

# SUMMARY OF CIFP CONDUCT COMMITTEE DISCIPLINARY HEARING: LUCY ARRUDA

<b>NAME OF CIFP LICENSEE</b>	Lucy Arruda
<b>CERTIFICATION DATE</b>	Registered Retirement Consultant® licensee since April 1, 2017
<b>DATE CIFP BECAME AWARE OF PROFESSIONAL MISCONDUCT AND SOURCE</b>	September 18, 2024 – CIFP Environmental Scan
<b>ALLEGATIONS BY OVERSIGHT BODY</b>	<p><b>Allegations of misconduct by FP Canada Standards Council Discipline Hearing Panel:</b></p> <p>In May 2019, Ms. Arruda made an investment recommendation to two clients without gathering information directly from the clients to know their financial situations, goals and/or objectives and without speaking with or meeting with the clients or obtaining instructions directly from the clients and thereby failed to act in the clients' best interests and failed to act with integrity, fairness, diligence or professionalism.</p> <p>In May 2019, Ms. Arruda altered the payee identified on cheques provided by her client and forged the initials of the client's spouse to make it appear to Ms. Arruda's employer that her clients approved the alterations and thereby, engaged in conduct involving dishonesty, fraud, deceit, misrepresentation or knowingly made a false or misleading statement.</p> <p><b>Allegations of misconduct by Mutual Fund Dealers Association (MFDA):</b></p> <p>As set out in an MFDA order dated July 21, 2021, Ms. Arruda was found to have engaged in conduct that contravened MFDA Rules 2.3.1(b), 1.1.2, 2.5.1, and 2.1.1 by failing to provide professional services in accordance with applicable laws, regulations, rules or established policies of other applicable authorities.</p>
<b>BREACH OF CIFP CODE OF CONDUCT</b>	<p>Ms. Arruda was an RRC® licensee at the time the aforementioned disciplinary actions were initiated against her.</p> <p>The CIFP Conduct Committee has determined that Ms. Arruda is in breach of the following principles under CIFP's Code of Conduct governing Registered Retirement Consultant licensees:</p> <p><b>Client First:</b> In all aspects of his or her engagement with clients, a Registered Retirement Consultant professional must place the interests and well-being of his or her clients above all other interests including the self-interests of the credential holder. The Client First principle takes precedence over all other factors when dealing with clients.</p>

**BREACH OF CFP CODE OF CONDUCT ...CONTINUED**

**Best Interests and Duty of Care:** In all aspects of his or her engagement with clients, a Registered Retirement Consultant professional must provide planning services that are in the best interests of his or her clients. A Registered Retirement Consultant professional has a duty of care to his or her clients when providing planning services, including recommendations, to ensure they are appropriate, reasonable, prudent and, above all else, reflect the best interests of clients at all times.

**Integrity:** A Registered Retirement Consultant professional shall conduct his or her dealings with clients with integrity and in a trustworthy manner. The concept of integrity is incapsulated (but, is not limited to) characteristics such as intellectual honesty, impartiality, fairness, full disclosure of material facts and placing the best interests of the client above all other considerations. An RRC credential holder must adhere to the moral and ethical professional standards that espouse the principle of integrity.

**Diligence:** A Registered Retirement Consultant professional shall exercise due diligence in the course of providing planning services to clients. A credential holder shall ensure that he or she has gathered sufficient information and knowledge about a client and his or her circumstances, in keeping with the Know Your Client (KYC), Know Your Product (KYP) and suitability determination obligations, before providing the client with planning services and before making recommendations. A credential holder has an obligation to ensure information about his or her clients is current and is updated on a regular basis or as material changes arise.

A Registered Retirement Consultant professional must make recommendations based on empirical evidence to the greatest extent possible, bearing in mind the balance of probabilities (both in regard to frequency and degree) associated with variable outcomes.

**Professionalism:** A Registered Retirement Consultant credential holder must provide planning services to clients in a professional manner. More broadly, professionalism means an RRC credential holder must not engage in unbecoming conduct or conduct that is contrary to the letter or the spirit of the Principles contained in this Code of Conduct.

For a Registered Retirement Consultant credential holder, professionalism includes (but, is not limited to) exercising diligence and sound judgement in his or her work and being respectful, honest, impartial and always placing the best interests of his or her clients above all other factors.

The Principle of Professionalism aggregates all of the other Principles under this Code of Conduct.

**Compliance:** A Registered Retirement Consultant professional shall comply with all applicable laws, by-laws and regulations of the governments, self-regulatory organizations and other oversight bodies where he or she resides and/or offers planning services. An RRC credential holder shall also comply with all rules, laws and by-laws of other professional associations to which he or she belongs.

It is the responsibility of a Registered Retirement Consultant professional to remain up-to-date on his or her legal and regulatory requirements to operate in his or her jurisdiction. A credential holder shall not engage in conduct involving fraud, deceit, misrepresentation or any activity that could reasonably be construed to contravene the letter and the spirit of the Principles contained within this Code of Conduct.

<p><b>DISCIPLINARY ACTION IMPOSED BY CIFP CONDUCT COMMITTEE</b></p>	<p>Given the seriousness of the breaches in professional conduct by Ms. Arruda, the CIFP Conduct Committee deemed it appropriate to impose a one-year suspension of Ms. Arruda's RRC certification effective November 27, 2024.</p> <p>In addition, Ms. Arruda is required to complete the CIFP Ethical Conduct for Financial Planning Professionals continuing education course.</p>
<p><b>RATIONALE FOR CIFP CONDUCT COMMITTEE DECISION</b></p>	<p>The breaches in professional conduct by Ms. Arruda took place between 2019 and 2021.</p> <p>At the time of the breaches, Ms. Arruda held the CERTIFIED FINANCIAL PLANNER® designation. In its adjudication, FP Canada Standards Council noted several mitigating factors in issuing its final order:</p> <ul style="list-style-type: none"> <li>• Ms. Arruda's breach was an isolated incident—there was no evidence of a pattern of misconduct</li> <li>• Ms. Arruda does not have a disciplinary history with FP Canada</li> <li>• there was no evidence that Ms. Arruda personally benefitted from her actions or that her clients suffered a financial loss</li> <li>• Ms. Arruda expressed remorse for her actions, admitted to her misconduct and was cooperative with the Standard's Council's investigation</li> <li>• by entering into a joint settlement agreement, Ms. Arruda avoided the need for a prolonged hearing on the merits, saving time and resources</li> <li>• the Standard's Council suspension of Ms. Arruda's CFP® certification for four months and the requirement for Ms. Arruda to complete an ethics course gave them confidence that it will help ensure her conduct does not recur</li> </ul> <p>The CIFP Conduct Committee deemed the breaches by Ms. Arruda were adequately dealt with by FP Canada Standards Council but nonetheless, were of a nature serious enough such that it was appropriate for CIFP to impose a one-year suspension of Ms. Arruda's RRC certification in addition to imposing a requirement for her to complete an ethics course.</p>
<p><b>REFERENCES</b></p>	<ul style="list-style-type: none"> <li>• <b>FP Canada Standards Council:</b>  <a href="https://www.fpcanada.ca/docs/professionalsitelibraries/hearing-documents-enforcement/2023-04-06-decision-and-reasons---lucy-arruda.pdf?sfvrsn=bc765078_0">https://www.fpcanada.ca/docs/professionalsitelibraries/hearing-documents-enforcement/2023-04-06-decision-and-reasons---lucy-arruda.pdf?sfvrsn=bc765078_0</a> </li> </ul>
<p><b>DATE OF CIFP CONDUCT COMMITTEE DECISION</b></p>	<p>November 27, 2024</p>