



CFA INSTITUTE

ETHICS IN PRACTICE:

Leaving Firm and Telling People Why!

CASE STUDY

Nickoli is an investment counselor with HHI Capital Management. A colleague at her local CFA Society encourages Nickoli to leave HHI and join her at Vesuvius Asset Advisers. Nickoli eventually agrees and determines to leave at the beginning of the new year. Over the course of a few weeks prior to tendering her resignation, she mentions to her clients that they will likely be working with a new investment counselor in the new year because she will be leaving HHI in the coming weeks. Her clients express their surprise, and when pressed for details about why she's leaving, Nickoli shares that she is frustrated by and disagrees with the structure and direction of the firm, she disagrees with and does not have confidence in the current leadership, she does not believe the firm will be able to attract and retain good people, and other HHI employees have been mistreated and will also be leaving soon. Several of Nickoli's HHI clients indicate that they would like information about Vesuvius and may be interested in switching their accounts. After submitting her resignation, Nickoli immediately relays the names of those clients to Vesuvius, and after the first of the year, she begins soliciting them to transfer their accounts from HHI to her new firm. Nickoli's conduct is

- A. acceptable because she is looking out for her clients' best interest and believes Vesuvius provides better service.
- B. acceptable because she provides her opinion of HHI in response to questions from clients.
- C. acceptable because she did not solicit clients until after she left HHI.
- D. unacceptable because she made disparaging remarks about HHI to clients while she was still with the firm.

