

***FP Canada Standards Council™***  
***and***  
***Cindy-Lou Duclos Peterhans, CFP®***

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**STATEMENT OF ALLEGATIONS**

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**THE CFP® PROFESSIONAL**

1. Cindy-Lou Duclos Peterhans (“Ms. Peterhans” or the “Respondent”), as certified by the Financial Planning Standards Council™, now FP Canada™, as CFP® professional in September 2016. Ms. Peterhans has consistently renewed her certification, which remains in good standing as of the date of this Statement of Allegations. Ms. Peterhans does not have a prior discipline history with the FP Canada Standards Council (the “Standards Council”).
2. Ms. Peterhans has worked in the financial services industry since 1992. Since November 2016, she has been employed as a “Certified Financial Planner” with Desjardins Financial Security Independent Network (“DFSIN”).
3. Ms. Peterhans resides in Lethbridge, Alberta.

**HISTORY OF THE PROCEEDINGS**

4. This matter came to the attention of the Standards Council in March 2021, when Ms. Peterhans submitted her 2021/2022 CFP® Certification Renewal Application Form. Ms. Peterhans reported that she was the subject of a complaint from a client (the “Client”) to DFSIN.
5. In or around January 7, 2020, Ms. Peterhans recommended initial investments (the “Initial Investments”) that allocated the Client’s entire portfolio of \$450,000 into investments subject to Deferred Sales Charge (“DSC”) fees. The Initial Investments were stopped by Compliance and in February 2020, the funds were ultimately invested in investments subject to both DSC and Front-End-Load (FEL) fees (the “Actual Investments”).
6. The Actual Investments were made shortly before the markets faced a downturn relating to the COVID-19 pandemic, and the value of the investments significantly decreased shortly after they were made. The complaint alleged a lack of disclosure

of DSC fees associated with the Actual Investments and the suitability of those investments given the DSC fees structure.

7. The Standards Council initiated an independent investigation into Ms. Peterhans' conduct on June 27, 2022.
8. On March 7, 2023, the Conduct Review Panel ("CRP") convened and referred the allegations set out herein to a Hearing Panel.

## **FACTUAL BACKGROUND**

9. Ms. Peterhans acknowledges that as a standard practice, when she opened accounts for clients where their funds were being transferred to a cash position, she had a practice of knowingly recording inaccurate Know-Your-Client ("KYC") information on account opening documentation she prepared, until she could conduct a full needs analysis, including having a discussion regarding investment goals and objectives. In doing so, the clients' information on the account opening documentation did not necessarily reflect the clients' true time horizon, risk tolerance and objectives. Ms. Peterhans followed this practice with respect to the Client.
10. After opening the Client's account, Ms. Peterhans completed a needs analysis for the Client. The Client was on disability leave from work, a single parent and relying on income solely from temporary Workers Compensation, child support and a child tax credit. When gathering information with respect to the Client's income, Ms. Peterhans only asked the Client about her current and future income sources and did not ask her about her income history. Given that the Client was on disability leave, understanding the Client's income history would have revealed that the Client had no income in the previous six (6) years.
11. Ms. Peterhans presented investment options to the Client. When explaining the nature of the fees associated with the investment options to the Client, Ms. Peterhans highlighted the fact that investments with FEL fees would leave the Client with less money to invest, rather than highlight the locked-in nature of investments subject to DSC fees.
12. Ms. Peterhans ultimately recommended the Initial Investments that allocated the Client's entire portfolio of \$450,000 into investments subject to DSC fees. Prior to processing the Initial Investments, Ms. Peterhans failed to update the Client's account opening KYC. The transactions were flagged by the firm's Compliance and stopped.
13. Ms. Peterhans asserts that she did not understand the regulatory landscape with regards to DSC fees at the time she made the recommendation regarding the Initial Investments to the Client.

## NOTICE

14. Further to the direction of the CRP, and in accordance with Article 5.1 of the *FP Canada Standards Council Disciplinary Rules and Procedures* (DRP), I hereby give notice of the Standards Council's request that a hearing date be set with respect to the matter identified as: *FP Canada Standards Council™ and Cindy-Lou Duclos Peterhans, CFP®*.
15. The Standards Council requests that the hearing be held in writing.

## APPLICABLE STANDARDS

Ms. Peterhans' underlying conduct occurred between in or about November 2019 and January 2020. Accordingly, her conduct is governed by the *Standards of Professional Responsibility* in effect between April 2019 and June 2021. The applicable Principles and Rules of the *Standards of Professional Responsibility* are attached at **Appendix "A"**.

## ALLEGATIONS

The Standards Council makes the following allegations against the Respondent:

1. Between November 2019 and January 2020, when opening the Client's account into a cash position and documenting the Client's investment profile, the Respondent input information that did not reflect the Client's true time horizon, risk tolerance and objectives. The Respondent thereby failed to act competently and with diligence, contrary to Principles 4 and 7 of the *Standards of Professional Responsibility* in force between April 2019 and June 2021.
2. Between November 2019 and January 2020, at the time the Respondent recommended the Initial Investments, she asserts that she did not understand the regulatory landscape with regards to DSC fees. By failing to educate herself on the features of DSC investments, the Respondent failed to act in the Client's best interests and failed to act diligently, contrary to Principles 1 and 7 of the *Standards of Professional Responsibility* in force between April 2019 and June 2021.
3. In January 2020, the Respondent failed to adequately explain the investment options to the Client, specifically regarding FEL fees and DSC fees, and therefore failed to act with fairness and diligence contrary to Principle 5 and 7 of the *Standards of Professional Responsibility* in force between April 2019 and June 2021.
4. Between November 2019 and January 2020, without asking about the Client's income history, the Respondent recommended the Initial Investments that allocated the Client's entire portfolio into investments subject to DSC fees, which was not appropriate given the Client's financial circumstances. The Respondent thereby failed to gather and assess the Client's information and current situation,

failed to act in the Client's best interests, failed to make only those recommendations that were prudent and appropriate for the Client and failed to exercise reasonable and prudent professional judgment, contrary to Principle 7, Rules 21 and 22 and Practice Standards 4 and 5 of the *Standards of Professional Responsibility* in force between April 2019 and June 2021.

Dated: April 20, 2023



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Tamara Center  
Director, Professional Conduct and Enforcement  
Counsel to FP Canada Standards Council™

# Appendix A

## Standards of Professional Responsibility for CFP Professionals and QAFP Professionals – April 2019 to June 2021

### Principle 1: Duty of Loyalty to the Client

The Duty of Loyalty encompasses:

- The duty to act in the client's interest by placing the client's interests first. Placing the client's interests first requires the Certificant place the client's interests ahead of their own and all other interests;
- The obligation to disclose conflicts of interest and to mitigate conflicts in the client's favour; and
- The duty to act with the care, skill and diligence of a prudent professional.

### Principle 4: Competence

A Certificant shall develop and maintain the abilities, skills and knowledge necessary to competently provide advice and/or services to clients.

Competence requires attaining and maintaining a high level of knowledge and skill, and applying that knowledge effectively in providing advice and/or services to clients.

### Principle 5: Fairness

A Certificant shall be fair and open in all professional relationships.

Fairness requires providing clients with what they should reasonably expect from a professional relationship, and includes honesty and disclosure of all relevant facts, including conflicts of interest.

### Principle 7: Diligence

A Certificant shall act diligently when providing advice and/or services to clients. Diligence is the degree of care and prudence expected from Certificants in the handling of their clients' affairs.

Diligence requires fulfilling professional commitments in a timely and thorough manner and taking due care in guiding, informing, planning, supervising, and delivering financial advice and/or services to clients.

**Rule 21:** A Certificant shall always exercise reasonable and prudent professional judgment.

**Rule 22:** A Certificant shall make only those recommendations that are both prudent and appropriate for the client.

**Standards of Professional Responsibility for CFP Professionals and QAFP Professionals –  
April 2019 to June 2021**

**PS.4 Gather the Client's Information**

Gather sufficient quantitative and qualitative information relevant to the engagement before making and/or implementing any recommendations.

**PS.5 Assess the Client's Current Situation**

Identify and evaluate the strengths and weaknesses in the client's financial situation, perform required calculations, develop needed projections and analyze and integrate the resulting information relative to the client's personal goals, needs and priorities.