FINANCIAL PLANNING ASSOCATION OF AUSTRALIA

CONDUCT REVIEW COMMISSION

DETERMINATION AND REASONS FOR DECISION

CRC 2012_4

PANEL MEMBERS: **PROFESSOR DIMITY KINGSFORD SMITH, CHAIR**

MR JUSTIN HOOPER

MR GREG COOK

MEMBER: ***The AFP® Practitioner Member***

(Name not published)

DATE OF HEARING: **23 SEPTEMBER 2011**

DATE OF FINAL DETERMINATION: **13 JULY 2012**

PARTIES' REPRESENTATIVES: **MR DANIEL EZZY (FPA)**

The AFP practitioner Member did not attend or appear

DETERMINATION AND REASONS FOR DECISION

I. SUMMARY OF DETERMINATION AND REASONS

The CRC finds that the AFP® Practitioner Member made investment recommendations to Mr C (the complainant) that were unsuitable and failed adequately to explain the risks involved in those recommendations. The final determination is set out at the end of these reasons in Part 8 and the sanctions the Panel is minded to impose, in Part 9.

II. THE COMPLAINT

2.1 This is a complaint by the Financial Planning Association (FPA) in its disciplinary capacity under its Constitution and Disciplinary Regulations. The complaint is referred to the Conduct Review Commission (CRC) on the motion of the FPA's Investigations Officer, as a result of a complaint received by him from a client of the AFP practitioner, a member of the FPA. The complainant Mr C complained that The AFP practitioner Member did not develop a suitable financial strategy based on the available information, and did not explain the nature of the investment risks in terms that he could understand. The AFP practitioner Member was at the time an authorised representative of Professional Investment Services Ltd a principal member of the FPA, and the holder of an Australian Financial Services License.

2.2 After investigation and correspondence between the FPA and the AFP practitioner Member, it was alleged that the AFP practitioner Member had a case to answer under the FPA's Code of Ethics and Rules of Conduct (FPA Ethics and Rules). The case to answer alleged breaches of the Ethics and Rules as follows:

(a) **Charge 1** – breached Rule 110 of the FPA Rules of Professional Conduct that in preparing oral or written recommendations to clients, a member shall develop a suitable financial strategy or plan for the client based on the relevant information collected and analysed. This breach is based on the FPA's allegation that the AFP practitioner Member recommended an expensive platform product with large up-front fees, despite the complainant telling the AFP practitioner Member that the vast amount of the money to be invested would be needed in 3-6 months time, for the purchase of a new house. Related to this was a recommendation that the complainant roll over his modest amount of superannuation from his existing employer fund to a new fund in the same platform. This resulted in Mr C no longer being covered for life insurance and total and permanent disability insurance.

(b) **Charge 2** – breached Rule 111 of the FPA Rules of Professional Conduct that in preparing oral or written recommendations to clients a member shall provide an explanation of the nature of the investment risks involved in terms that the client is likely to understand. In particular, there was no independent explanation to Mr C of the financial effect on his investment of the fees that were charged on the platform product that the AFP practitioner Member recommended.

2.3 The CRC held a hearing of the above allegations on 23 September 2011. At the hearing the CRC took submissions from the FPA through its investigation officer and heard evidence from the complainant. The FPA presented evidence in a folder of exhibits (FPA exhibits). Mr C gave evidence by a statement and personally by telephone link.

2.4 The AFP practitioner Member did not appear or by a representative at the hearing. By mail and email the AFP practitioner Member informed the FPA Investigation Officer that the member would not attend the hearing.

2.5 There is a typed transcript of the entirety of the hearing conducted on 23 September 2011 which is also referred to in these reasons by relevant page numbers.

III. BACKGROUND TO THE COMPLAINT

3.1 The AFP practitioner Member is a member of the FPA. The AFP practitioner Member was an authorised representative of Professional Investment Services Ltd from 8 December 2003 and remained so at the date of the giving of advice.

3.2 In late 2008 Mr C was referred by his accountant on the Gold Coast to the AFP practitioner Member, for financial advice. Mr C had been living on the Gold Coast for 23 years, but decided to return to Dapto in New South Wales, to be closer to his aging parents. At age 52 years he was contemplating retirement in the not too distant future, and was beginning the process of selling his Gold Coast home. The AFP practitioner Member encouraged him to get back in touch with the member when his house was under contract for sale.

3.3 Accordingly, the complainant got back in touch with the AFP Practitioner Member in January 2009, and they met to begin the financial advising process. On 28 January 2009 the AFP practitioner Member took personal financial details from Mr C and discussed his financial goals. Briefly these were:

(a) Purchase a new home in Dapto NSW within 3-6 months;
(b) Maintain access to some cash sufficient for the period until Mr C resumed employment;
(c) Agree and implement a retirement financial plan.

3.4 At the meeting the AFP practitioner Member recommended the proceeds of the sale of the complainant's house be invested in the Navigator Blueprint Personal Cash Investment Fund held on the Navigator platform. The member also recommended that Mr C rollover his superannuation which was in an employer fund with AMP, to the Navigator Superannuation Plan, also on the Navigator platform.

3.5 On 10 February 2009 the AFP practitioner Member and the complainant met again, and Statement of Advice ('SOA') was presented to the complainant, which he signed at the meeting authorising implementation of the recommendations. The investment recommendations on page 9 of the SOA of 10 February 2009 were

(a) Invest $400,000 in the Navigator Blueprint Personal Investment Plan being:
- $350,000 into an accessible cash component; and
- $50,000 into a fixed 3 month term deposit.

(b) On ceasing employment on the Gold Coast rollover $52,000 to a Navigator Superannuation Plan.

3.6 At this meeting, Mr C was asked to sign a lot of documents, including to acknowledge that he had read and understood documents that the AFP practitioner Member had just given him. At that meeting Mr C wrote a cheque for the investment amount and put it into the AFP practitioner Member safe keeping, until his conveyancer called the AFP practitioner Member to inform the member that funds were available to meet the cheque. At this meeting too, the AFP practitioner Member and Mr C had a brief exchange about fees. The AFP practitioner Member told Mr C that as the investments were all in cash, the member would charge him 50% of the usual amount for the investment he made into the Navigator platform. Mr C thinking from another brief exchange that occurred at the 2008 meeting, that the fees would all come from interest earned on the investment, did not enquire further as to the percentage or the absolute value of the fees to be charged.

3.7 A few days later Mr C left the Gold Coast and drove to Dapto.

3.8 Later in 2009 Mr C received a quarterly statement of his investment from the Navigator platform. He was astonished and dismayed to find that the AFP practitioner Member fee for the cash component of his investment was $10,000 and later to discover that for the superannuation rollover, $2000. He took steps then, to end the investment.

3.9 The complainant then began proceedings at the Financial Ombudsman Service (FOS) in relation to the fees charged. FOS held that the fees had in the main been properly disclosed, and awarded the complainant $720 in relation to a component it held had not been properly disclosed. Mr C then complained to the FPA and this determination is the result of a hearing following on investigation of the matter by FPA investigation officers.

IV. THE FPA'S POSITION

FPA Rules of Professional Conduct 110 – the Failure to Provide a Suitable Financial Strategy Allegation

4.1 The FPA alleges that in breach of the FPA Rules of Professional Conduct 110, the AFP practitioner Member failed to develop any suitable financial strategy or plan for Mr C before making the recommendation. In particular the FPA asserts that the recommendation to the complainant of a platform investment was unsuitable given the short term and modest amounts that were involved. The FPA asserts that platforms are most suitable for high net worth investors who wish to direct their own portfolios, and have many investments. Platforms provide investment administration and a variety of products for such investors. Mr C did not hold, and given his nearness to retirement had little prospect of holding, a portfolio which would be appropriate for a platform investment strategy. The fees charged by platforms reduce the yield to the investment, and in Mr C's case, dramatically so, since the investment amount was modest and the duration was short term.

FPA Rules of Professional Conduct 111 – the Failure to Provide an Explanation of Risk Allegation

4.2 The FPA alleges that the AFP practitioner Member failed to provide an adequate explanation of the risks involved in the strategy and recommendations the member made to the complainant. There was no independent explanation to the complainant of the risk of reduction on yield as a result of the platform recommendation, by comparison with alternative non-platform investments.

4.3 Description of the risks in a general way without any special consideration for Mr C's circumstances is inadequate. The FPA argues that failure to disclose or explain so that Mr C could understand the effect of the platform recommendation on his own circumstances was a breach of the FPA Rules.

V. THE MEMBER'S POSITION

5.1 As has already been stated, the AFP practitioner Member neither attended nor appeared at the hearing. The AFP practitioner Member did however respond to the Breach Notice of 25 March 2011, in a letter of 15 April 2011. The AFP practitioner Member was provided repeated opportunities to participate further in the matter, but chose not to do so. The AFP practitioner Member was provided notice of the hearing date, and chose not to respond or attend. The hearing went ahead after a telephone call from the FPA's Investigation Officer on the morning of 23 September 2011 confirmed that The AFP practitioner Member would not be attending.

5.2 The following account of The AFP practitioner Member's position is therefore taken from the limited correspondence between the member and the FPA.

FPA Rules of Professional Conduct 110 – the Failure to Provide a Suitable Financial Strategy Allegation

5.3 The essence of The AFP practitioner Member response to the FPA's allegations, is that in fact the investment period was not a short one of 3-4 months, but could have lasted until the complainant's retirement. The Member says in the letter to the FPA of 15 April 2011, that after 'our first review in 3 months. He would then ascertain how life was at home with his parents and whether at that time to switch into shares within the portfolio to obtain a higher return. Had this been the case, he would not have required the funds until retirement.' This was in relation to the proceeds of sale of Mr C's house.

5.4 In relation to the complainant's superannuation about which decisions had to be made on his changing employers, the AFP practitioner Member says in the letter: 'his superannuation was held in an Employer Superannuation fund, and as such he was required to move this to his own personal fund somewhere in his own control...' The inference seems to be that investments on a platform were justified because there were product selections for superannuation and cash, but there was an opportunity to shift the cash component to shares, should Mr C not decide to buy a house. On this view there was some chance, that both the investments would be longer term. If they were longer term, the argument seems to infer, then putting Mr C into a platform, with the accompanying fees, would be justified.

The AFP practitioner Member also argues that the platform cash management product selected allowed Mr C to have payouts from the invested cash of $1500 per month to live on, given that he had no other income. This The AFP practitioner Member argues would not have been available from a bank term deposit.

FPA Rules of Professional Conduct 111 – the Failure to Provide an Explanation of Risk Allegation

5.5 The AFP practitioner Member denies that failing to explain the recommendations to the complainant. The member asserts that 'clear explanations were given at all times'. In particular the AFP practitioner Member says 'Explanation in relation to fees was given both verbally at meetings and written' and the member refers to pages of the SOA and to passages in the determination of the Financial Ombudsman Service.

5.6 The remainder of the AFP practitioner Member' response is directed to the allegation made at the Financial Ombudsman Service that the fees the AFP practitioner Member charged the complainant were not properly disclosed. This material is not relevant to these proceedings, because the FPA has not made an allegation of failure to make proper fee disclosure.

VI. THE LEGAL QUESTIONS

FPA Ethics & Rules 110 – the Failure to Provide a Suitable Financial Strategy Allegation

6.1 The material words of FPA Ethics and Rules 110 require the planner to 'develop a suitable strategy or plan for the client'. This plan must be 'based on the relevant information collected and analysed' a reference to the requirement to collect information from the client in FPA Rule and Ethic 108. These two rules operate together, and are two sides of the one coin. The planner collects information from the client to make an assessment of the type of strategy or plan that would meet the client's needs. This strategy may be to do nothing: or it may be to go home and pay off the mortgage and continue to make the highest contributions to an existing super fund that are affordable. Many Australians need only quite modest financial plans, at least in the earlier stages of their lives.

6.2 The identification of a suitable financial product does not have to result in recommending the 'best', the rule requires only that what is recommended is suitable. In short the FPA Ethics and Rules prescribe a two-step approach to a suitable recommendation: collection and analysing of client information to identify client needs and research and analysis to match the needs with suitable recommendations (usually but not always, acquiring financial products). The overall result is the development and implementation of a financial plan.

6.3 The adviser must match the plan and its implementation to the client's needs, not the client to the strategy and products. If the plan or strategy and its implementation is not based on meeting needs it will not satisfy the suitability obligation.

6.4 We have already said the role of the financial adviser is to discern the client's needs and put them into financial terms. Those needs will sometimes include (as they did in the complainant's case) the need to be flexible.

6.5 At the heart of the FPA's allegations is the suitability of the AFP practitioner Member recommendation of a platform investment, so it is appropriate to consider the purposes, nature and effect of platforms.

6.6 Platforms also known as an Investor Directed Portfolio Service (IDPS) are bundled administration services which provide investors with custody and consolidated reporting in relation to their investments. An important aim of a platform service is the supply of record keeping, tax related information provision, custody and administration services. In the main they are intended to be used by high net worth individuals who have appointed the platform to administer their investments, leaving them however, the prerogative of directing (or selecting) the investments that are held in the portfolio on the platform. This latter feature of platforms supposes that investors have a number of investments that they may switch in and out of, over the period of the use of the platform. Two ways in which investors benefit from participating on the platform, are cost savings from volume brokerage discounts and access to investments that the investor could not obtain directly.

6.7 Platforms also have benefits for financial advisers. Often (as in the complainant's case) the selection of investments done by the investor, is on the advice of a financial adviser. The adviser is one of the parties to the platform, and has a ready made menu of products to advise clients on. Further the platform operator does investment administration and record keeping, that assists the adviser as well as the client. It provides investment disclosure, and the investor's product selections are executed by the brokerage services provided by the platform operator. The distribution function advisers supply to the platform, may be remunerated by generous fees, and generally the investor also pays high fees for entry and ongoing services, including reviews.

6.8 The Australian Securities and Investments Commission (ASIC), considers a recommendation to use a platform or IDPS to be 'financial product advice and may be personal advice as defined in the [Corporations] Act.' (RG 148/ Consultation Paper 183, June 2007, 18). This means that the suitability of advice requirement in section 945A of the Corporations Act would apply to a platform recommendation. There seems no reason in principle or policy, for the FPA Rules and Ethics not to adopt the same approach. ASIC RG 148 goes on to say that giving advice about interests from an IDPS or platform is governed by the same principles as giving advice about other financial products (148:100). 'The Platform must be appropriate for the client and the client must be aware of any fees and conditions' (148:101). In Consultation Paper 183 ASIC writes the adviser should provide advice about 'the service offered by the IDPS...and how that service would benefit the client;' and 'the fees and costs' and 'any significant implications if the client later wishes to leave the IDPS' (para 3.4 p 18). Again, we see no reason why the essential wisdom of these statements should not apply to the FPA Rules as well.

6.9 What factors would usually indicate suitability or unsuitability of advice, in relation to a platform? The main factors would be the size and quantity of investments that the customer holds. The need for the customer to have reviews and the cost of the platform are also factors. Customer access (since the service is meant to be investor directed) to the Internet is a consideration. Since the reduction to yield on an investment is crucially affected by the fees charged, the duration of the investment and its size, are both important. Further moving from one platform to another can be productive of time expenditure and cost, and so there would have to be distinct savings and other advantages, to support a suitability assessment for such a recommendation.

6.10 In most cases good practice would require both a suitability assessment for the platform recommendation, indicating the distinct benefits of that strategy, and a suitability assessment for the products recommended. The suitability assessment would have to use the client information and risk assessment to support the recommendation to use a platform, matching up that information and the client's investing goals with the benefits of the platform. In most cases too, a short suitability assessment of obvious alternative 'non-platform' approaches would strengthen the suitability assessment for the platform recommendation. An adviser should disclose the conflicts of interest inherent in the convenience and firm strategic benefits of platform use that they or their business enjoys, and which may clash with the best interests of the client. This will make for a fairer presentation of the suitability assessment to the client.

FPA Ethics & Rules 111 – the Failure to Provide an Explanation of Risk Allegation

6.11 Rule 111 requires that an explanation of risk is given to customers 'in terms that the client is likely to understand'. An understandable explanation of risk is at the heart of informed client consent to the investment strategy they are agreeing to. A failure to properly inform a client about risk can result in allegations of misleading behaviour, discharge of the customer contract for breach and negligence in the discharge of advisory responsibilities. Explanations of risk that the client is likely to understand have two crucial components. Firstly, they must be explanations that are directly relevant to the risks involved with the strategy or products that the financial planner is actually advising them to take. An explanation of risk that is general as to product categories or asset allocation or as to other factors such as market volatility, tax liability or change in legal rules, is inadequate. It may be useful to orient the client in a general way, but it is quite beside the point in discharging the obligation to set out the particular risks that might diminish clients' financial wellbeing arising from the specific plan or products being advised. Inadequacy in so doing is likely to disguise the real risk involved: it may as a result lead to inadequate assessment of suitability of a strategy or product, or even to the making of misrepresentations as to the nature and effect of risks.

6.12 Secondly, to comply with Rule 111 the planner has to explain the risk to the client in terms the client can understand. This will usually involve a one-to-one meeting with the client, in which virtually every page of the SOA they are about to sign is explained. This is consonant with the point just made, that it is the precise risks to be assumed by that client that must be disclosed and explained. It is not the general risks of an investing approach that might be explained in a seminar with others present that are the object of this rule. It is the precise risks of the individual's proposed strategy and the precise product recommendations that must be explained. And the explanation must be done in a fashion that responds to the client's level of financial literacy and experience, to the complexity of the strategy or products – 'in terms that the client is likely to understand'.

VII. OUTCOME AND REASONS

FPA Ethics & Rules 110 – the Failure to Provide a Suitable Financial Strategy Allegation

7.1 We made an important legal point about suitability which is cardinal to the determination of this allegation. Under FPA Rule 110 the adviser must match the plan and its implementation to the client's needs, not the client to the strategy and products. An important uncertainty in the complainant's personal financial profile was whether he was going to buy a house or not. This was a very short term uncertainty – the uncertainty would have been resolved within 3-4 months, and perhaps 6 months at the most. The complainant gave evidence that he told the AFP practitioner Member he was seriously considering buying a home: he even went as far as to assert 'so, I was always going to buy a home. I'm sure [the AFP practitioner Member] understood that.' (Transcript 21) More generally, his financial objectives were 'moving and getting into a new home in Dapto. That was my first priority and hopefully retiring after that.' (Transcript 21)

7.2 The central question is whether in the light of the complainant's goal of using the proceeds of his Queensland house to purchase a new Dapto home within a short period, and the modest amount of superannuation he had, the AFP practitioner Member recommendation of a platform was suitable. As we have seen from the legal discussion above, platforms are usually thought appropriate for high worth clients with many investments. This is because the benefit that the services supplied by platforms add is mostly the enablement of investor selection or direction in relation to a portfolio, and the provision of investment administration services – again for the support of a portfolio. Neither of these factors really applied to the complainant, and a platform was neither desirable nor necessary to support his investing goals.

7.3 Further, the short duration of the investment of the cash component of Mr C's funds (even if we assume that period to be at its outside length of 6 months) was another contra-indicator for a platform recommendation. This is because of the reduction to yield on the investment resulting from the high entry fees to the investment. It is true that the superannuation investment was for the longer term, but it was very modest in amount, and again, the reduction in yield from fees was a factor against a platform recommendation, not in favour.

7.4 Given the simplicity of the complainant's investing aims, it would have been very easy indeed, to do a comparative suitability assessment, of a 'non-platform' recommendation. Indeed, as the transcript demonstrates, the complainant was from ordinary observation able to make such a comparison in a simple way, for himself. He noticed that bank term deposits were offering interest at 5.25% pa and the return on the platform product the AFP practitioner Member was recommending was only 4.74% pa. When asked by the Panel why he continued with the AFP practitioner Member recommendations given this discrepancy, the complainant gave evidence that ''I thought over the long term, getting the fund up and running, over a period of time, I would be better off. The fund – obviously the interest rates, I thought, would have increased or I would have, in some other way, found a benefit out of being in the fund rather than not being in the fund.' (Transcript 39) So the point here is that it would have been very easy indeed, for the AFP practitioner Member to have conducted a simple and effective 'non-platform' comparative suitability assessment, which the member did not do.

7.5 The AFP practitioner Member in the response to the FPA's allegation of unsuitability argued that Mr C wished to have income to live on from the proceeds of his Queensland house, until he got further employment in Dapto. For that reason the member argued, it was suitable to place Mr C into the platform cash management product. However, given the relatively short period in which it was contemplated that the complainant would lock up his capital (given his new house plans), it would not have been very difficult to invest an amount suitable for a 3-6 month period in a high interest bank account to which Mr C could have had access for living expenses.

As a result of these failings, we find that the AFP practitioner Member recommendation of a platform to the complainant for this very short term modest investment, was unsuitable.

7.6 As we have already pointed out, Mr C's superannuation could have stayed in an AMP individual account (to which it would have defaulted after a period given he had ended his employment), and did not have to be moved to a platform. It was a modest superannuation account, and the complainant was beginning to transition to retirement. There was little likelihood that the fund would ever have a high balance. This would have been the case, even if the complainant had not purchased a house, and had managed to add a portion of those funds to the superannuation account. Again, the relatively short period until retirement, the modesty of the account balance and the unlikelihood (on balance) of the house proceeds being added to it, suggests that this platform recommendation was also unsuitable. Once again, the reduction on yield to the investment because of the fees charged by the platform, was not compensated for by other benefits usually obtained from platform investment.

7.7 Again, too, the AFP practitioner Member did not undertake a comparative suitability assessment. This, given the possibility of the complainant having an individual account at AMP, would also have been very easy to undertake. For these reasons we find this recommendation by the AFP practitioner Member was unsuitable as well.

FPA Ethics & Rules 111 – the Failure to Provide an Explanation of Risk Allegation

7.8 The complainant gave evidence that he attended the office of his accountant, where he met the AFP practitioner Member on 10 February 2009, and signed the SOA the member prepared for him. All the disclosure documents and the SOA and investment applications were presented to Mr C for signing (Transcript 35 and 37). They had not been given to the complainant beforehand, and they were not mailed or couriered to him. He had no opportunity before the date of signing, to consider them. The meeting with the AFP practitioner Member on that day lasted about half an hour (Transcript 36).

7.9 The complainant gave evidence that no thorough explanation was given to him about the investments proposed: 'not in detail...It was pretty much just sign where I needed to sign and that was it.' (Transcript 38) The first he knew about the platform and the fees being charged was 'as soon as I got my first statement, there was a $10,000 set up fee. And I know nothing about it at all. Along with the ongoing fees annually...I mean if the member had said to me, you know, this fund is going to cost you $10,000 to set up, I would have just walked out of the room.' (Transcript 30)

7.10 The complainant freely admits that he did not read the SOA, or the disclosure documents he was given. He acknowledges that this was unwise (Transcript 42). However, the obligation to explain is not on the complainant, it is on the AFP practitioner Member. The AFP practitioner member arranged matters so that the complainant was presented with a lot of paperwork and the expectation between them, that the documents would be signed up there and then. As he put it: 'we didn't go through anything in detail...basically everything was sort of set in front of me and there was a little sticky tape card...with the little arrow, pointing to where I had to sign each document. And, you know, we just flicked from page to page where I had to sign it and I signed.' (Transcript p43)

7.11 In relation to the fees there was apparently no greater level of explanation. The same approach was taken of signing without an explanation of the effect of the fees on the yield to the investment. Mr C explained that on arriving at the fees page: 'I think the member said 'This is the ouch page." As if, you know, to say that, you know, this is where it's going to hurt. But I – unfortunately, I didn't read it. I just signed on the line again and turned to the next page...That was as detailed as it got' (Transcript 48)

7.12 This evidence is uncontroverted by the AFP practitioner Member, except by a very general statement in the member's letter to the FPA of 15 April 2011 that 'clear explanations were given at all times'. In particular the AFP practitioner Member says 'explanation in relation to fees was given both verbally at meetings and written.' The Panel accepts that fee disclosure was made in the SOA (except as to a portion that was disallowed by the FOS determination). However, disclosure failure is not the failure alleged in these proceedings. The FPA's case is that the AFP practitioner Member put the complainant into an unsuitable investment and failed to explain it to him in terms he could understand. The member put him into a platform product designed for high net worth investors, and did not explain the risk that recommendation would be to the yield on the investment because of the size of the fees, relative to the size and likely duration of the investment. Setting out the fees in a table or in text, is not sufficient. The Rule requires that they be explained, and that the explanation be in a fashion that allows the client to understand the practical effect of the recommendation on a client's investment. The AFP practitioner Member failed to do.

VIII. FINAL STATEMENT OF DETERMINATION

8.1 For these reasons the CRC finds the following breach of FPA Rules of Professional Conduct:

(a) Rule 110 that the AFP practitioner Member failed to develop a suitable financial strategy or plan for the client;

(b) Rule 111 that the AFP practitioner Member did not provide an explanation of the investment risks involved that Mr C could understand.

IX. SANCTIONS

9.1 Since the CRC has found breaches of the FPA Rules of Professional Conduct and Code of Ethics, it is authorised to impose sanctions. Those sanctions are available by force of paragraph 3.5.1 of the FPA Constitution and paragraphs 1.2 (definition of sanctions), 9.9 and Schedule B of the Disciplinary Regulations adopted by the FPA Board on 17 July 2007 (revised 4 June 2010).

9.2 On delivering the next to last version of these reasons to the parties, the CRC invited submissions in writing from the FPA and the member on the substance of the determination and sanctions that it was minded to impose. No submissions were received.

9.3 Accordingly, the CRC imposes on the member on the following sanctions:

(a) That the AFP practitioner Member pay the costs of these proceedings in the amount of $3380.04 to be paid within 30 days of the final determination in this complaint;

(b) That the AFP practitioner Member undertakes the equivalent in further professional education of 50 hours. That this further education is in CFP 1 ‘Ethics and Professionalism’ or its equivalent.

(c) That the AFP practitioner Member be reprimanded for the breaches of FPA Rules 110 and 111.