

FP Canada Standards Council™

and

Michael Kidman, CFP®

STATEMENT OF ALLEGATIONS

THE CFP® PROFESSIONAL

1. Michael Kidman (“Mr. Kidman” or the “Respondent”) was certified by FP Canada™, then the Financial Planning Standards Council (FPSC®), as a CERTIFIED FINANCIAL PLANNER® professional in November 2007. Mr. Kidman has consistently renewed his certification and, as of the date of this Statement of Allegations, is a CFP professional in good standing with FP Canada. Mr. Kidman does not have a disciplinary history with FP Canada.
2. Mr. Kidman received his mutual fund license in 1994 and has been employed by Worldsource Financial Management Inc. since 2010. He resides in Barrie, Ontario.

HISTORY OF THE PROCEEDINGS

3. In 2019, the FP Canada Standards Council (the “Standards Council”) received four (4) complaints involving six (6) former clients of Mr. Kidman.
4. Between September and November 2019, the Standards Council initiated four (4) separate, but concurrent, investigations into Mr. Kidman’s conduct, including whether he acted in a conflict of interest. The investigations were completed on March 11, 2021.
5. On March 23, 2021, the Conduct Review Panel (“CRP”) convened and referred the allegations set out herein to a Hearing Panel.

NOTICE

6. Further to the direction of the CRP, and in accordance with Article 5.1 of the *FP Canada Standards Council Disciplinary Rules and Procedures*, 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 Michael Kidman, CFP®*.
7. The Standards Council requests that the hearing in respect of this matter be held in writing.

APPLICABLE STANDARDS

8. The conduct subject to the allegations set out below occurred between November 2007 and August 2019. Accordingly, Mr. Kidman's conduct is governed by the *Standards of Professional Responsibility* in force for the period from April 2005 to December 2019. The applicable Principles and Rules of the *Standards of Professional Responsibility* are set out at **Appendix "A"**.

ALLEGATION

The Standards Council makes the following allegation against the Respondent:

1. Between November 2007 and August 2019, the Respondent acted as the financial planner for his then common-law spouse, her parents, sister and brother-in-law, without disclosing the conflict of interest created by virtue of their relationships and, in some instances, joint financial holdings, and thereby failed to put his clients' interests first, acted in conflicts of interest and failed to make written disclosure of the conflicts, contrary to Rules 202, 401 and 403 of the Code of Ethics in force between April 2005 and October 2011; Rule 7 of the *Standards of Professional Responsibility* ("*Standards*") in force between January and December 2019; Principle 1 and Rule 8 of the *Standards* in force between November 2011 and December 2019; and Rule 8.1 of the *Standards* in force between June 2015 and December 2018.

Dated the 3rd day of May, 2021



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

APPENDIX “A”

| Applicable Principles and Rules of the <i>CFP™ Code of Ethics</i>, April 2005 and the <i>CFP® Code of Ethics</i>, January 2010 | |
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| <u>Rule 202</u> | A CFP professional shall act in the interests of the client. |
| <u>Rule 401</u> | <p>A CFP professional shall make timely written disclosure of all material information relative to the professional relationship. Written disclosure that includes the following information are considered to be in compliance with this Rule:</p> <ul style="list-style-type: none"> a) A statement indicating whether the CFP professional’s compensation arrangements involve fee-for service, commission, salary, or any combination of the foregoing. A CFP professional shall not hold out as a fee-for-service practitioner if the CFP professional receives commissions or other forms of economic benefit from parties other than the client; b) Where financial products are used in implementing the planning strategy, the client must be informed of the basis upon which the CFP professional is compensated. To this end, the CFP professional is government by the accepted sales disclosure guidelines and regulations covering securities, mutual funds, real estate, insurance and other financial products utilized in fulfilling the plan; c) A statement describing the material agency or employment relationships a CFP professional (or his/her firm) has with third parties, including the nature of the compensation arrangements; d) A statement identifying any conflicts of interest; and e) The information required by all laws and regulations applicable to the relationship in a manner complying with such. |
| <u>Rule 403</u> | <p>A CFP professional shall inform the client of changes in circumstances and material information that arise subsequent to the original engagement that may have an impact on the professional relationship or services to be rendered. Such changes include, but are not limited to:</p> <ul style="list-style-type: none"> a) conflicts of interest; b) the CFP professional’s business affiliations; c) compensation structure affecting the professional services to be rendered; d) new or changed agency relationships. |

Applicable Principles and Rules of the *Standards of Professional Responsibility for CFP® Professionals and FPSC® Registered Candidates*, November 2011; and the *Standards of Professional Responsibility for CFP® Professionals and FPSC Level 1™ Certificants in Financial Planning*, March 2014; October 2014; November 2014

Principle 1: Client First

A CFP professional shall always place the client’s interests first.

Placing the client’s interests first requires the CFP professional to act honestly and to place the client’s interests ahead of his own and ahead of all other interests.

Rule 8

When services include financial planning or material elements of the financial planning process, a CFP professional shall disclose the following information in writing to the client:

- a) An accurate and understandable description of the compensation arrangements being offered. This description must include information related to costs to the client and the form and source of compensation to the CFP professional and/or the CFP professional’s employer, including any contingency or referral fees. Further, the description must include the terms under which the CFP professional and/or the CFP professional’s employer may receive any other source of compensation and, if so, what the sources of these payments are and what they are based on;
- b) A general summary of likely conflicts of interest between the client and the CFP professional, the CFP professional’s employer, or any affiliates or third parties, including but not limited to, information about any familial, contractual or agency relationship of the CFP professional, or the CFP professional’s employer that has a potential to materially affect the relationship with the client;
- c) Any information about the CFP professional or the CFP professional’s employer that could reasonably be expected to materially affect the client’s decision to engage the CFP professional;
- d) Any information that the client might reasonably want to know in establishing the scope and nature of the relationship, including, but not limited to, information about the CFP professional’s area of expertise; and
- e) Contact information for the CFP professional and, if applicable, the CFP professional’s employer.

Applicable Principles and Rules:

***Standards of Professional Responsibility for CFP® Professionals and FPSC Level 1®
Certificants in Financial Planning, June 2015; March 2016; June 2017***

Principle 1: Client First

A CFP professional shall always place the client's interests first.

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Rule 8

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- a) An accurate and understandable description of the compensation arrangements being offered. This description must include information related to costs to the client and the form and source of compensation to the CFP professional and/or the CFP professional's employer, including any contingency or referral fees. Further, the description must include the terms under which the CFP professional and/or the CFP professional's employer may receive any other source of compensation and, if so, what the sources of these payments are and what they are based on;
- b) A general summary of potential conflicts of interest between the client and the CFP professional, the CFP professional's employer, or any affiliates or third parties, including, but not limited to, information about any familial, contractual or agency relationship of the CFP professional or the CFP professional's employer that has a potential to materially affect the relationship with the client;
- c) Any information about the CFP professional or the CFP professional's employer that could reasonably be expected to materially affect the client's decision to engage the CFP professional;
- d) Any information about the CFP professional or the CFP professional's employer that could reasonably be expected to materially affect the client's decision to engage the CFP professional;
- e) Contact information for the CFP professional and, if applicable, the CFP professional's employer.

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| <p>Rule 8.1</p> | <p>When the services include financial planning or material elements of the financial planning process:</p> <ul style="list-style-type: none"> a) A CFP professional shall not provide services to a client where there is an existing conflict of interest between the CFP professional and the client; unless, after full written disclosure of the existing conflict of interest, the client makes the informed decision to engage the CFP professional notwithstanding the conflict. The CFP professional must obtain the client’s written consent before providing services to the client. Such written consent must include a description of the conflict of interest and confirmation of the client’s decision to proceed. b) Where a conflict of interest arises during the course of an ongoing relationship with a client either between the client and the CFP professional or between the CFP professional’s clients in the case of a joint engagement, a CFP professional shall, immediately upon discovery of the conflict of interest, advise the client, in writing, of the conflict of interest. In such circumstances a CFP professional shall cease providing services (acting in accordance with the provisions of Rule 11) unless and until the client makes the informed decision to continue with the engagement. The CFP professional must obtain the client’s written consent to continue. Such written consent must include a description of the conflict of interest and confirmation of the client’s decision to proceed. |
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| <p>Applicable Principles and Rules of the <i>Standards of Professional Responsibility for CFP® Professionals and FPSC Level 1® Certificants in Financial Planning, January 2019; April 2019</i></p> | |
| | <p>Principle 1: Loyalty</p> <p>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.</p> |
| <p>Rule 7</p> | <p>A Certificant shall disclose the following information to the client in writing, with the exception of subsection (b) below. The information under subsection (b) below may be disclosed orally:</p> <ul style="list-style-type: none"> a) An accurate and understandable description of the known costs of the services and products, to the client; b) When the services include financial planning or elements of the financial planning process, an accurate and understandable description of how the Certificant, the Certificant's firm are compensated for providing the products and services; c) Any contingency or referral fees received by the Certificant or the Certificant’s firm, in relation to services provided to the client; d) A general summary of potential conflicts of interest between the client and the Certificant, between the Certificant’s clients in the case of a joint engagement, the |

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| | <p>Certificant’s employer, or any affiliates or third parties, including, but not limited to, information about any familial, contractual or agency relationship of theCertificant or the Certificant’s employer that has a potential to materially affect the relationship with the client;</p> <p>e) The specific financial planning services the Certificant will perform for the client;</p> <p>f) Any information about the Certificant or the Certificant’s employer that could reasonably be expected to materially affect the client relationship/engagement;</p> <p>g)Any information that the client might reasonably want to know in establishing the scope and nature of therelationship, including, but not limited to, information about the Certificant’s areas of expertise; and</p> <p>h) Contact information for the Certificant and, if applicable, the Certificant’s employer.</p> |
| <p><u>Rule 8</u></p> | <p>When the services include financial planning or material elements of the financial planning process:</p> <p>a) A Certificant shall not provide services to a client where there is an existing conflict of interest between the Certificant and the client unless, after full written disclosure of the existing conflict of interest, the client makes the informed decision to engage the Certificant notwithstanding the conflict.The Certificant shall obtain the client’s written consent before providing services to the client. Such written consent shall include a description of the conflict of interest and confirmation of the client’s decision to proceed.</p> <p>b) Where a conflict of interest arises during the course of an ongoing relationship with a client either between the client and the Certificant or between the Certificant’s clients in the case of a joint engagement, a Certificant shall, immediately upon discovery of the conflict of interest, advise the client in writing of the conflict of interest. In such circumstances, a Certificant shall cease providing services(acting in accordance with the provisions of Rule 14) unless and until the client makes the informed decision to continue with the engagement. The Certificant shall obtain the client’s written consent to continue. Such written consent shall include a description of the conflict of interest and confirmation of the client’s decision to proceed.</p> |