



CFA INSTITUTE

ETHICS IN PRACTICE: Just Protecting Client's Assets.

CASE STUDY

Mary Mwangi's firm offered its clients several different insurance products. Three of Mwangi's clients initially purchased one type of product (Class A), but later changed their mind and asked to swap the product for another, less expensive type (Class B). To complete the transaction, the law required the clients to execute new sale and purchase documents for the Class B product. The clients wanted to sign the necessary documents at the time they met with Mwangi to switch to Class B, but the documents were not ready. Mwangi advised her clients to wait until all of the paperwork was complete. But when the time came to complete the transaction, Mwangi was unsuccessful in reaching the clients for their signatures. Without the signatures, Mwangi's firm threatened to cancel the swap, which because of other investment purchases, would have placed the clients' accounts into an overdraft position. Under the firm's policies, such shortfalls were to be covered by selling account assets once the debit had been outstanding for two weeks. To keep this from happening, Mwangi forged the clients' signatures on the necessary documents to put the swap into effect. Mwangi's actions were

- A. unacceptable.
- B. acceptable because the clients had already given their permission for the swap.
- C. acceptable with approval from her supervisor.
- D. acceptable if the clients gave her explicit permission to sign the documents on their behalf.

