker it should be understood that Camarda will not have authority to negotiate commissions on a trade by trade basis or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients who may direct the use of another broker dealer. Clients should note, while Camarda has a reasonable belief that TD Ameritrade and Fidelity are each able to obtain best execution and competitive prices, Camarda will not be independently seeking best execution price capability through other broker dealers.</p> <p>Camarda may aggregate, or "block," trades where possible and when advantageous to clients. Blocking trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. Block trading may permit equity or ETP trades to be executed in a timelier and more equitable manner while allowing Camarda to obtain an average share price for clients participating in the block. Clients should note that Camarda will only be able to block trades among clients directing the use of the same broker dealer. Partial fills of blocked trades will generally be allocated on a pro rata basis. However, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account or to avoid deviations from predetermined minimum/maximum holdings limits established for any account.</p>
Item 13A	<p>As disclosed under Item 12.B. of this Schedule F, Camarda participates in TD Ameritrade's institutional customer program and Camarda may recommend TD Ameritrade to Clients for custody and brokerage services.</p> <p>There is no direct link between Camarda's participation in the program and the investment advice the firm gives to its Clients, although Camarda receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Camarda participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Camarda by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Camarda's related persons (and may have also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses for Camarda's personnel to attend conferences. Some of the products and services made available by TD Ameritrade through the program may benefit Camarda but may not benefit its Client accounts. These products or services may assist Camarda in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Camarda manage and further develop its business enterprise. These benefits received by Camarda or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As a part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Camarda or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Camarda's recommendations regarding custody and brokerage services.</p> <p>In recommending TD Ameritrade as the broker and custodian for certain of its current and future client accounts, Camarda also considers its arrangement with TD Ameritrade for obtaining price discounts for TD Ameritrade's automatic portfolio rebalancing service for advisors known as "iRebal". The standard iRebal annual license fee applicable to Camarda is \$20,000. That fee is subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the TD Ameritrade platform or are committed to be placed on it. After a first year implementation fee, specified taxable clients' assets either maintained on or committed to the TD Ameritrade platform will reduce Camarda's iRebal licensing costs by as much as 100% for each of as many as three years or more. The non-taxable assets excluded from the maintenance and commitment levels described above are those that constitute "plan assets" of plans subject to Title I of the Employee Retirement Income Security Act of 1974, amended, or of plans as defined in Section 4975 of the Internal Revenue Code (which include IRAs). If Camarda does not maintain the relevant level of taxable assets on the TD Ameritrade platform, Camarda may be required to make a penalty fee payment to TD Ameritrade calculated on the basis of the shortfall. Although Camarda believes that the products and services offered by TD</p>

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	<p>Ameritrade are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with TD Ameritrade as to the iRebal service may affect Camarda's independent judgment in selecting or maintaining TD Ameritrade as the broker or custodian for its client accounts.</p> <p>Also disclosed under Item 12.B, of this Schedule F, Camarda has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides Camarda with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Camarda in conducting business and in serving the best interests of their clients but that may benefit Camarda.</p> <p>Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables Camarda to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Fidelity also makes available to Camarda, at no additional charge to Camarda, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Camarda (within specified parameters).</p> <p>Without this arrangement, Camarda might be compelled to purchase the same or similar services at its own expense. As a result of receiving such services from Fidelity at no additional cost, Camarda may have an incentive to continue to use or expand the use of Fidelity's services.</p> <p><u>Camarda's Chief Compliance Officer, Kimberly Camarda, remains available to address any questions that a client or prospective client may have regarding the above arrangements and any corresponding perceived conflict of interest any such arrangement may create.</u></p>
Item 13B	<p>If a client is introduced to the Camarda by either an unaffiliated or an affiliated solicitor, Camarda may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Camarda's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Camarda by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Camarda's written disclosure statement as same is set forth on Part II of Form ADV, including this Schedule "F", together with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Camarda and the solicitor, including the compensation to be received by the solicitor from the Camarda.</p> <p>From time to time, a new client may be referred to Camarda by an existing client. Under these circumstances, and in its sole discretion, Camarda may offer a gift of de minimis value to the referring client to show its appreciation. These may include a gift card, flowers, candy, a mug or a similar token. Pursuant to its fiduciary responsibility, Camarda will not favor any client over another in its provision of advisory services.</p> <p>TD Ameritrade AdvisorDirect Referral Program</p> <p>Camarda may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect (the "referral program"). In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Camarda may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade has established the referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. Camarda pays TD Ameritrade an ongoing fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Camarda ("Solicitation Fee"). Camarda will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Camarda from any of a referred client's family members, including a spouse, child or any other immediate family.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

member who resides with the referred client and hired Camarda on the recommendation of such referred client. Camarda will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Camarda's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Camarda may have an incentive to recommend to its clients that the assets under management by Camarda be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Camarda has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so.

Complete amended pages in full, circle amended forms and file with execution page (page 1).

CFP BOARD

CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.

November 30, 2012

Amendments to Disciplinary Rules and Procedures

Effective January 1, 2013

The Board of Directors of Certified Financial Planner Board of Standards, Inc. (CFP Board) recently approved the following amendments to CFP Board's *Disciplinary Rules and Procedures* (*Disciplinary Rules*). These amendments are effective on January 1, 2013.

Background and Overview

Following review of comments received during a 45-day comment period held from August-October 2012, the Board of Directors recently approved amendments to the *Disciplinary Rules*. Through its *Disciplinary Rules* CFP Board enforces the *Code of Ethics and Professional Responsibility*, *Rules of Conduct and Financial Planning Practice Standards* and establishes a process for applying the *Standards of Professional Conduct* to actual professional activities.

During the comment period, CFP Board received a total of nine comments, the majority of which supported the proposed amendments.

These amendments clarify ambiguities, eliminate inconsistencies and ensure that CFP Board's disciplinary process is fair and credible to all participants.

The substantive amendments to the *Disciplinary Rules* include:

- Article 2.5 – Disqualification – Add a provision requiring a Respondent to identify in his/her Answer to the Complaint any potential conflict the Respondent believes exists with regard to any of the hearing panelists.
- Article 2.6 – CFP Board Counsel, CFP Board Designated Counsel and CFP Board Advisory Counsel, and the Duties thereof – Clarify that CFP Board Counsel's role is to serve as an advocate for CFP Board.
- Article 6.2(b) – Procedures for Investigation – Define "adverse inference" as "an inference, adverse to the concerned party, drawn from silence or absence of requested evidence."
- Article 6.3 – Probable Cause Determination Procedures – Add a provision allowing a Respondent to file a response to a Letter of Caution issued by CFP Board. The Letter of Caution and the response letter would become part of



the Respondent's disciplinary record and be available for the Disciplinary and Ethics Commission's (DEC) review in any subsequent proceeding involving the Respondent.


- Article 9 – Motions – Add a provision to specifically allow for the submission of pre-hearing motions. Motions would be limited to procedural and evidentiary matters and cannot be more than two single-spaced pages with no more than 10 pages of attachments, which is consistent with the limitations imposed on motions in the *Appeal Rules and Procedures*.
- Article 10.3 – Procedure and Proof – Define "preponderance of the evidence" as "a legal standard of review which generally means 'more probable than not', i.e., evidence which shows that, as a whole, the fact sought to be proved is more probable than not to have occurred." This definition is consistent with the definition that appears in the *Appeal Rules and Procedures*.
- Article 11.2 – Power of the DEC – Clarify that the DEC is required to mail its decision order to the Respondent within 45 calendar days of a hearing. Additionally, clarify that if the DEC does not approve the hearing panel's recommendation, it must remand the matter to the hearing panel for further consideration.
- Article 14 – Settlement Procedure – Amend to allow CFP Board Counsel more flexibility in negotiating a settlement agreement with Respondent.
- Article 15 – Required Action After Revocation or Suspension – Add a provision requiring a Respondent to submit proof of Respondent's compliance with an order of suspension or revocation. In the case of an order of suspension, failure to submit proof of compliance with the DEC's Order would result in a revocation, as provided in the DEC Order.
- Article 16.2 – Reinstatement After Suspension – Identify the criteria used by the DEC to assess a Respondent's rehabilitation and fitness to use the marks. Additionally, "clear and convincing evidence" is defined.
- Article 18.1 – Quorum – Increase the requirement for a quorum from a majority to two-thirds of the DEC.
- Article 18.6 – Anonymous Case Histories and Sanction Guidelines – Add a provision noting that the Anonymous Case Histories and Sanction Guidelines serve as guidance for the DEC during hearings and deliberations, and are available on CFP Board's website.

For more information on these amendments, please contact Michael P. Shaw, Managing Director, Professional Standards and Legal at 202-379-2230 or mshaw@cfpboard.org.

DISCIPLINARY RULES AND PROCEDURES
(as amended November 2012 effective January 1, 2013)

ARTICLE 1: INTRODUCTION

Certified Financial Planner Board of Standards, Inc. ("CFP Board") has adopted the *Code of Ethics and Professional Responsibility* ("Code of Ethics"), *Rules of Conduct*, and *Financial Planning Practice Standards* ("Practice Standards"), which establish the expected level of professional conduct and practice for CFP® professionals. CFP Board has also established the *Fitness Standards for Candidates and Professionals Eligible for Reinstatement* ("Fitness Standards"), which apply to candidates for CFP® certification and individuals who were previously certified and are eligible to reinstate the CFP® certification ("Professionals Eligible for Reinstatement").

The *Code of Ethics*, *Rules of Conduct*, *Practice Standards*, *Disciplinary Rules and Procedures* ("Disciplinary Rules") and *Fitness Standards* may be amended from time to time, with revisions submitted to the public for comment before final adoption by CFP Board. To promote and maintain the integrity of its CFP®, CERTIFIED FINANCIAL PLANNER™,  and CFP certification marks ("the marks") for the benefit of the clients and potential clients of CFP® professionals, CFP Board has the ability to enforce the provisions of the *Code of Ethics*, *Rules of Conduct* and *Practice Standards*. Adherence to the *Code of Ethics* and *Rules of Conduct* and compliance with the *Practice Standards* by CFP® professionals is required, with the potential for CFP Board sanctions against those who violate the regulations contained in these documents. CFP Board will follow the *Disciplinary Rules* set forth below when enforcing the *Code of Ethics*, *Rules of Conduct* and *Practice Standards* for CFP® professionals and enforcing the *Fitness Standards*.

Hereafter, CFP® professionals, candidates for CFP® certification and Professionals Eligible for Reinstatement may be referred to as "Respondent" or "Respondents."

ARTICLE 2: DISCIPLINARY AND ETHICS DEC

2.1 Function and Jurisdiction of the DEC

CFP Board's Disciplinary and Ethics Commission (referred to herein as "the DEC"), formed pursuant to and governed by the bylaws of CFP Board, is charged with the duty of reviewing and taking appropriate action with respect to alleged violations of the *Code of Ethics* and *Rules of Conduct*, alleged non-compliance with the *Practice Standards* and conduct reviewed pursuant to the *Fitness Standards*. The DEC shall have original jurisdiction over all such matters as defined in the DEC Charter.

2.2 Powers and Duties of the DEC

The DEC shall be required to:

- (a) Evaluate the performance of the volunteers during the hearings;
- (b) Report annually to the Chief Executive Officer and Board of Directors of CFP

- Board on the operation of the DEC;
- (c) Provide input to the CEO on the selection of prospective DEC members. The DEC Chair and Chair-Designee shall provide input to the CEO on the selection of prospective volunteers who serve temporarily on a Hearing Panel;
- (d) At its summer meeting each year, the DEC shall recommend to the CEO, subject to the CEO's appointment, the DEC Chair to serve during the following calendar year;
- (e) Recommend to the CEO, as may be necessary and subject to review and approval of the Board of Directors, amendments to these *Disciplinary Rules*;
- (f) Adopt rules or procedures, subject to review and approval of the CEO, as may be necessary to ensure that the hearings, ratification process and disciplinary decisions are fair to all participants; and
- (g) Recommend to the CEO such other rules or procedures as may be necessary or appropriate.

2.3 Powers and Duties of the CEO of CFP Board

The CEO shall be required to:

- (a) Appoint the DEC Chair, members and volunteers of the DEC;
- (b) Oversee the DEC to ensure it follows the established rules and procedures required to provide a fair process to all participants;
- (c) Ensure that each Hearing Panel is comprised of individuals who act in an impartial and objective manner and have no conflicts of interest with the complainant or Respondent subject to the complaint;
- (d) Conduct appropriate background investigations of prospective DEC members and volunteers; seek the input of the Board of Directors and the DEC on prospective DEC members; and seek the input of the DEC Chair and Chair-Designee on prospective volunteers; and
- (e) Report to the Board of Directors the intended appointments to, and activities of, the DEC.

2.4 Hearing Panel

The Hearing Panel shall consist of three persons, two of whom must be CFP® professionals. A Hearing Panel shall be comprised of two DEC members and one volunteer, unless circumstances make it impractical. One member of each Hearing Panel shall serve as Chair of each hearing. The Hearing Panel Chair must be a DEC member. The Chair shall rule on all motions, objections and other matters presented at, or prior to, a hearing.

2.5 Disqualification

DEC members and volunteers shall not participate in any proceeding in which they, a member of their immediate family or a member of their firm have any interest or where such participation otherwise would involve a conflict of interest or the appearance of impropriety. A Respondent must identify any conflicts with potential Hearing Panel members in his or her Answer to CFP Board's Complaint. Failure to do so will result in

the waiver of an objection to the Hearing Panel member. A Respondent may raise any conflicts arising after the filing of his/her answer with the Hearing Panel at the start of the hearing and the Chair of the Hearing Panel shall make a ruling pursuant to Article 9.4.

2.6 "CFP Board Counsel," "CFP Board Designated Counsel" and "CFP Board Advisory Counsel," and the duties thereof:

- (a) CFP Board Counsel refers to the staff attorney who:
 - i. Conducts any investigation commenced under Article 6.1;
 - ii. Makes the probable cause determination under Article 6.3;
 - iii. Issues Administrative Orders of Revocation under Article 7.4; and
 - iv. Presents the case to the Hearing Panel as an advocate for CFP Board.
- (b) CFP Board Designated Counsel refers to the outside attorney who presents the case to the Hearing Panel as an advocate for CFP Board.
- (c) CFP Board Advisory Counsel refers to the attorney who acts in an advisory capacity in providing advice on the *Standards of Professional Conduct* and hearing procedures to the Hearing Panel and the DEC during the Ratification Meeting.
- (d) No person shall act as both CFP Board Counsel and CFP Board Advisory Counsel during the same set of hearings.

2.7 Venue

Unless otherwise approved by the Board of Directors, CFP Board's headquarters shall serve as a central office for the filing of requests for:

- (a) the investigation of Respondent conduct;
- (b) the coordination of such investigations;
- (c) the administration of all disciplinary enforcement proceedings carried out pursuant to these *Disciplinary Rules*; and
- (d) the performance of such other activities as are designated by the CEO.

ARTICLE 3: GROUNDS FOR DISCIPLINE

Misconduct by a Respondent, individually or in concert with others, including the following acts or omissions, shall constitute grounds for discipline, whether or not the act or omission occurred in the course of a client relationship:

- (a) Any act or omission that violates the provisions of the *Code of Ethics* and/or *Rules of Conduct*;
- (b) Any act or omission that fails to comply with the *Practice Standards*;
- (c) Any act or omission that violates the criminal laws of any State or of the United States or of any province, territory or jurisdiction of any other country,

provided however, that conviction thereof in a criminal proceeding shall not be a prerequisite to the institution of disciplinary proceedings, and provided further, that acquittal in a criminal proceeding shall not bar a disciplinary action;

- (d) Any act that is the proper basis for professional discipline, as defined herein, provided professional discipline shall not be a prerequisite to the institution of disciplinary proceedings, and provided further, that dismissal of charges in a professional discipline proceeding shall not necessarily bar a disciplinary action;
- (e) Any act or omission that violates these *Disciplinary Rules* or that violates an order of discipline;
- (f) Failure to respond to a request by CFP Board staff, or obstruction of the DEC, or any panel thereof, or CFP Board staff in the performance of its or their duties;
- (g) Any false or misleading statement made to CFP Board.

The enumeration of the foregoing acts and omissions constituting grounds for discipline is not exclusive and other acts or omissions amounting to unprofessional conduct may constitute grounds for discipline.

ARTICLE 4: FORMS OF DISCIPLINE

In cases where no grounds for discipline have been established, the DEC may dismiss the matter as either without merit or with a cautionary letter. In all cases, the DEC has the right to require the Respondent to complete additional continuing education or other remedial work, which includes, but is not limited to, completing the coursework required by a CFP Board-Registered Program. Such continuing education or remedial work may be ordered instead of, or in addition to, any discipline listed below. Where grounds for discipline have been established, any of the following forms of discipline may be imposed.

4.1 Private Censure

The DEC may order private censure of a Respondent, which shall be an unpublished written reproach mailed by the DEC to a censured Respondent.

4.2 Public Letter of Admonition

The DEC may order that a Public Letter of Admonition be issued against a Respondent, which shall be a publishable written reproach of the Respondent's behavior. It shall be standard procedure to publish the Public Letter of Admonition in a press release or in such other form of publicity selected by the DEC.

4.3 Suspension

The DEC may order suspension for a specified period of time, not to exceed five years. In the event of a suspension, CFP Board must publish the fact of the suspension together with identification of the Respondent in a press release, or in such other form of publicity as is selected by the DEC. Respondents receiving a suspension may qualify

for reinstatement to use the marks as provided in Article 15.

4.4 Revocation

The DEC may order permanent revocation of a Respondent's right to use the marks. In the event of a permanent revocation it shall be standard procedure to publish the fact of the revocation together with identification of the Respondent in a press release, or in such other form of publicity as is selected by the DEC.

ARTICLE 5: INTERIM SUSPENSION STATUS

Interim suspension is the temporary suspension by the DEC of a CFP® professional's right to use the marks for a definite or indefinite period of time, while proceedings conducted pursuant to these *Disciplinary Rules* are pending against the CFP® professional. Imposition of an interim suspension shall not preclude the imposition of any other form of discipline entered by the DEC in final resolution of the disciplinary proceeding.

5.1 Issuance of a Show Cause Order

Although a CFP® professional's right to use the marks shall not ordinarily be suspended during the pendency of such proceedings, when CFP Board receives evidence that a CFP® professional has engaged in conduct: 1) that poses an immediate threat to the public; and 2) the gravity of the conduct significantly impinges upon the stature and reputation of the marks, CFP Board Counsel may issue an Order to Show Cause why the CFP® professional's right to use the marks should not be suspended during the pendency of the proceedings.

5.2 Service

CFP Board shall serve the Order to Show Cause upon the CFP® professional as provided in Article 18.2.

5.3 Response

All responses to Orders to Show Cause shall be in writing and shall be submitted within 20 calendar days from the date of service of the Order to Show Cause upon the CFP® professional. Extensions and/or continuances are generally disfavored by CFP Board. CFP Board Counsel may, however, grant reasonable requests for extensions and continuances, as deemed appropriate. The CFP® professional shall, in the response, either request or waive the right to participate in the Show Cause Hearing.

5.4 Failure to Respond to the Order to Show Cause

If the CFP® professional fails to file a Response within the period provided in Article 5.3, the CFP® professional shall be deemed to have waived the right to respond, the allegations set forth in the Order to Show Cause shall be deemed admitted and an Interim suspension will automatically be issued.

5.5 Show Cause Hearing

Upon receiving the CFP® professional's response as provided in Article 5.3, a hearing

shall be scheduled as soon as practicable before a Hearing Panel consisting of three members of the DEC, generally no more than 40 days from the date of service of the Order to Show Cause. The CFP® professional shall have the opportunity to participate at such hearing presenting arguments and evidence on his/her behalf. All evidence presented must be submitted to CFP Board Counsel with the CFP® professional's Response to the Order to Show Cause in accordance with Article 5.3. Either party may make a motion at the hearing to admit evidence discovered by either party after the CFP® professional files a Response to the Order to Show Cause. The Chair of the Hearing Panel shall have the discretion to grant or deny the motion. CFP Board Counsel will provide the CFP® professional with the evidence submitted to the Hearing Panel prior to the Show Cause Hearing. In making its determination whether to issue an interim suspension, the Hearing Panel shall consider all of the evidence presented.

5.6 Interim Suspension

Upon a showing of any of the factors listed in Article 5.1, an interim suspension shall be issued, subject to review by the DEC under the provisions of Article 11.2, unless the Hearing Panel determines that the CFP® professional has provided evidence that establishes by a preponderance of the evidence that the CFP® professional does not pose an immediate threat to the public and that the gravity of the CFP® professional's conduct does not significantly impinge upon the stature and reputation of the marks. The fact that a CFP® professional is seeking appellate review of a conviction or professional discipline shall not limit the power of the Hearing Panel to impose an interim suspension.

5.7 Automatic Interim Suspension

An interim suspension shall immediately be issued without a hearing when CFP Board Counsel receives evidence of a conviction or a professional discipline in accordance with Article 13.1 for any of the following conduct:

- (a) Felony conviction for any crime;
- (b) Misdemeanor conviction for fraud, misrepresentation or crimes of moral turpitude; or
- (c) Revocation of a financial professional license (securities, insurance, accounting or bank-related license) unless the revocation is administrative in nature, i.e. the result of the individual determining to not renew the license by not paying the required fee and/or not completing the required continuing education.

CFP Board Counsel will notify any CFP® professional subject to interim suspension under this Article as provided in Article 18.2.

5.8 Proceedings Subsequent to Interim Suspensions

After the issuance of an interim suspension or an automatic interim suspension, CFP Board Counsel shall continue to investigate as outlined in Article 6. After CFP Board Counsel issues a Complaint, as outlined in Article 7, a CFP® professional will have the opportunity to be heard in accordance with the *Disciplinary Rules*. An Interim

Suspension issued under this Article, however, is not subject to the CFP® professional's right of appeal as outlined in Article 12.

5.9 Automatic Reinstatement Upon Reversal of Conviction or Professional Discipline

A CFP® professional subject to a suspension under this Article shall have the suspension vacated immediately upon filing with the DEC a certificate demonstrating that the underlying criminal conviction or professional discipline has been reversed; provided, however, the reinstatement upon such reversal shall have no effect on any proceeding conducted pursuant to these *Disciplinary Rules* then pending against a CFP® professional.

ARTICLE 6: INVESTIGATION

6.1 Commencement

Proceedings involving potential ethics violations shall be commenced upon: 1) receipt of information by CFP Board Counsel indicating a potential violation of the *Code of Ethics*, *Rules of Conduct* and/or non-compliance with the *Practice Standards*; or 2) disclosure by a Respondent of any matter constituting a potential violation of the *Code of Ethics*, *Rules of Conduct* and/or non-compliance with the *Practice Standards*.

6.2 Procedures for Investigation

Upon receipt of a request for investigation containing allegations which, if true, could give rise to a violation of the *Code of Ethics*, *Rules of Conduct* and/or non-compliance with the *Practice Standards*, or upon the acquisition by CFP Board Counsel of information which, if true, could give rise to a violation of the *Code of Ethics*, *Rules of Conduct* and/or non-compliance with the *Practice Standards*, CFP Board Counsel shall give written notice to the Respondent that the Respondent is under investigation and of the general nature of the allegations asserted against the Respondent. The Respondent shall have 30 calendar days from the date of notice of the investigation to file a written response to the allegations with the CFP Board.

- (a) *No Response*. At the expiration of the 30 calendar-day period if no response has been received, CFP Board Counsel shall give written notice of a second request for information via certified mail. The Respondent shall have 20 calendar days from the date of the second request to file a written response to the allegations with CFP Board. At the expiration of the 20 calendar-day period if no response has been received, the matter shall be referred to the DEC.
- (b) *Adverse Inference*. Failure to provide requested information may give rise to an adverse inference with respect to the underlying subject matter. An adverse inference is an inference, adverse to the concerned party, drawn from silence or absence of requested evidence. This rule applies to evidence that has been destroyed, evidence that exists but the party refuses to produce, and evidence that the party has under his/her control and has not produced. This adverse inference is based upon the presumption that

the party who controls the evidence would have produced it, if it had been supportive of his/her position.

- (c) *Response*. Upon receipt of a response within the prescribed time period, CFP Board Counsel shall compile all documents and materials and commence probable cause determination procedures as soon thereafter as is reasonably practicable.

6.3 Probable Cause Determination Procedures

CFP Board Counsel or his/her designee shall be responsible for determining if there is probable cause to believe grounds for discipline exist and shall: 1) dismiss the allegations as not warranting further investigation at this time; 2) dismiss the allegations with a letter of caution indicating that CFP Board Counsel has determined that based on the available evidence, the Respondent's conduct may have violated the *Code of Ethics, Rules of Conduct* and/or not complied with the *Practice Standards* but does not warrant referral to the DEC; or 3) begin preparation and processing of a Complaint against the Respondent in accordance with Article 7. For matters that are dismissed, CFP Board reserves the right to reopen the investigation in the future if appropriate. When CFP Board Counsel issues a letter of caution, the Respondent may submit a letter in response to the letter of caution. The response letter will become part the Respondent's record, but will not receive any additional consideration by CFP Board Counsel. The letter of caution and the response to the letter of caution will be available for consideration by the DEC.

6.4 Disposition

CFP Board Counsel shall conduct CFP Board's investigation as expeditiously as reasonably practicable.

6.5 Relinquishment

A Respondent may not voluntarily relinquish his/her CFP® certification during the course of an investigation.

ARTICLE 7: COMPLAINT - ANSWER - DEFAULT

7.1 Complaint

An original Complaint shall be prepared by CFP Board Counsel and forwarded to the Respondent. Copies of the Complaint shall be included with the materials provided to the Hearing Panel in advance of the hearing. The Complaint shall reasonably set forth the grounds for discipline with which the Respondent is charged and the conduct or omission that gave rise to those charges.

7.2 Service of the Complaint

CFP Board Counsel shall promptly serve the Complaint upon the Respondent as provided in Article 18.2.

7.3 Answer

All Answers to Complaints shall be in writing. The Answer shall be submitted within 20

calendar days from the date of service of the Complaint on the Respondent. The Respondent shall file an original of such Answer with CFP Board. A copy of the Answer shall be included with the materials provided to the Hearing Panel in advance of the hearing. In the Answer, the Respondent shall respond to every material allegation contained in the Complaint. In addition, the Respondent shall set forth in the Answer any defenses or mitigating circumstances.

7.4 Default and Administrative Orders of Revocation

If the Respondent fails to file an Answer within the period provided by Article 7.3 or fails to pay the hearing costs assessed by CFP Board pursuant to Article 18.3, except in cases where CFP Board Counsel has granted a waiver due to financial hardship, such Respondent shall be deemed to be in default, and the allegations set forth in the Complaint shall be deemed admitted. In such circumstance, CFP Board Counsel shall serve upon the Respondent an Administrative Order of Revocation. Such orders shall state clearly and with reasonable particularity the grounds for the revocation of Respondent's right to use the marks. These orders are subject to the Respondent's right of appeal as outlined in Article 12.

7.5 Request for Appearance

Upon the filing of an Answer, the Respondent may request an appearance at the hearing before the Hearing Panel, at which the Respondent may present arguments, witnesses and evidence on his/her behalf. Alternatively, the Respondent may request a paper review in which the DEC will consider the Complaint and Answer as well as documents contained in CFP Board's files to make its decision. Neither CFP Board Counsel nor Respondent will be permitted to make an appearance or present witnesses.

7.6 Request for Extension or Continuance

A Respondent may request an extension to answer the Complaint or a continuance of the hearing no later than within 20 calendar days from the date of service of the Complaint. Upon receipt of the request, CFP Board Counsel shall either grant or deny all requests for extension and continuances. Extensions and/or continuances are generally disfavored by CFP Board Counsel. CFP Board Counsel may, however, grant reasonable requests for extensions and continuances, as deemed appropriate. CFP Board Counsel shall not grant any extension to file an Answer to the Complaint longer than 14 calendar days. CFP Board Counsel shall not grant more than one continuance. If more than one continuance is requested, the matter shall proceed to the DEC for review of the hearing materials without appearances by CFP Board or the Respondent.

ARTICLE 8: DISCOVERY AND EVIDENCE

8.1 Discovery

Discovery of a disciplinary case may be obtained only after a Complaint has been issued against a Respondent. A Respondent may obtain copies of all documents in the Respondent's disciplinary file that are not privileged or do not constitute attorney work

product and are relevant to the subject matter in the pending action before the Hearing Panel. Requests for copies of CFP Board documents must be made to CFP Board Counsel in writing. Release of information contained in a Respondent's disciplinary file is premised on the understanding that materials will be used only for purposes directly connected to the pending CFP Board action.

8.2 Documents

Documents submitted by a Respondent to the DEC for consideration in resolution of the issues raised during an investigation shall be limited to 100 pages. No evidence may be accepted less than 45 calendar days prior to the scheduled hearing, except by motion at the hearing. Should a Respondent deem it necessary to exceed the 100 page limit, the Respondent shall be required to submit a written memorandum that outlines clearly and with reasonable particularity how each and every document submitted by the Respondent or on his or her behalf relates to the allegations contained in the CFP Board Complaint. After reviewing such outline, the DEC shall determine which documents will be permitted.

8.3 Witnesses

Witnesses, if any, shall be identified by the Respondent and CFP Board no later than 45 calendar days prior to the scheduled hearing. When witnesses are identified, the Respondent and CFP Board shall also state the nature and extent of the witnesses' testimony, as well as whether the witnesses will appear in person or via telephone.

8.4 Respondent's Counsel

Respondent's Counsel, if any, shall be identified to CFP Board no later than 45 calendar days prior to the scheduled hearing. When Respondent's Counsel is identified, the Respondent shall provide the counsel's contact information as well as whether the counsel will appear in person or via telephone. Respondent's counsel must be an active member in good standing of the bar of a United States state, jurisdiction, possession, territory or dependency.

8.5 Administrative Dismissal

If, upon receipt of a Respondent's Answer to the Complaint, new information becomes available that eliminates all questions of fact and may warrant a dismissal of the case prior to review by a Hearing Panel, CFP Board Counsel may administratively dismiss the Complaint.

ARTICLE 9: MOTIONS

9.1 Motion

Respondent and/or CFP Board Counsel may file a written motion regarding procedural and/or evidentiary matters. The motion must be filed no later than 30 calendar days prior to the hearing, except as otherwise referenced in Articles 5.5 and 8.2. Filing is accomplished by depositing the motion in the U.S. Mail, by Certified Mail, return receipt requested, properly addressed in accordance with Articles 2.7 and/or 18.2. The motion must state with reasonable particularity the grounds for the motion, the relief sought and

whether a hearing is requested. If the motion pertains to a specific rule or rules, the motion must identify the rules. The Chair of the Hearing Panel shall have the discretion to summarily rule on a motion without a requested hearing.

9.2 Response

Respondent and/or CFP Board Counsel may file a written response to any motion filed by another party. Any response must be filed no later than 10 calendar days after the filing of the motion. Filing is accomplished by depositing the response in the U.S. Mail, by Certified Mail, return receipt requested, properly addressed accordance with Articles 2.7 and/or 18.2. If a response is filed, a rebuttal is not permitted.

9.3 Length

Motions shall not exceed two single-spaced pages. Attachments shall not exceed 10 pages.

9.4 Disposition of a Motion

The Chair of the Hearing Panel shall rule on all motions, objections and other matters presented at, or prior to, a hearing.

ARTICLE 10: HEARINGS

10.1 Notice

Not less than 30 calendar days before the date set for the hearing of a Complaint, notice of such hearing shall be given as provided in Article 18.2 to the Respondent, or to the Respondent's counsel. The notice shall designate the date and place of the hearing.

10.2 Designation of a Hearing Panel

All hearings on Complaints seeking disciplinary action against a Respondent shall be conducted by the Hearing Panel.

10.3 Procedure and Proof

The Hearing Panel may be guided by the rules of procedure and evidence applicable in a court of law to the extent it believes it is appropriate. Such rules, however, are not binding on the Hearing Panel. Proof of misconduct shall be established by a preponderance of the evidence. A preponderance of the evidence is a legal standard of review that generally means "more probable than not," i.e., evidence which shows that, as a whole, the fact sought to be proved is more probable than not to have occurred. In the course of the proceedings, the Chair of the Hearing Panel shall administer affirmations. A complete record shall be made of all testimony taken at hearings before the Hearing Panel.

10.4 Recommendation

CFP Board Counsel or CFP Board Designated Counsel shall present to the Hearing Panel the information and documentation gathered during the investigation and make a recommendation regarding an appropriate sanction.

ARTICLE 11: REPORT, FINDINGS OF FACT AND RECOMMENDATION

11.1 Recommendation of the Hearing Panel

At the conclusion of the hearing, the Hearing Panel shall record its findings of fact and recommendations and report its findings and recommendations to the DEC for its consideration. In this report, the Hearing Panel shall: 1) determine that the Complaint is not proved or that the facts as established do not warrant the imposition of discipline and recommend the Complaint be dismissed, either as without merit or with caution; or 2) refer the matter to the DEC with the recommendation that discipline by the DEC is appropriate. The recommendation of the Hearing Panel shall state specifically the form of discipline the Hearing Panel deems appropriate. The Hearing Panel may also recommend that the DEC enter other appropriate orders. In making its recommendation, the Hearing Panel may take into consideration the Respondent's prior disciplinary record, if any, which includes, but is not limited to, any previous sanction issued by the DEC and/or a letter of caution issued by CFP Board Counsel.

11.2 Power of the DEC

The DEC reserves the authority to review any determination made by the Hearing Panel in the course of a disciplinary proceeding and to enter any order with respect thereto including an order directing that further proceedings be conducted as provided by these *Disciplinary Rules*. The DEC shall review the recommendation of the Hearing Panel and may either approve the recommendation or remand it to the Hearing Panel for further consideration. Within 45 calendar days of the hearing, the DEC must mail by certified mail to Respondent a final order containing the DEC's findings of fact and, if appropriate, the sanction imposed. Once the DEC has issued an order, the DEC's decision is final.

ARTICLE 12: APPEALS

All appeals from orders of the DEC and orders of CFP Board Counsel shall be submitted to CFP Board's Appeals Committee in accordance with the *Rules and Procedures of the Appeals Committee*. If an order of the DEC or an order of CFP Board Counsel is not appealed within 30 calendar days after notice of the order is sent to the Respondent, such order shall become final. All orders of the DEC and orders of CFP Board Counsel are appealable unless otherwise noted in these *Disciplinary Rules*.

ARTICLE 13: CONVICTION OF A CRIME OR PROFESSIONAL DISCIPLINE

13.1 Proof of Conviction or Professional Discipline

Except as otherwise provided in these *Disciplinary Rules*, a certificate from the clerk of any court of criminal jurisdiction indicating that a Respondent has been convicted of a crime in that court or a letter or other writing from a governmental or industry self-regulatory authority to the effect that a Respondent has been the subject of an order of professional discipline (as hereinafter defined) by such authority, shall conclusively establish the existence of such conviction or such professional discipline for purposes of disciplinary proceedings and shall be conclusive proof of the DEC of that crime or of the

basis for such discipline, by the Respondent.

13.2 Duty to Report Criminal Conviction or Professional Discipline
Every Respondent:

- (1) upon being convicted of a crime, other than minor traffic offenses;
- (2) upon being the subject of professional discipline; or
- (3) upon notification of a change to a matter previously disclosed under items (1) and (2) to CFP Board,

shall notify CFP Board in writing of such conviction or professional discipline within 30 calendar days after the date on which the Respondent is notified of the conviction or professional discipline.

13.3 Commencement of Disciplinary Proceedings Upon Notice of Conviction or Professional Discipline.

Upon receiving notice that a Respondent has been convicted of any crime occurring within the last 10 years, other than minor traffic offenses, or been the subject of professional discipline, CFP Board Counsel shall determine whether an investigation is warranted. CFP Board shall obtain the record of conviction or proof of discipline and, if appropriate, file a Complaint against the Respondent as provided in Article 7. If the Respondent's criminal conviction or professional discipline is either proved or admitted as provided herein, the Respondent shall have the right to be heard by the Hearing Panel only on matters of rebuttal of any evidence presented by CFP Board Counsel other than proof of the conviction or professional discipline.

13.4 Definition of Professional Discipline

Professional discipline as used herein shall include the suspension, bar or revocation as a disciplinary measure by any governmental agency, industry self-regulatory organization or professional association.

ARTICLE 14: SETTLEMENT PROCEDURE

A Respondent or CFP Board Counsel may propose an Offer of Settlement ("Offer") in lieu of a disciplinary hearing pursuant to these *Disciplinary Rules*. Submitting an Offer shall stay all proceedings conducted pursuant to these *Disciplinary Rules*.

14.1 Offer of Settlement

CFP Board Counsel shall be permitted to negotiate settlements with Respondents on behalf of CFP Board where it is in the best interests of all parties to attempt to arrive at an expedited resolution. Either CFP Board counsel or Respondent may initiate the settlement negotiations. CFP Board Counsel and Respondent may negotiate violations and penalties, but not factual findings unless evidence proving the contrary is produced during negotiations. CFP Board Counsel shall be authorized to reach a provisional agreement for CFP Board. Upon agreement, the final Offer shall be reduced to writing and signed for presentation by both parties to the DEC. The Offer shall be in writing

and must be submitted to CFP Board staff at least 40 calendar days prior to the Respondent's scheduled disciplinary hearing. CFP Board Counsel may endorse the Offer to the Hearing Panel.

A Hearing Panel shall consider the Offer and take one of the actions described in Articles 14.2 and 14.3. The Hearing Panel shall consider only one Offer after the Complaint is filed. Only the DEC shall have final decision making authority to accept or reject an Offer.

The Offer shall contain and describe in reasonable detail:

- (a) The act or practice which the Respondent is alleged to have engaged in or omitted;
- (b) The principle, rule, regulation or statutory provision which such act, practice or omission to act is alleged to have violated;
- (c) The mitigating factors that were considered during the negotiations;
- (d) Any evidence produced during negotiations that exonerated or resulted in the recommendation of a lesser violation or penalty or the removal of same;
- (e) Any other information CFP Board Counsel found relevant in settlement discussions.
- (f) Proposed acceptance and a statement that the Respondent consents to the entry of the Offer; and
- (g) A waiver of all rights of appeal to CFP Board's Appeals Committee and the courts or to otherwise challenge or contest the validity of the Order issued if the Settlement Agreement is accepted.

If negotiations between CFP Board Counsel and Respondent are unsuccessful, then Respondent shall have the right to present the Offer directly to the DEC.

14.2 Acceptance of Offer

If an Offer is accepted by a Hearing Panel, the decision of the Hearing Panel shall be reviewed by the DEC. The DEC's decision to affirm the decision of the Hearing Panel to accept the Offer shall conclude the proceeding as of the date the Offer is accepted. If the Offer includes a penalty of revocation or suspension, the revocation or suspension shall become effective immediately upon execution of the Offer by the Hearing Panel and affirmation by the DEC.

14.3 Rejection of Offer; Counter Offer

If the Offer is rejected by a Hearing Panel, the Offer shall be deemed void and the matters raised in the Complaint shall be set for hearing at the next meeting of the DEC. The Respondent shall not be prejudiced by the prior Offer, and it shall not be given consideration in the determination of the issues involved in the pending or any other proceeding.

If the Hearing Panel deems it appropriate, it may make a Counter Settlement Offer ("Counter Offer") to the Respondent modifying the proposed finding(s) of fact.

violation(s) and/or discipline. The Respondent must respond to CFP Board within 20 calendar days from the date of service of the Counter Offer by either accepting or rejecting the Counter Offer. Respondent's failure to respond within 20 calendar days shall be considered rejection of the Counter Offer. If the Counter Offer is rejected by the Respondent, the Offer and Counter Offer shall be deemed void and the matters raised in the Complaint will be set for hearing at the next meeting of the DEC. The Respondent shall not be prejudiced by the prior Offer or the Counter Offer, and neither shall be given consideration in the determination of the issues involved in the pending or any other proceeding.

ARTICLE 15: REQUIRED ACTION AFTER REVOCATION OR SUSPENSION

After the entry of an order of revocation or suspension is final, the Respondent shall promptly terminate any use of the marks and in particular shall not use them in any advertising, announcement, letterhead or business card. Within 30 days of receiving an order of suspension or the execution of an Offer in which a Respondent consented to a suspension, the Respondent must provide to CFP Board evidence that he/she has ceased all use of the marks by providing copies of documents requested by the DEC in its order. Failure to provide the information requested by the DEC will result in an automatic issuance of a revocation under Article 4.4.

ARTICLE 16: REINSTATEMENT AFTER DISCIPLINE

16.1 Reinstatement After Revocation

Revocation shall be permanent, and there shall be no opportunity for reinstatement.

16.2 Reinstatement After Suspension

Unless otherwise provided by the DEC in its order of suspension, a Respondent who has been suspended for a period of one year or less shall be automatically reinstated upon the expiration of the period of suspension, provided the Respondent files with CFP Board within 30 calendar days of the expiration of the period of suspension a request for reinstatement. A Respondent who has been suspended for a period longer than one year must petition the DEC for a reinstatement hearing within six months of the end of his/her suspension, or the Respondent shall be permanently barred from using the CFP® certification. Before any reinstatement hearing will be scheduled, the Respondent must meet all administrative requirements for recertification, pay the reinstatement hearing costs and provide evidence, if necessary, that all prior hearing costs have been paid. At the reinstatement hearing, the Respondent must prove by clear and convincing evidence that the Respondent has been rehabilitated, has complied with all applicable disciplinary orders and provisions of these *Disciplinary Rules*, and that the Respondent is fit to use the marks. Clear and convincing evidence means that the DEC must have no reasonable doubt that the Respondent has met his/her burden.

The Respondent may prove rehabilitation by providing to the DEC:

1. Evidence that the Respondent maintained competence and learning in the

area of financial planning during the suspension period;

2. Evidence that the Respondent's conduct since the issuance of the DEC's order has been exemplary and beyond reproach;
3. Evidence that the Respondent made restitution or settled all claims from persons injured or harmed by his/her misconduct; and
4. Documentary evidence of all business activities during the suspension period.

The Respondent may prove that he/she is fit to use the marks by demonstrating to the DEC:

1. Whether the Respondent has a proper understanding of CFP Board's *Standards* and is willing to act in conformity with the *Standards*;
2. Whether the Respondent can be confidently recommended to the public as a CFP® professional;
3. How the Respondent plans to use the CFP® marks in his/her future business; and
4. Any other information obtained during the hearing that the DEC chooses to consider.

16.3 Investigation

Immediately upon receipt of a petition for reinstatement, CFP Board Counsel will initiate an investigation. The petitioner shall cooperate in any such investigation, and CFP Board Counsel or CFP Board Designated Counsel shall provide to the DEC the Respondent's past disciplinary record and any recommendation regarding reinstatement.

16.4 Successive Petitions

If a Respondent is denied reinstatement, he/she must wait two years to petition again for reinstatement. The second petition must be received by CFP Board within six months of the expiration of the two-year period, or the Respondent's right to use the marks will be revoked. If the second petition is denied, the Respondent will be permanently barred from using the marks.

16.5 Reinstatement Fee

Respondents petitioning for reinstatement will be assessed the costs of the reinstatement proceeding.

ARTICLE 17: CONFIDENTIALITY OF PROCEEDINGS

17.1 Confidentiality

Except as otherwise provided in these *Disciplinary Rules*, all proceedings conducted pursuant to these *Disciplinary Rules* shall be confidential and the records of the DEC, Hearing Panel, CFP Board Counsel and CFP Board staff shall remain confidential and shall not be made public.

17.2 Exceptions to Confidentiality

CFP Board may release the records of the proceedings, subject to privilege, if: 1) the proceeding is predicated on a criminal conviction or professional discipline as defined herein; 2) the Respondent has waived confidentiality; 3) such disclosure is required by legal process of a court of law, governmental agency or an industry self-regulatory organization having appropriate jurisdiction; 4) CFP Board Counsel provides the information to a governmental agency or industry self-regulatory organization having appropriate jurisdiction; or 5) in proceedings involving a consumer, CFP Board staff contacts the consumer and/or the Respondent's current and/or former employer to request documents relevant to the proceeding.

ARTICLE 18: GENERAL PROVISIONS

18.1 Quorum

Two-thirds of the members of the DEC must be present in order to constitute a quorum of such DEC, and the approval of a majority of the quorum shall be the action of such DEC.

18.2 Notice and Service

Except as may otherwise be provided in these *Disciplinary Rules*, notice shall be in writing and the giving of notice and/or service shall be sufficient when made by certified mail sent to the last known address of the Respondent according to the records of CFP Board. In matters where a Respondent has designated counsel, notice and service shall be accomplished by certified mail to counsel's address as provided by Respondent.

18.3 Submissions

All documents received by CFP Board shall be date-stamped and deemed filed on the date received by CFP Board. All such documents shall become part of the investigative file.

18.4 Costs

In all disciplinary cases wherein a proceeding is initiated, the DEC will assess against the Respondent the costs of the proceedings. In addition, a Respondent who desires an appearance, whether telephonically or in person, or a paper review, or who submits an Offer of Settlement pursuant to Article 14, will be required to submit hearing costs not less than 45 days prior to the date of the scheduled hearing. In the event that the hearing results in a dismissal without merit, the hearing costs shall be refunded to the Respondent. Hearing costs will not be refunded if the hearing results in any action other than a dismissal without merit. A Respondent who petitions for reinstatement from a suspension or revocation or who petitions for appeal shall bear the costs of such

proceeding.

Financial hardship. In the event a Respondent is unable to pay the required hearing costs due to financial hardship, the Respondent must submit a written statement and supporting documentation explaining his or her financial situation and request a deferral, reduction or waiver of the hearing costs. Upon receipt and review of such request, CFP Board Counsel shall have the discretion to defer, reduce or waive the required hearing costs. All written requests for a reduction or waiver of hearing costs due to financial hardship must be submitted with Respondent's Answer to the Complaint.

18.5 Electronic Signature

Some documents that require a handwritten signature may be submitted electronically through CFP Board's closed website. Any document received by CFP Board through this process shall constitute conclusive proof that: 1) the Respondent whose name appears on the document submitted such document; and 2) the Respondent intended to be bound by the terms and conditions contained therein. Accordingly, the document shall be as legally binding as any containing a handwritten signature.

18.6 Publication

It shall be standard procedure to publish the fact of an interim suspension, Public Letter of Admonition, suspension, revocation or permanent bar issued pursuant to Article 4, together with identification of the CFP® professional in a press release and on CFP Board's website. In the event proceedings pursuant to Article 14 result in a Public Letter of Admonition, suspension, revocation, or otherwise result in a termination of the right to use the marks, it shall be standard procedure to publish such fact together with identification of the Respondent in a press release and on CFP Board's website.

18.7 Anonymous Case Histories and Sanction Guidelines

Anonymous Case Histories are available through CFP Board's website. Anonymous Case Histories are summaries of prior decisions rendered by the DEC. While the Anonymous Case Histories may be relied on by the DEC during hearings and deliberations, the Anonymous Case Histories are not binding on the DEC.

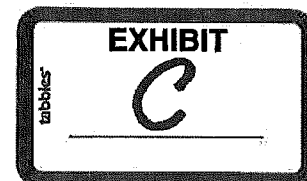
The DEC considers all allegations of misconduct on a case-by-case basis, taking into consideration the details specific to each case. While CFP Board has attempted to capture in the Anonymous Case Histories the details relevant to each DEC decision, the summary nature of an Anonymous Case History may omit certain details affecting the decision. Accordingly, the decisions and/or rationale described in the Anonymous Case History may not apply to other cases reviewed by the DEC or reflect the DEC's future interpretation or application of the *Standards*.

The Sanction Guidelines identify specific conduct that is a violation of CFP Board's *Standards*, the sanction guideline for that conduct and policy notes for the DEC to consider when imposing the appropriate sanction. The DEC is not bound by the Sanction Guidelines, which are intended, along with the Anonymous Case Histories, to

guide the decision making of the DEC. When considering the appropriate sanction in a particular case, the DEC may deviate from the sanction guideline if there are aggravating facts that warrant a more severe sanction or mitigating factors that warrant a less severe sanction.

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DISCIPLINARY RULES AND PROCEDURES

Disciplinary Rules and Procedures**ARTICLE 1: INTRODUCTION**

Certified Financial Planner Board of Standards Inc. (CFP Board) has adopted a *Code of Ethics and Professional Responsibility (Code of Ethics)*, *Rules of Conduct* and *Financial Planning Practice Standards (Practice Standards)*, which establish the expected level of professional conduct and practice for certificants and registrants. The *Code of Ethics*, *Rules of Conduct* and *Practice Standards* may be amended from time to time, with revisions submitted to the public for comment before final adoption by CFP Board. To promote and maintain the integrity of its CFP®, CFP® and CERTIFIED FINANCIAL PLANNER™ certification marks for the benefit of the clients and potential clients of certificants and registrants, CFP Board has the ability to enforce the provisions of the *Rules of Conduct* and *Practice Standards*. Adherence to the *Rules of Conduct* and compliance with the *Practice Standards* by certificants and registrants is required, with the potential for CFP Board sanctions against those who violate the regulations proscribed in these documents. CFP Board will follow the disciplinary rules and procedures set forth below when enforcing the *Rules of Conduct* and *Practice Standards*.

ARTICLE 2: DISCIPLINARY AND ETHICS COMMISSION**2.1 Function and Jurisdiction of the Disciplinary and Ethics Commission**

CFP Board's Disciplinary and Ethics Commission (referred to herein as the "Commission"), formed pursuant to and governed by the bylaws of CFP Board, is charged with the duty of reviewing and taking appropriate action with respect to alleged violations of the *Rules of Conduct* and alleged non-compliance with the *Practice Standards* as promulgated by CFP Board and shall have original jurisdiction over all such disciplinary matters.

2.2 Powers and Duties of the Commission

The Commission shall be required to:

- (a) Evaluate the performance of the volunteers during the hearings;
- (b) Periodically, and no less frequently than annually, report to the Chief Executive Officer and Board of Directors of CFP Board on the operation of the Commission;
- (c) Provide input to the CEO on the selection of prospective Commission members. The Commission Chair and Chair-Designee shall provide input to the CEO on the selection of prospective volunteers who serve temporarily on a Hearing Panel;
- (d) At its summer meeting each year, the Commission shall recommend to the CEO, subject to the CEO's appointment, the Commission Chair to serve during the following calendar year;
- (e) Recommend to the CEO, as may be necessary and subject to review and approval of the Board of Directors, amendments to these *Disciplinary Rules and Procedures*;
- (f) Recommend, as may be necessary, for the CEO's review and approval, proposed rules or procedures relating to the Probable Cause Determination process;
- (g) Adopt rules or procedures, subject to review and approval of the CEO, as may be necessary to ensure that the hearings, ratification process and disciplinary decisions are fair to all participants; and
- (h) Recommend to the CEO such other rules or procedures as may be necessary or appropriate.

DISCIPLINARY RULES AND PROCEDURES

2.3 Powers and Duties of the CEO of CFP Board

The CEO shall be required to:

- (a) Appoint the Commission Chair, members and volunteers of the Commission;
- (b) Oversee the Commission to ensure it follows the established rules and procedures required to provide a fair process to all participants;
- (c) Ensure that each Hearing Panel is comprised of Individuals who act in an impartial and objective manner and have no conflicts of interest with the complainant or CFP® certificant subject to the complaint;
- (d) Conduct appropriate background investigations of prospective Commission members and volunteers; seek the input of the Board of Directors and the Commission on prospective Commission members; and seek the input of the Commission Chair and Chair-Designee on prospective volunteers; and
- (e) Report to the Board of Directors the intended appointments to, and activities of, the Commission.

2.4 Hearing Panel

The Hearing Panel shall consist of three persons, two of whom must be CFP® certificants. A Hearing Panel shall be comprised of two Commission members and one volunteer, unless circumstances make it impractical. One member of each Hearing Panel shall serve as Chair of that hearing. The Hearing Panel Chair must be a Commission member. The Chair shall rule on all motions, objections and other matters presented at, or prior to, a hearing.

2.5 Disqualification

Commission members shall refrain from participating in any proceeding in which they, a member of their immediate family or a member of their firm have any interest or where such participation otherwise would involve a conflict of interest or the appearance of impropriety.

2.6 CFP Board Counsel and CFP Board Advisory Counsel, and the Duties thereof:

- (a) CFP Board Counsel refers to the attorney who presents the case to the Hearing Panel.
- (b) CFP Board Advisory Counsel refers to the attorney who acts in an advisory capacity in providing advice on the *Standards of Professional Conduct* and hearing procedures to the Hearing Panel and the Commission during the Ratification Meeting.
- (c) No person shall act as both CFP Board Counsel and CFP Board Advisory Counsel during the same set of hearings.

2.7 Venue

Unless otherwise approved by the Board of Directors, CFP Board's headquarters shall serve as a central office for the filing of requests for:

- (a) the investigation of certificant or registrant conduct;
- (b) the coordination of such investigations;
- (c) the administration of all disciplinary enforcement proceedings carried out pursuant to these *Procedures*;
- (d) the prosecution of charges of wrongdoing against certificants or registrants pursuant to these *Procedures*; and
- (e) the performance of such other activities as are designated by the CEO.

DISCIPLINARY RULES AND PROCEDURES

ARTICLE 3: GROUNDS FOR DISCIPLINE

Misconduct by a certificant or registrant, individually or in concert with others, including the following acts or omissions, shall constitute grounds for discipline, whether or not the act or omission occurred in the course of a client relationship:

- (a) Any act or omission which violates the provisions of the *Rules of Conduct*;
- (b) Any act or omission which fails to comply with the *Practice Standards*;
- (c) Any act or omission which violates the criminal laws of any State or of the United States or of any province, territory or jurisdiction of any other country, provided however, that conviction thereof in a criminal proceeding shall not be a prerequisite to the institution of disciplinary proceedings; and provided further, that acquittal in a criminal proceeding shall not bar a disciplinary action;
- (d) Any act which is the proper basis for professional suspension, as defined herein, provided professional suspension shall not be a prerequisite to the institution of disciplinary proceedings, and provided further, that dismissal of charges in a professional suspension proceeding shall not necessarily bar a disciplinary action;
- (e) Any act or omission which violates these *Procedures* or which violates an order of discipline;
- (f) Failure to respond to a request by the Commission, without good cause shown, or obstruction of the Commission, or any panel or board thereof, or CFP Board staff in the performance of its or their duties. Good cause includes, without limitation, an assertion that a response would violate a certificant's or registrant's constitutional privilege against self-incrimination;
- (g) Any false or misleading statement made to CFP Board.

The enumeration of the foregoing acts and omissions constituting grounds for discipline is not exclusive and other acts or omissions amounting to unprofessional conduct may constitute grounds for discipline.

ARTICLE 4: FORMS OF DISCIPLINE

In cases where no grounds for discipline have been established, the Commission may dismiss the matter as either without merit or with a cautionary letter. In all cases, the Commission has the right to require certificants and registrants to complete additional continuing education or other remedial work. Such continuing education or remedial work may be ordered instead of, or in addition to, any discipline listed below. Where grounds for discipline have been established, any of the following forms of discipline may be imposed in these cases where grounds for discipline have been established.

4.1 Private Censure

The Commission may order private censure of certificants or registrants which shall be an unpublished written reproach mailed by the Commission to a censured certificant or registrant.

4.2 Public Letter of Admonition

The Commission may order that a Letter of Admonition be issued against a certificant or registrant, which shall be a publishable written reproach of the certificant's or registrant's behavior. It shall be standard procedure to publish the Letter of Admonition in a press release or in such other form of publicity selected by the Commission. In some cases when the Commission determines that there are mitigating circumstances, it may decide to withhold public notification.

4.3 Suspension

The Commission may order suspension for a specified period of time, not to exceed five (5) years, for those individuals it deems can be rehabilitated. In the event of a suspension, it shall be standard procedure to publish the fact of the suspension together with identification of certificants or registrants in a press release, or in such other form of publicity as is selected by the Commission. In some cases when the Commission determines that there are extreme mitigating circumstances it may decide to withhold public notification. Certificants or registrants receiving a suspension may qualify for reinstatement to use the marks as provided in Article 15.

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4.4 Revocation

The Commission may order permanent revocation of a certificant's or registrant's right to use the marks. In the event of a permanent revocation it shall be standard procedure to publish the fact of the revocation together with identification of the certificant or registrant in a press release, or in such other form of publicity as is selected by the Commission. In some cases when the Commission determines that there are extreme mitigating circumstances it may decide to withhold public notification. Revocation shall be permanent.

4.5 Forms of Discipline Concerning Candidates

Under certain circumstances and consistent with CFP Board's *Candidate Fitness Standards*, the Commission may take action in matters involving the conduct of candidates for CFP® certification. Action that may be taken in these cases, where grounds have been established, correspond in character and degree to the four forms of discipline described in Articles 4.1 through 4.4 above, and are correspondingly as follows:

- (a) Subject to the candidate's meeting all other requirements of certification, certification, if any, of the candidate with a private censure in the candidate's record in the form stated;
- (b) Subject to the candidate's meeting all other requirements of certification, certification, if any, of the candidate with issuance of a Letter of Admonition, published as applicable, and in the candidate's record in the form stated;
- (c) Certification, if any, suspended for a specified period, not to exceed five (5) years;
- (d) Certification, if any, denied.

In the event of either a suspension or a denial of certification, the fact of such suspension or denial shall be publishable at the discretion of the Committee. A candidate for the CFP® certification who has been the subject of an order to suspend certification may seek to reapply for certification according to the same procedures in Article 15.2. Such candidates, in addition, shall meet the requirements of original certification.

ARTICLE 5: INTERIM SUSPENSION STATUS

Interim suspension is the temporary suspension by the Commission of a certificant's or registrant's right to use the marks for a definite or indefinite period of time, while proceedings conducted pursuant to these *Procedures* are pending against the certificant or registrant. Imposition of an interim suspension shall not preclude the imposition of any other form of discipline entered by the Commission in final resolution of the disciplinary proceeding.

5.1 Issuance of a Show Cause Order

Although a certificant's and registrant's right to use the marks shall not ordinarily be suspended during the pendency of such proceedings, when it appears that a certificant or registrant has been convicted of a serious crime as defined in Article 12.5, or has been the subject of a professional suspension as defined in Article 12.6, or has converted property or funds, has engaged in conduct which poses an immediate threat to the public, or has engaged in conduct the gravity of which impinges upon the stature and reputation of the marks, CFP Board Counsel may issue an Order to Show Cause why the certificant's or registrant's right to use the marks should not be suspended during the pendency of the proceedings.

5.2 Service

CFP Board shall serve the Order to Show Cause upon the certificant or registrant either by personal service or by certified mail, return receipt requested, mailed to the last known address of the certificant or registrant, as provided in Article 17.2.

5.3 Response

All responses to Orders to Show Cause shall be in writing and shall be submitted within twenty (20) calendar days from the date of service of the Order to Show Cause upon the certificant or registrant. The certificant or registrant shall, in the response, either request or waive the right to participate in the Show Cause Hearing.

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5.4 Failure to Respond to the Order to Show Cause

If the certificant or registrant fails to file a Response within the period provided in Article 5.3, that certificant or registrant shall be deemed to have waived the right to respond and the allegations set forth in the Order to Show Cause shall be deemed admitted and an interim suspension will automatically be issued.

5.5 Show Cause Hearing and Settlement Procedures

Upon receiving the certificant's or registrant's response as provided in Article 5.3, a hearing shall be scheduled before no less than a quorum of the Commission. If so requested, the certificant or registrant shall have the opportunity to participate at such hearing presenting arguments and evidence on his/her behalf. All evidence presented must be submitted to CFP Board staff not less than twenty (20) days prior to the scheduled hearing. Any evidence not so submitted may only be admitted by motion at the hearing.

The certificant may propose an Offer of Settlement, consistent with the provisions of Article 13 of these Procedures, in lieu of a show cause hearing.

5.6 Interim Suspension

An Interim suspension will be issued when the Commission determines that the certificant or registrant has failed to provide evidence which establishes, by a preponderance of the evidence, that the certificant or registrant does not pose an immediate threat to the public and that the gravity of the nature of the certificant's or registrant's conduct does not impinge upon the stature and reputation of the marks. The fact that a convicted or suspended certificant or registrant is seeking appellate review of the conviction or suspension shall not limit the power of the Commission to impose an interim suspension.

5.7 Automatic Reinstatement Upon Reversal of Conviction or Suspension

A certificant or registrant subject to a suspension under this Article shall have the suspension vacated immediately upon filing with the Commission a certificate demonstrating that the underlying criminal conviction or professional suspension has been reversed; provided, however, the reinstatement upon such reversal shall have no effect on any proceeding conducted pursuant to these Procedures then pending against a certificant or registrant.

5.8 Publication

It shall be standard procedure to publish the fact of an interim suspension together with identification of the certificant or registrant in a press release.

ARTICLE 6: INVESTIGATION**6.1 Commencement**

Proceedings involving potential ethics violations shall be commenced upon a written request for investigation made by any person which shall be directed to the Commission or commenced at the behest of CFP Board Counsel. Proceedings involving Practice Standards nonconformance shall be commenced upon a written request for investigation made by any person(s) who have a contractual relationship with the certificant or registrant whose practices are being called into question or by a CFP® certificant, or at the behest of CFP Board Counsel. In either situation, the Commission may, in making a determination of whether to proceed, make such inquiry regarding the underlying facts as they deem appropriate.

6.2 Procedures for Investigation

Upon receipt of a request for investigation containing allegations which, if true, could give rise to a violation of the Rules of Conduct, or upon the acquisition by CFP Board Counsel of information which, if true, could give rise to a violation of the Rules of Conduct, the certificant or registrant in question shall be given written notice by CFP Board Counsel that the certificant or registrant is under investigation and of the general nature of the allegations.

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asserted against the certificant or registrant. The certificant or registrant shall have thirty (30) calendar days from the date of notice of the investigation to file a written response to the allegations with the Commission.

- (a) No Response. At the expiration of the thirty (30) calendar-day period if no response has been received, the matter shall be referred to a Hearing Panel.
- (b) Response. Upon receipt of a response, CFP Board Counsel shall compile all documents and materials and commence probable cause determination procedures as soon thereafter as is reasonably practicable.

6.3 Probable Cause Determination Procedures

CFP Board Counsel shall determine if there is probable cause to believe grounds for discipline exists and shall either: (1) dismiss the allegations as not warranting further investigation at this time; (2) dismiss the allegations with a letter of caution recommending remedial action and/or entering other appropriate orders; or (3) begin preparation and processing of a Complaint against the certificant or registrant in accordance with Article 7. For matters that are dismissed, CFP Board Counsel may reserve the right to reopen the investigation in the future if appropriate.

6.4 Disposition

CFP Board Counsel shall conduct CFP Board's investigation as expeditiously as reasonably practicable.

ARTICLE 7: COMPLAINT - ANSWER - DEFAULT

7.1 Complaint

An original Complaint shall be prepared by CFP Board staff and forwarded to the certificant or registrant. Copies of the Complaint shall be included with the materials provided to the Hearing Panel in advance of the hearing. The Complaint shall reasonably set forth the grounds for discipline with which the certificant or registrant is charged and the conduct or omission which gave rise to those charges.

7.2 Service of the Complaint

CFP Board staff shall promptly serve the Complaint upon the certificant or registrant either by personal service or by certified mail, return receipt requested, mailed to the last known address of the certificant or registrant or as provided in Article 17.2.

7.3 Answer

All Answers to Complaints shall be in writing. The Answer shall be submitted within twenty (20) calendar days from the date of service of the Complaint on the certificant or registrant. The certificant or registrant shall file an original of such Answer with CFP Board. A copy of the Answer shall be included with the materials provided to the Hearing Panel in advance of the hearing. In the Answer, the certificant or registrant shall respond to every material allegation contained in the Complaint. In addition, the certificant or registrant shall set forth in the Answer any defenses or mitigating circumstances.

7.4 Default and Orders of Revocation and Denial

If the certificant or registrant fails to file an Answer within the period provided by Article 7.4, such certificant or registrant shall be deemed to be in default, and the allegations set forth in the Complaint shall be deemed admitted. In such circumstance, CFP Board Counsel shall serve upon the certificant or registrant, consistent with Article 7.3, an Order of Revocation or, in cases involving a candidate for certification, an Order of Denial. Such orders shall state clearly and with reasonable particularity the grounds for the revocation or denial of the certificant's or registrant's right to use the marks. These Orders are subject to the certificant's or registrant's right of appeal as outlined in Article 11.

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7.5 Request for Appearance

Upon the filing of an Answer, the certificant or registrant may request an appearance at the hearing before the Hearing Panel, at which the certificant or registrant may present arguments, witnesses and evidence on his/her behalf.

ARTICLE 8: DISCOVERY AND EVIDENCE**8.1 Discovery**

Discovery of a disciplinary case may be obtained only after a Complaint has been issued against a certificant or registrant. A certificant or registrant may obtain copies of all documents in the certificant's or registrant's disciplinary file which are not privileged and which are relevant to the subject matter in the pending action before the Hearing Panel. Requests for copies of CFP Board documents must be made to CFP Board Counsel in writing. Release of information contained in a certificant's or registrant's disciplinary file is premised on the understanding that materials will be used only for purposes directly connected to the pending CFP Board action.

8.2 Documents

Documents submitted by certificants or registrants to the Commission for consideration in resolution of the issues raised during an investigation shall be limited to 100 pages. No evidence may be accepted less than thirty (30) days prior to the scheduled hearing, except by motion at the hearing.

Should a certificant or registrant deem it necessary to exceed the 100 page limit, the certificant or registrant shall be required to submit a written memorandum that outlines clearly and with reasonable particularity how each and every document submitted by the certificant or registrant or on his or her behalf relates to the allegations contained in the CFP Board Complaint. After reviewing such outline, the Commission shall determine which documents will be permitted.

8.3 Witnesses

Witnesses, if any, shall be identified to CFP Board no later than forty-five (45) days prior to the scheduled hearing. When witnesses are identified, the certificant or registrant shall also state the nature and extent of the witnesses' testimony, as well as whether the witnesses will appear in person or via telephone.

8.4 Administrative Dismissal

If, upon receipt of a certificant's or registrant's Answer to the Complaint, new information becomes available that may warrant a dismissal of the case prior to review by a Hearing Panel, the Director of the Professional Review Department and the Chair of the Commission shall review all relevant materials and make such determination at that time.

ARTICLE 9: HEARINGS**9.1 Notice**

Not less than thirty (30) calendar days before the date set for the hearing of a Complaint, notice of such hearing shall be given as provided in Article 17.2 to the certificant or registrant, or to the certificant's or registrant's counsel. The notice shall designate the date and place of the hearing and shall also advise the certificant or registrant that he/she is entitled to be represented by counsel at the hearing, to cross-examine witnesses and to present evidence on his/her behalf.

9.2 Designation of a Hearing Panel

All hearings on Complaints seeking disciplinary action against a certificant or registrant shall be conducted by the Hearing Panel.

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9.3 Procedure and Proof

Hearings shall be conducted in conformity with such rules of procedure and evidence as established by the Hearing Panel. It shall not be necessary that rules of procedure and evidence applicable in a court of law are followed in any hearing, but the Hearing Panel may be guided by such rules to the extent it believes it is appropriate. Proof of misconduct shall be established by a preponderance of the evidence. A certificant or registrant may not be required to testify or to produce records over the objection of the certificant or registrant if to do so would be in violation of the certificant's or registrant's constitutional privilege against self-incrimination in a court of law. In the course of the proceedings, the Chair of the Hearing Panel shall have the power to require the administration of oath and affirmations. A complete record shall be made of all testimony taken at hearings before the Hearing Panel.

ARTICLE 10: REPORT, FINDINGS OF FACT AND RECOMMENDATION**10.1 Hearing Panel**

At the conclusion of the hearing, the Hearing Panel shall record its findings of fact and recommendations and submit the findings and recommendations to the Commission for its consideration. In making its recommendation, the Hearing Panel may take into consideration the certificant's or registrant's prior disciplinary record, if any.

10.2 Report of the Hearing Panel

The Hearing Panel shall report its findings and recommendations to the Commission. In this report, the Hearing Panel shall: (1) determine that the Complaint is not proved or that the facts as established do not warrant the imposition of discipline and recommend the Complaint be dismissed, either as without merit or with caution; or (2) refer the matter to the Commission with the recommendation that discipline by the Commission is appropriate. The recommendation of the Hearing Panel shall state specifically the form of discipline the Hearing Panel deems appropriate. The Hearing Panel may also recommend that the Commission enter other appropriate orders.

10.3 Power of the Commission

The Commission reserves the authority to review any determination made by the Hearing Panel in the course of a disciplinary or *Practice Standards* proceeding and to enter any order with respect thereto including an order directing that further proceedings be conducted as provided by these *Procedures*. The Commission shall review the report of the Hearing Panel and may either approve the report or modify it. The Commission must accept the Hearing Panel's findings of fact, unless, on the basis of its own review of the record, it determines that such findings are clearly erroneous. The Commission may modify the Hearing Panel's recommendation without reviewing the record and must state the reasons for the modification.

ARTICLE 11: APPEALS

All appeals from orders of the Commission shall be submitted to CFP Board's Appeals Committee in accordance with the *Rules and Procedures of the Appeals Committee*. If an order of the Commission is not appealed within thirty (30) calendar days after notice of the order is sent to the certificant or registrant, such order shall become final.

ARTICLE 12: CONVICTION OF A CRIME OR PROFESSIONAL SUSPENSION**12.1 Proof of Conviction or Professional Suspension**

Except as otherwise provided in these *Procedures*, a certificate from the clerk of any court of criminal jurisdiction indicating that a certificant or registrant has been convicted of a crime in that court or a letter or other writing from a governmental or industry self-regulatory authority to the effect that a certificant or registrant has been the subject of an order of professional suspension (as hereinafter defined) by such authority, shall conclusively establish the existence of such conviction or such professional suspension for purposes of disciplinary proceedings and shall be conclusive proof of the commission of that crime or of the basis for such suspension, by the certificant or registrant.

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12.2 Duty to Report Criminal Conviction or Professional Suspension

Every certificant or registrant, upon being convicted of a crime, except misdemeanor traffic offenses or traffic ordinance violations unless such offense involves the use of alcohol or drugs, or upon being the subject of professional suspension, shall notify CFP Board in writing of such conviction or suspension within ten (10) calendar days after the date on which the certificant or registrant is notified of the conviction or suspension.

12.3 Commencement of Disciplinary Proceedings Upon Notice of Conviction or Professional Suspension

Upon receiving notice that a certificant or registrant has been convicted of a crime other than a serious crime (as defined herein), CFP Board Counsel shall commence an investigation. If the conviction is for a serious crime or if a certificant or registrant is the subject of a professional suspension, CFP Board shall obtain the record of conviction or proof of suspension and file a Complaint against the certificant or registrant as provided in Article 7. If the certificant's or registrant's criminal conviction or professional suspension is either proved or admitted as provided herein, the certificant or registrant shall have the right to be heard by the Hearing Panel only on matters of rebuttal of any evidence presented by CFP Board Counsel other than proof of the conviction or suspension.

12.4 Conviction of Serious Crime or Professional Suspension - Immediate Suspension

Upon receiving notification of a certificant's or registrant's criminal conviction or professional suspension, CFP Board Counsel may, at its discretion, issue a notice to the convicted or suspended certificant or registrant directing that the certificant or registrant show cause why his/her right to use the marks should not be immediately suspended pursuant to Article 5.

12.5 Serious Crime Defined

The term serious crime as used in these rules shall include: (1) any felony; (2) any lesser crime, a necessary element of which as determined by its statutory or common law definition involves misrepresentation, fraud, extortion, misappropriation or theft; and/or (3) an attempt or conspiracy to commit such crime, or solicitation of another to commit such crime.

12.6 Definition of a Professional Suspension

A professional suspension as used herein shall include the suspension or bar as a disciplinary measure by any governmental or industry self-regulatory authority of a license as a registered securities representative, broker/dealer, insurance or real estate salesperson or broker, insurance broker, attorney, accountant, investment adviser or financial planner.

ARTICLE 13: SETTLEMENT PROCEDURE

A certificant, registrant or CFP Board Counsel may propose an Offer of Settlement in lieu of a disciplinary hearing pursuant to these Procedures. Submitting an Offer of Settlement shall stay all proceedings conducted pursuant to these Procedures.

13.1 Offer of Settlement

Offers of Settlement may be made where the nature of the proceeding, and the interests of the public and CFP Board permit. The Offer of Settlement shall be in writing and must be submitted to CFP Board staff at least 30 days prior to the certificant's or registrant's scheduled disciplinary hearing. A Hearing Panel will consider the Offer and take one of the actions described in Articles 13.2 and 13.3. The Hearing Panel will consider only one Offer of Settlement during the course of a disciplinary proceeding. The Offer must be made in conformity with the provisions of this Article and should not be made frivolously or propose an action inconsistent with the seriousness of the violations alleged in the proceedings. CFP Board Counsel may negotiate a proposed Offer of Settlement with the certificant or registrant and endorse the Offer of Settlement to the Hearing Panel. Only the Commission shall have final decision-making authority to accept or reject an Offer of Settlement.

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Every Offer of Settlement shall contain and describe in reasonable detail:

- (a) The act or practice which the member or person associated with a member is alleged to have engaged in or omitted;
- (b) The principle, rule, regulation or statutory provision which such act, practice or omission to act is alleged to have been violated;
- (c) A statement that the certificant or registrant consents to findings of fact and violations consistent with the statements contained in the offer required by paragraphs 13.1(a) and 13.1(b);
- (d) Proposed Commission action to be taken and a statement that the certificant or registrant consents to the proposed Commission action; and
- (e) A waiver of all rights of appeal to CFP Board's Appeals Committee and the courts or to otherwise challenge or contest the validity of the Order issued if the Offer of Settlement is accepted.

13.2 Acceptance of Offer

If an Offer of Settlement is accepted by a Hearing Panel, the decision of the Hearing Panel shall be reviewed by the Commission. The Commission's decision to affirm the decision of the Hearing Panel to accept the Offer of Settlement shall conclude the proceeding as of the date the Offer of Settlement is accepted. If the Offer of Settlement includes a penalty of revocation or suspension, the revocation or suspension shall become effective immediately upon acceptance by the Hearing Panel and affirmation by the Commission.

13.3 Rejection of Offer; Counter Offer

If the Offer of Settlement is rejected by a Hearing Panel, the Offer of Settlement shall be deemed void and the matters raised in the Complaint will be set for hearing at the next meeting of the Commission. The certificant or registrant shall not be prejudiced by the prior Offer of Settlement, and it shall not be given consideration in the determination of the issues involved in the pending or any other proceeding.

If the Hearing Panel deems it appropriate, it may make a Counter Settlement Offer to the certificant or registrant modifying the proposed finding(s) of fact, violation(s) and/or discipline. If the Counter Settlement Offer is rejected by the certificant or registrant, the Offer of Settlement and Counter Settlement Offer shall be deemed void and the matters raised in the Complaint will be set for hearing at the next meeting of the Commission. The certificant or registrant shall not be prejudiced by the prior Offer of Settlement or the Counter Settlement Offer, and neither shall be given consideration in the determination of the issues involved in the pending or any other proceeding.

13.4 Publication

In the event proceedings pursuant to Article 13 result in a permanent revocation, or suspension, or otherwise result in a termination of the right to use the marks, it shall be standard procedure to publish such fact together with identification of the certificant or registrant in a press release, or in such other form of publicity as is selected by the Commission.

ARTICLE 14: REQUIRED ACTION AFTER REVOCATION OR SUSPENSION

After the entry of an order of revocation or suspension is final, the certificant or registrant shall promptly terminate any use of the marks and in particular shall not use them in any advertising, announcement, letterhead or business card.

ARTICLE 15: REINSTATEMENT AFTER DISCIPLINE

15.1 Reinstatement After Revocation

Revocation shall be permanent, and there shall be no opportunity for reinstatement.

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15.2 Reinstatement After Suspension

Unless otherwise provided by the Commission in its order of suspension, a certificant or registrant who has been suspended for a period of one (1) year or less shall be automatically reinstated upon the expiration of the period of suspension, provided the certificant or registrant files with CFP Board within thirty (30) calendar days of the expiration of the period of suspension an affidavit stating that the suspended certificant or registrant has fully complied with the order of suspension and with all applicable provisions of these *Procedures*, unless such condition is waived by the Commission in its discretion. A certificant or registrant who has been suspended for a period longer than one (1) year must petition the Commission for a reinstatement hearing within six months of the end of his/her suspension, or failure to do so will result in administrative relinquishment. Before any reinstatement hearing will be scheduled, the certificant or registrant must meet all administrative requirements for recertification, pay the reinstatement hearing costs and provide evidence, if necessary, that all prior hearing costs have been paid. At the reinstatement hearing, the certificant or registrant must prove by clear and convincing evidence that the certificant or registrant has been rehabilitated, has complied with all applicable disciplinary orders and provisions of these *Procedures*, and that the certificant or registrant is fit to use the marks.

15.3 Investigation

Immediately upon receipt of a petition for reinstatement, CFP Board Counsel will initiate an investigation. The petitioner shall cooperate in any such investigation, and CFP Board Counsel shall submit a report of the investigation to the Commission which shall report on the petitioner's past disciplinary record and any recommendation regarding reinstatement.

15.4 Successive Petitions

If an individual is denied reinstatement, he/she must wait two (2) years to again petition for reinstatement. The second petition must be received by CFP Board within six (6) months of the expiration of the two (2) year period, and failure to submit a second petition within this time period will result in the individual's right to use the marks being administratively relinquished. If the second petition is denied, the individual's right to use the marks shall be administratively relinquished.

15.5 Reinstatement Fee

Petitioners for reinstatement will be assessed the costs of the reinstatement proceeding.

ARTICLE 16: CONFIDENTIALITY OF PROCEEDINGS**16.1 Confidentiality**

Except as otherwise provided in these *Procedures*, all proceedings conducted pursuant to these *Procedures* shall be confidential and the records of the Commission, Hearing Panel, CFP Board Counsel and CFP Board staff shall remain confidential and shall not be made public.

16.2 Exceptions to Confidentiality

The pendency, subject matter and status of proceedings conducted pursuant to these *Procedures* may be disclosed if (1) the proceeding is predicated on criminal conviction or professional suspension as defined herein; or (2) the certificant or registrant has waived confidentiality; or (3) such disclosure is required by legal process of a court of law or other governmental body or agency having appropriate jurisdiction; or (4) in proceedings involving a consumer, CFP Board staff contacts the consumer and/or the certificant's or registrant's current and/or former employer to request documents relevant to the proceeding.

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ARTICLE 17: GENERAL PROVISIONS

17.1 Quorum

A majority of members of the Commission shall be present in order to constitute a quorum of such Commission, and the approval of a majority of the quorum shall be the action of such Commission.

17.2 Notice and Service

Except as may otherwise be provided in these *Procedures*, notice shall be in writing and the giving of notice and/or service shall be sufficient when made either personally or by certified mail or overnight mail sent to the last known address of the certificant or registrant according to the records of CFP Board.

17.3 Costs

In all disciplinary cases wherein a hearing is convened, the Commission will assess against the certificant or registrant the costs of the proceedings. In addition, a certificant or registrant who desires an appearance, whether telephonically or in person, or who submits an Offer of Settlement pursuant to Article 13, will be required to submit hearing costs not less than thirty (30) days prior to the date of the scheduled hearing. In the event that the hearing results in a dismissal without merit, the hearing costs shall be refunded to the certificant or registrant. Hearing costs will not be refunded if the hearing results in any action other than a dismissal without merit. A certificant or registrant who petitions for reinstatement from a suspension or revocation or who petitions for appeal shall bear the costs of such proceeding.

Financial hardship. In the event a certificant or registrant is unable to pay the required hearing costs due to financial hardship, the certificant or registrant may submit a written statement explaining his or her financial situation and request a deferral, reduction or waiver of the hearing costs. Upon receipt and review of such request, CFP Board Counsel shall have the discretion to defer, reduce or waive the required hearing costs. All written requests for a reduction or waiver of hearing costs due to financial hardship must be submitted at least forty-five (45) days prior to the date of the scheduled hearing.

17.4 Electronic Signature

Some documents that require a handwritten signature may be submitted electronically through CFP Board's closed Web site. Any document received by CFP Board through this process shall constitute conclusive proof that: (1) the certificant or registrant whose name appears on the document submitted such document; and (2) the certificant or registrant intended to be bound by the terms and conditions contained therein. Accordingly, the document shall be as legally binding as any containing a handwritten signature.

ANONYMOUS CASE HISTORIES

Anonymous case histories are available upon request to CFP Board.