



AMERICAN ACADEMY of ACTUARIES

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# NEWS RELEASE

**FOR IMMEDIATE RELEASE**

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## **American Academy of Actuaries Issues Discipline Notice**

**WASHINGTON**—The American Academy of Actuaries announced that the following discipline action became effective on Aug. 20, 2018.

### **Notice of Public Discipline (Effective Date Aug. 20, 2018)**

The American Academy of Actuaries (“Academy”), acting in accordance with the Academy’s Bylaws, and after consideration by a Disciplinary Committee and an Appeal Panel, has reviewed the findings and a recommendation from the Actuarial Board of Counseling and Discipline (“ABCD”) regarding Timothy W. Sharpe. Based on the decision of the Disciplinary Committee, which the Appeal Panel affirmed, the Academy suspends Mr. Sharpe from membership for a period of two years for materially failing to comply with Precepts 1, 3, 4, 10, and 14 of the *Code of Professional Conduct* in connection with valuations he performed for several municipal police and fire pension plans in Illinois.

Precept 1 requires that an actuary “act honestly, with integrity and competence, and in a manner to fulfill the profession’s responsibility to the public and to uphold the reputation of the actuarial profession.” Annotation 1-1 amplifies that duty by requiring an “Actuary to perform Actuarial Services with skill and care.” The Disciplinary Committee and Appeal Panel concluded that Mr. Sharpe materially violated Precept 1 on these valuations in the following respects:

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- Making inappropriate adjustments to published mortality tables for these valuations in violation of ASOP No. 35;
- Failing to disclose adequately in his valuation reports the mortality tables used and the modifications to them in violation of ASOP No. 41.

Precept 3 requires an actuary to “ensure that Actuarial Services performed . . . satisfy applicable standards of practice.” The Disciplinary Committee and Appeal Panel concluded that Mr. Sharpe materially violated Precept 3 by failing to satisfy ASOP No. 35 and ASOP No. 41 on his valuations for several municipal pension funds, as noted above.

Precept 4 provides that an actuary issuing “an Actuarial Communication shall take appropriate steps to ensure that the Actuarial Communication is clear and appropriate to the circumstances and its intended audience, and satisfies applicable standards of practice.” The Disciplinary Committee and Appeal Panel concluded that Mr. Sharpe materially violated Precept 4 by issuing valuation reports for several municipal pension funds that do not comply with ASOP No. 41, as noted above.

Precept 10 provides that an actuary “shall perform Actuarial Services with courtesy and professional respect and shall cooperate with others in the Principal’s interest.” Annotation 10-5 amplifies that obligation by noting in pertinent part that “[w]hen a Principal has given consent for a new or additional actuary to consult with an Actuary with respect to a matter for which the Actuary is providing or has provided Actuarial Services, the Actuary shall cooperate in furnishing relevant information” to the new or additional actuary. The Disciplinary Committee and Appeal Panel concluded that Mr. Sharpe materially violated Precept 10 by failing to furnish relevant information to a successor actuary on a valuation for the Village of Oak Brook, Illinois Firefighters Pension Fund.

Precept 14 requires subject actuaries to respond promptly, truthfully, and fully to communications from the ABCD and its counsel. The Disciplinary Committee and Appeal Panel concluded that Mr. Sharpe materially violated Precept 14 by failing to cooperate in scheduling an interview with the ABCD investigator and by failing to respond to alternative dates and locations that the ABCD proposed for his hearing.

Based upon the foregoing, Mr. Sharpe's membership in the Academy is suspended for two years. At the conclusion of the two-year period, if Mr. Sharpe wishes to resume his Academy membership, he must undergo professionalism counseling from the ABCD resulting in a recommendation from the ABCD for reinstatement.

For more information, please contact David Mendes, assistant director of communications for public affairs at the American Academy of Actuaries, at 202.785.7872. For more information on the American Academy of Actuaries, please visit [www.actuary.org](http://www.actuary.org).

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The American Academy of Actuaries is a 19,500-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.