

## THE DISCIPLINARY AND ETHICS COMMISSION

In the Matter of

Scott A. Pelfrey,



Respondent.

CFP Board Case No. 2023-65102

November 26, 2025

### ORDER

#### I. PROCEDURAL HISTORY

Certified Financial Planner Board of Standards, Inc. (“CFP Board”) granted Respondent the right to use the CFP®, CERTIFIED FINANCIAL PLANNER®,  and  certification marks (“CFP marks”) on December 3, 1992. He administratively relinquished his certification on June 18, 2008; he was recertified on March 1, 2013 and has remained certified since that date. (DEC Book at 6, 14.)<sup>1</sup>

On July 19, 2023, CFP Board’s Enforcement Counsel sent a Notice of Investigation to Respondent seeking information about his outstanding tax obligations that had been previously investigated and were the subject of a Letter of Caution issued to Respondent in May 2021. (*Id.* at A35-A36.)

On February 24, 2025, Enforcement Counsel filed a Complaint with CFP Board’s Disciplinary and Ethics Commission (“Commission”) alleging grounds to sanction Respondent for violations of Standard E.2.d of the *Code of Ethics and Standards of Conduct* (“*Code and Standards*”), which prohibits a CFP® professional from engaging in conduct that reflects adversely on their integrity or fitness as a CFP® professional, on the CFP® marks, or on the profession. (*Id.* at 5-10.) The Complaint alleges that Respondent has engaged in a pattern of conduct that demonstrates his inability to responsibly manage his finances, citing his failure to timely pay his federal taxes over a nearly 15-year period. (*Id.*)

Respondent filed an Answer to the Complaint on April 2, 2025 admitting to certain allegations, denying others, and explaining the circumstances that led to his delinquent taxes. (*Id.* at 166-168.)

On August 27, 2025, a hearing panel formed under Article 10.6 of the *Procedural Rules* convened in person to hear testimony, and to review and consider documents, information, and argument relevant to the Complaint. (Transcript of Hearing of Scott Pelfrey, CFP®, August 27, 2025 (“Tr.”) at 1.) Enforcement Counsel appeared for CFP Board; DEC Counsel appeared for the Commission and for the hearing panel; Respondent appeared on his own behalf.

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<sup>1</sup> The DEC Book and any other exhibits to this Order will not be published under Article 17.7 of the *Procedural Rules*.

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## II. FINDINGS OF FACT

### A. Background

Respondent has passed the (a) Series 65 – Uniform Investment Adviser Law Examination (1997); (b) Series 66 – Uniform Combined State Law Examination (2023); (c) Series 7TO – General Securities Representative Examination (2023); and (d) SIE – Securities Industry Essentials Examination (2023). (*Id.* at 27, 38.) Respondent is a Certified Public Accountant and a Personal Financial Specialist. (Tr. at 64-65.)

Respondent’s BrokerCheck and IAPD Report do not reflect any customer complaints or regulatory actions. (DEC Book at 30-32; 42-44.)

Respondent is not currently associated with a firm as a broker or investment advisor representative. (DEC Book at 6; 25, 36.) He does some part-time tax and accounting work but at the time of the hearing was not employed full time in the financial services industry. (Tr. at 66-67.)

### B. CFP Board’s First Investigation

Respondent’s failure to timely pay his federal income taxes began as early as 2004. In April of 2012, the IRS recorded its first lien of \$40,742 against Respondent for tax years 2004 - 2009. (DEC Book at 50) A second tax lien of \$51,865 was recorded against Respondent in 2015. (DEC Book at 43, 51.) From at least 2010 to 2018, Respondent consistently owed more in taxes than were withheld from his paycheck, and although he filed tax returns each year (DEC Book at 57), he did not pay those balances.

In 2020, Enforcement Counsel delivered a Notice of Investigation to Respondent, seeking information about the federal tax liens and a 2011 state tax lien. (DEC Book at 108-109.) Respondent provided the requested information and indicated that he was in the process of “redetermining a payment plan” with respect to the federal liens and reviewing available options for the state liens. (DEC Book at 110.) In the course of this investigation, Enforcement Counsel discovered that in 2009, Respondent had filed a Chapter 13 bankruptcy that was later converted to Chapter 7. (DEC Book at 146.) Respondent did not report either of the tax liens or the bankruptcy to CFP Board.

As of October 2020, Respondent owed approximately \$160,000 to the IRS. (*Id.* at 117.) Respondent explained that he fell behind on his tax obligations due to the financial strain resulting from medical issues involving [REDACTED] and the cashflow demands of his family’s lifestyle. (*Id.* at 142-146; 58.) Based on Respondent’s representations concerning his efforts to resolve his tax obligations—including working with the IRS to get an offer in compromise approved (*id.* at 149-150)—Enforcement Counsel closed its investigation and issued Respondent a letter of caution on May 18, 2021. The letter informed Respondent that CFP Board reserved the right to reopen the investigation in the future, warned Respondent that his conduct may have violated Rule 6.5 of the *Rules of Conduct*, and instructed that he adhere to the rule in the future. (*Id.* at 162-63.)

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### C. CFP Board's Renewed Investigation

Enforcement Counsel reopened its investigation into Respondent's tax delinquencies in July of 2023. (DEC Book at 46.) The IRS accepted Respondent's offer in compromise in October 2021. (*Id.* at 97.) Respondent began making monthly payments under the agreement but failed to adhere to its terms. (Tr. at 53-54.) He maintains that in May 2022, he lost his job due to heightened background check standards imposed by his employer and, as a result, he was not able to continue making the payments under the offer in compromise. (DEC Book at 58-59, 167.) On December 9, 2022, the IRS revoked Respondent's offer in compromise. (DEC Book at 97.)

In February of 2023, the IRS notified the U.S. Department of State of Respondent's "seriously delinquent" federal tax debt as an initial step in denying, revoking, or limiting Respondent's passport. (DEC Book at 85-86.) As of August 2024, Respondent's outstanding tax liabilities were as follows:

<b>Tax Year</b>	<b>Balance (including interest and penalties)</b>
2010	\$60,792.35
2011	\$23,982.35
2012	\$16,382.82
2015	\$15,287.55
2016	\$10,104.87
2018	\$10,104.87
<b>Total</b>	<b>\$128,833.73<sup>2</sup></b>

(DEC Book at 92- 106.)

The IRS has written off Respondent's pre-2010 liabilities as uncollectible. (DEC Book at 90; Tr. at 55-56.) Respondent expects that his liabilities for other tax years may be written off in the future. (Tr. at 57; DEC Book at 167.)

### D. Other Evidence Presented

In testimony before the hearing panel, Respondent offered the same explanations for failing to pay his taxes that he had provided to Enforcement Counsel during its initial investigation. He says that expenses associated with the illness of [REDACTED] (an estimated \$15,000 to \$25,000 in related travel expenses), his family's lifestyle, his divorce, and debts he asserts were incurred secretly by his ex-wife during their marriage, all led to his inability to remain current on his federal tax obligations. (Tr. at 52-55.) Respondent admits that [REDACTED] received financial support and was

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<sup>2</sup> These amounts are not payoff amounts. A "payoff calculator" printout that Respondent provided reflects a slightly lower cumulative payoff amount of \$128,357.76 as of August 2, 2024. (DEC Book at 91.)

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covered under the medical insurance of another individual during this time, and that Medicaid also covered some of the medical expenses. (*Id.*) Respondent also acknowledges that he could have increased withholding from his paycheck to avoid owing taxes annually, but he chose not to do so. (Tr. 93-94.)

Respondent states that he has had difficulty securing steady employment in the financial services industry as a result of his tax debts. (DEC Book at 59, 166; Tr. at 66.) He says that the IRS will not entertain any proposed payment arrangements from him until he can demonstrate that he has a stable source of income. (DEC Book at 59; Tr. at 23-24.)

### III. DISCUSSION

To impose a sanction on Respondent, the Commission must find grounds for sanction. Under Article 12 of the *Procedural Rules*, the Commission found grounds for sanction based on Respondent's violations of CFP Board's *Code and Standards*.

#### *First Grounds for Sanction*

Standard E.2.d of the *Code and Standards* states that a CFP® professional may not engage in conduct that reflects adversely on his or her integrity or fitness as a CFP® professional, upon the CFP® marks, or upon the profession. Such conduct includes, but is not limited to, conduct that results in a federal tax lien on property owned by the CFP® professional, unless the CFP® professional can rebut the presumption that the federal tax lien demonstrates an inability to manage responsibly the CFP® professional's financial affairs.

Respondent was a CFP® professional at all times relevant to this violation.

Respondent's conduct reflects a pattern of personal financial mismanagement. He has failed to satisfy his tax liabilities for over a decade and chose not to adjust his withholding to eliminate his annual tax shortfall. His explanations—in particular, the travel expenses he says were incurred to pursue [REDACTED] medical treatment—are plausible but uncorroborated. In any event, they do not rebut the presumption that his tax liens demonstrate his inability to properly manage his personal finances.

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#### IV. THE COMMISSION'S DECISION

CFP Board has issued non-binding *Sanction Guidelines* intended to serve as guidance for determining appropriate sanctions. In determining an appropriate sanction, it is the Commission's general practice to apply the *Sanction Guidelines* in place at the time of the conduct at issue. The *Sanction Guidelines* that were in effect at the time that Respondent's two liens were imposed do not address tax liens specifically; the closest analogous guideline, Conduct 21, Judgments, provides that two or more judgments not identified in a bankruptcy had a baseline sanction of a public censure. Tax liens were first addressed specifically in the current edition of the *Sanctions Guidelines*, effective July 2024. The current *Sanction Guidelines* provide for suspension of one year with other undertakings for tax liens or judgments liens. Enforcement Counsel argued that the current *Sanction Guidelines* should apply in this case. (Tr. at 27-28.)

The Commission cites the following factor as mitigating here:

1. There is no evidence of client harm.

The Commission cites the following factors as aggravating:

1. Respondent is a Certified Public Accountant and Personal Financial Specialist and testified that he provides tax advice;
2. Respondent has failed to pay his outstanding tax liabilities in multiple tax years, resulting in multiple liens;
3. Respondent chose not to increase his employer's tax withholdings, has no feasible plan to address his current liabilities, and has defaulted on an earlier payment plan with the IRS;
4. The IRS has written off a portion of Respondent's tax debt as uncollectible;
5. Respondent failed to self-report his liens and bankruptcy to CFP Board.

The Commission has also consulted Case Histories<sup>3</sup> for persuasive non-binding precedent. In cases where, as here, a respondent's conduct occurs over an extended period of time and involves multiple tax liens, the Commission typically aggravates up from the pre-2024 baseline sanction of a public censure and issues a suspension of at least one year and one day. *See, e.g.*, CH 43191 (accepting consent order for one year and one day suspension, five liens for five tax years; eleven years unsatisfied tax obligations, installment agreement in place); CH 33150 (imposing one year and one day suspension for four tax liens spanning five tax years, default on installment agreement); CH 32989 (accepting a consent order for one year and one day suspension for four tax liens, no

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<sup>3</sup> Case Histories (referred to as "ACHs" or "CHs") are available on CFP Board's website at <https://www.cfp.net/ethics/enforcement/case-history>

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installment agreement in place); CH 36091 (imposing year-and-a-day suspension, two liens for nine years' liabilities, debt older than ten years written off as uncollectible.)

In consideration of the violations found, and the aggravating and mitigating factors, the Commission issues this Order imposing on Respondent a **Suspension of One Year and One Day with Undertakings.**

Respondent will be required to certify to CFP Board Enforcement Counsel, on or before the one-year anniversary of the Commission's decision, and annually thereafter until the tax liens are satisfied, the following:

a) that Respondent has established a plan to resolve any outstanding tax balance with the IRS (the "Plan") in the form of:

- 1) an offer in compromise that has been accepted by the IRS;
- 2) a proposed installment agreement that has been accepted by the IRS; or
- 3) a proposed installment agreement that has not been rejected by the IRS;

b) that Respondent has fully complied with all requirements of the Plan. Compliance with an installment agreement shall include making all payments required under the agreement, including payments consistent with the Plan prior to final approval of the Plan; or

c) good cause why Respondent was unable to establish or comply with the Plan.

The Commission notes that if Respondent seeks reinstatement, Respondent will be required to prove by clear and convincing evidence his rehabilitation and fitness for CFP® certification and compliance with the terms of the Commission's order, pursuant to Article 14.2 of the *Procedural Rules*. Any petition for reinstatement submitted by Respondent must include evidence sufficient to demonstrate that:

1. Respondent has promptly and timely filed all federal and state tax returns during the period since his suspension;
2. Respondent has incurred no new liens or publicly discoverable debts since his suspension;
3. Respondent has the ability to manage his financial affairs as reflected in current cashflow statements and other financial documentation;
4. Respondent has either (a) paid all federal tax obligations that were outstanding as of the date of the Commission's order or (b) has established an offer in compromise or an installment agreement related to those tax obligations with evidence of at least 12 timely payments to the IRS under the terms of that agreement;

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5. For tax liabilities arising after the Commission's order, Respondent has either paid them in full, or has a plan in place to pay them through an offer in compromise or other means other than the IRS abandoning them as uncollectible.

SO ORDERED

Disciplinary and Ethics Commission  
CFP Board