

CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.
WASHINGTON D.C.

IN THE MATTER OF
THOMAS M. CHADWICK
Respondent.

CFP Board Case No. 2022-63472

June 25, 2024

ORDER OF ADMINISTRATIVE PERMANENT BAR

Pursuant to Article 4.2 of Certified Financial Planner Board of Standards, Inc.’s (“CFP Board”) *Procedural Rules*, CFP Board Enforcement Counsel filed a Motion for Order of Administrative Permanent Bar (“Motion”)¹ on April 12, 2024, requesting that Counsel for the Disciplinary and Ethics Commission (“DEC Counsel”) issue an Administrative Order of Permanent Bar against Thomas M. Chadwick (“Respondent”). (“Exhibit-A”)² Respondent did not file a response to the Motion.

For the reasons stated below, the Motion is GRANTED.

I. BACKGROUND

Respondent became a CFP® professional on September 17, 1997, and remained certified until July 20, 2023, when Respondent administratively relinquished his certification. (*Id.* at 9.)

A. The Complaint

On January 30, 2024, Enforcement Counsel delivered to Respondent and contemporaneously filed with the Disciplinary and Ethics Commission (“DEC”), a Complaint pursuant to Article 3.1 of CFP Board’s *Procedural Rules* for alleged violations of CFP Board’s *Code of Ethics and Standards of Conduct* (“*Code and Standards*”). The Complaint included in its factual description of conduct the following:

On December 11, 2023, Respondent entered into a Stipulation and Consent Order with the Vermont Department of Financial Regulation. The Stipulation and Consent Order identified 26 Vermont clients harmed by Respondent’s conduct, most of whom were senior clients over the age of 65. At least one is now deceased and at least four are now over the age of 80 years old.

The Stipulation and Consent Order found that Respondent violated multiple sections of the Vermont Securities Act in several ways, including by breaching his fiduciary duties to clients by investing them in an unsuitable, complex, leveraged securities product without performing adequate due diligence. The clients lost more than \$3.4 million due to these

¹ Enforcement Counsel certified in the Motion that it had met and conferred with Respondent by email on March 4, 2024, in a reasonable and good faith effort to resolve or narrow the issue of Respondent’s default, but Respondent indicated to Enforcement that he would not be participating in the complaint process.

² Exhibit-A to this Order, including the Motion and its exhibit, and any response to or reply in support of the Motion, are not subject to publication under Article 17.7 of the *Procedural Rules*.

unsuitable investments. Vermont found that Respondent failed to properly consider and evaluate each client’s risk tolerance, age, employment status, financial situation, financial needs, and investment goals. Respondent also dishonestly and unethically used clients’ credentials to access their investment accounts.

Pursuant to Vermont’s Stipulation and Consent Order, Respondent is permanently barred from any securities licensure in Vermont and is ordered to pay more than \$1.6 million restitution to the Vermont clients. (*See id.* at 69-73)

The Complaint alleged that Respondent violated: Rule 4.5 of the *Rules of Conduct*, which provides that a certificant shall make and/or implement only recommendations that are suitable for the client; Standard A.8.a. of the *Code and Standards*, which provides that a CFP® professional must comply with the laws, rules, and regulations governing Professional Services (for conduct occurring on or after June 30, 2020); and Rule 4.3 of the *Rules of Conduct*, which provides that a certificant shall be in compliance with applicable regulatory requirements governing professional services provided to the client (for conduct occurring prior to June 30, 2020). (*Id.*)

Respondent’s Answer was due on February 28, 2024. (*Id.* at 77.)

B. Respondent’s Response

Respondent did not submit an Answer to the Complaint and indicated to Enforcement Counsel, by email dated March 4, 2024, that Respondent would not be participating in the complaint process. (*Id.* at 98.)

II. DISCUSSION

If Respondent fails to file an Answer in accordance with Article 3.2 of the *Procedural Rules*, then Respondent is in default under Article 4.1.e. Respondent was made aware of the consequences of default (*id.*) and made a conscious decision not to—and did not—file an Answer to the Complaint within 30 calendar days of delivery, as required by Article 3.2.

Enforcement Counsel affirmed in filing its Motion that it has made a determination as to the seriousness, scope, and harmfulness of Respondent’s conduct.

III. CONCLUSION

After careful consideration, in accordance with Articles 4 and 9 of CFP Board’s *Procedural Rules*, DEC Counsel concludes Enforcement Counsel has stated with reasonable particularity the grounds for Respondent’s default. Accordingly, DEC Counsel grants Enforcement Counsel’s Motion and issues against Respondent this Administrative Order of Permanent Bar (“Order”). Respondent is permanently prohibited from applying for or obtaining CFP® certification.

IV. COMPLIANCE WITH ORDER

Pursuant to Article 11.2 of the *Procedural Rules*, Respondent is required to submit to Enforcement Counsel, within 45 calendar days of issuance of this Order, August 9, 2024, written evidence that Respondent:

- Has advised Respondent's Firm(s), in writing, of this Order in the manner set forth in Standard D.3 of the *Code and Standards*; and
- Has advised all Clients (as Client is defined in the Glossary to the *Code and Standards*) of this Order and provided all Clients the location of CFP Board's website that sets forth Respondent's disciplinary history in the manner set forth in Standard A.10 of the *Code and Standards*; and
- Will advise all future Clients of the location of CFP Board's website that sets forth Respondent's disciplinary history, according to Standard A.10 of the *Code and Standards*.

Pursuant to Article 11.3 of the *Procedural Rules*, within 45 calendar days from the date of this Order, or by **August 9, 2024**, Respondent is required to submit to Enforcement Counsel, by sending an email to discipline@cfpboard.org, Respondent's statement of assurance that Respondent will not use the CFP Board certification marks and proof that Respondent has removed the CFP Board certification marks from all internet sites or other tangible materials that Respondent exposes to the public, including screenshots of the businesses, social media, and third-party financial advisor listing website profiles that Respondent controls, pictures of signage, and when applicable, copies of Respondent's business cards, letterhead, and marketing and promotional materials, as well as pictures of any other materials Respondent controls in which the CFP® marks previously appeared publicly in reference to Respondent or Respondent's services.. Failure to do so may result in further disciplinary or legal action regarding the unauthorized use of the CFP Board certification marks.

Issued by:

Counsel to the Disciplinary and Ethics Commission

Date: June 25, 2024