

THE DISCIPLINARY AND ETHICS COMMISSION

IN THE MATTER OF

BRIAN P. COLLA,

Respondent.

CFP Board Case No. 2024-65886

May 21, 2025

ORDER

CFP Board established the *Fitness Standards for Candidates for CFP® Certification and Former CFP® Professionals Seeking Reinstatement* (“*Fitness Standards*”) to ensure that an individual’s prior conduct does not reflect adversely upon the individual’s fitness for CFP® certification, the profession, or the CFP Board certification marks. Under CFP Board’s *Fitness Standards*, two or more personal or business bankruptcies is conduct presumed to be unacceptable and deemed to be a presumptive bar. Conduct that is presumed to be unacceptable or that may reflect adversely will bar an individual from becoming certified unless the individual petitions CFP Board’s Disciplinary and Ethics Commission (“Commission” or “DEC”) for a fitness determination in accordance with CFP Board’s *Procedural Rules*, and the Commission grants the petition or permits the individual to reapply for certification at a later date.

I. PROCEDURAL BACKGROUND

On March 2, 2024, Respondent submitted his Initial Application for CFP® Certification. (*See* DEC Book at 4, 6.)¹ In his Initial Ethics Declaration, Respondent disclosed to CFP Board that he had received a debtor discharge in a personal Chapter 7 Bankruptcy matter on February 5, 2002, and that sometime after May 2021, a civil court entered a default judgment against his business in a breach of commercial lease lawsuit and against him as personal guarantor of the lease. (*Id.* at 20; 22.) On April 18, 2024, Respondent disclosed to CFP Board that he had filed again for Chapter 7 Bankruptcy protections on April 3, 2024. (*Id.* at 25, 98.)²

On August 12, 2024, Enforcement Counsel notified Respondent that his conduct is presumed to be unacceptable and that he must file a petition for a fitness determination. (*Id.* at 5–7.)

¹ The DEC Book, hearing transcripts, and any other exhibits to this Order will not be published under Article 17.7 of the *Procedural Rules*. The *Procedural Rules* are available on CFP Board’s website at: www.cfp.net/ethics/enforcement/procedural-rules. (Last accessed on May 19, 2025.)

² The Commission credits Respondent for disclosing his second bankruptcy matter to CFP Board within 30 days as required. In connection with a purported Notice of Investigation that is not in the record, Enforcement Counsel had discovered the second bankruptcy sometime between April 3, 2024 and April 18, 2024, and asked Respondent to provide information and documents about it; to which Respondent replied on April 18, 2024, providing certain information and documents. (DEC Book at 25-27.) Respondent’s deadline to notify CFP Board of his second bankruptcy filing within 30 days otherwise would have been May 3, 2024.

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Respondent filed his Petition for Fitness Determination on August 20, 2024 (“Petition”). (*Id.* at 432–440.)³ Neither party requested a hearing.

On December 12, 2024, a hearing panel convened to review and consider Respondent’s Petition based on the written record under Article 10 of the *Procedural Rules*. (*See id.* at 304.)

The Commission has considered the hearing panel’s recommendation and issues this final Order.

II. FINDINGS OF FACT

A. Background

Respondent has passed the (a) Series 63 – Uniform Securities Agent State Law Examination (2009); (b) Series 66 – Uniform Combined State Law Examination (2017); (c) Series 7 – General Securities Representative Examination (2017); (d) SIE – Securities Industry Essentials Examination (2018); (e) Series 7TO – General Securities Representative Examination (2023). (*Id.* at 14.)

Respondent states that he is transitioning to a new career as financial planner. (*Id.* at 27.) He has been employed and associated as a broker, agent, and investment adviser with his current large financial planning RIA and broker-dealer since May 3, 2024—approximately four months before filing his Petition. (*Id.* at 12.) Respondent was previously employed as a mortgage loan officer and has worked for several banks since at least 2013. (*Id.* at 15-16.) Respondent has no history of customer complaints or discipline. (*Id.* at 18.)

B. Respondent’s 2001 Bankruptcy

On October 17, 2001, Respondent filed for Chapter 7 Bankruptcy protection in the U.S. Bankruptcy Court, Central District of California. (*Id.* at 28-68.) The court ordered a discharge on February 5, 2002. (*Id.* at 69–70.)

Respondent explains that as an irresponsible 18-year-old college student, he incurred \$40,000 in credit card debt by living beyond his means, believing there was going to be “some magical pot of gold upon graduating.” (*Id.* at 26.) According to Respondent, credit card companies preyed on students in the 1990’s but federal law has since been updated with certain protections. (*Id.*) Respondent takes full responsibility for his mismanagement and states that he never again

³ The Commission applies the *Fitness Standards* and relevant substantive provisions of the *Procedural Rules* that were effective at the time of the Respondent’s application—in this case, March 2, 2024. (DEC Book at 12.) The applicable *Fitness Standard* are available at www.cfp.net/-/media/files/cfp-board/cfp-certification/ethics/cfp-board-fitness-standards.pdf. (Last accessed May 19, 2025.) The applicable substantive Articles of the *Procedural Rules* are available at www.cfp.net/-/media/files/cfp-board/standards-and-ethics/enforcement/2023/cfp-revised-procedural-rules-september-2023.pdf. (Last accessed May 19, 2025.) Specifically, per Articles 13 and 5.2.a. of the applicable *Procedural Rules*, Respondent’s petition must include evidence of his fitness for CFP® certification under the factors in 11.8.

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defaulted on a credit card. (*Id.*) This bankruptcy pre-dated Respondent's career in financial services.

C. Respondent's 2024 Bankruptcy

On April 3, 2024, Respondent filed for Chapter 7 Bankruptcy protection in the U.S. Bankruptcy Court, Central District of California. (*Id.* at 98–164.) In this bankruptcy petition, Respondent listed creditors' non-priority unsecured claims totaling \$1,351,132.65, excluding student loans, for potential personal liability on corporate obligations to three franchisee agreements and three commercial leases. (*Id.* at 131.) Respondent emphasizes that no personal debts, loans, or credit card debts were included. (*Id.* at 25.) The court ordered a discharge on July 16, 2024. (*Id.* at 165.)

Respondent explains that in 2017, he formed an S corporation and purchased three hair salon franchise locations with the franchisor and landlords requiring personal guarantees of their agreements and leases. (*Id.* at 25.) On May 4, 2020, Respondent extended at least one of the leases for five years. (*Id.* at 80.) Soon after, the COVID-19 pandemic forced closures, and the salons' business declined by 50% after reopening. (*Id.* at 25.) Respondent states he was forced to close the salons, lose his capital, and default on substantial obligations, although he was able to pay his corporation's credit card debt and revolving line of credit and settle with two of the three landlords. (*Id.* at 25.)

On November 2, 2023, the third landlord sued Respondent and others for breach of lease and breach of lease guarantee, claiming \$370,000 in damages beginning from April 2021 plus attorneys' fees and costs owed by contract. (*Id.* at 76–83.) Respondent states the landlord's actual damages were less than alleged because he found another tenant. (*Id.* at 26.) Respondent states he made multiple offers to settle with the third landlord including a prepaid whole life insurance policy with a \$350,000 face value or \$100,000 in cash funded from his home equity that otherwise would be preserved in bankruptcy. (*Id.* at 25, 97.) A hearing on the matter was scheduled for April 22, 2024, but there is no information in the record of its outcome. (*Id.* at 72, 85.)

Respondent was employed in banking at the time, and his household income was halved when interest rates rose. (*Id.* at 26, 170, 212, 260–262.) Respondent states that he had emergency funds to cover his family's expenses for three months but no amount of household budgeting could satisfy the judgment against him. (*Id.* at 26.) Respondent's attorney recommended filing for Chapter 7 Bankruptcy to protect him from potential liens against his home. (*Id.* at 26.) Respondent states that he continued to negotiate with the landlord even after filing for bankruptcy but expects no resolution. (*Id.* at 25.)

D. Respondent's Petition and Current Circumstances

In support of his Petition, Respondent submitted tax returns for 2022 and 2023 (*id.* at 168–259), cash flow statements from 2022, 2023, and March 2024 (*id.* at 260–262), a statement of his financial position as of April 4, 2024 (*id.* at 263–267), and a July 2024 pay stub from his new employer (*id.* at 264). Together this evidence shows that Respondent's current income has increased with his new job and career in financial planning (although he had only been employed in the new position for

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approximately four months), his current net worth is significant, he has a household budget with adequate cash flow, and his primary liabilities include the mortgage on his primary residence, a HELOC presumably used for recent home repairs, and manageable student loan payments. (*Id.* at 271.)

Respondent provided his Equifax credit report showing a “Very Good” credit score and a low revolving credit card balance as of August 6, 2024. (*Id.* at 265–270.) Respondent states that he pays off his credit cards monthly for the points and rewards. (*Id.* at 271.)

Respondent provided five positive letters of reference including from the pastor of his church, his current supervisor and managing partner of his new firm, a colleague of 20 years, a client stating that Respondent remained steadfast and reliable and made a significant impact during COVID even while in bankruptcy, and from his widowed father—also a client—whom Respondent took into his household after his mother died. (*Id.* at 276–281.)

Respondent submitted a signed acknowledgment dated August 21, 2024 that he has read and agrees to abide by the *Code and Standards*. (*Id.* at 273.) Respondent states that he acts with honesty, integrity, competence, and diligence. (*Id.* at 271.) He avoids or discloses and manages conflicts of interest and exercises due care to act in the best interests of his firms’ clients. (*Id.*) He takes full responsibility for his conduct and believes he can use his experiences to help many individuals and families to avoid his mistakes and improve their financial life. (*Id.* at 27.) Respondent states that he will never again require bankruptcy protections. (*Id.*)

The Commission viewed Respondent’s documentary evidence and statements favorably, and together they supported Respondent’s assertion that he is regaining financial stability.

III. DISCUSSION

Under Article 13 of the *Procedural Rules*, Respondent must prove his fitness for CFP® certification by a preponderance of the evidence applying factors relevant to fitness set forth in 5.2 and 11.8 of the *Procedural Rules*.⁴

In issuing its August 12, 2024 notice requiring Respondent to file his Petition, Enforcement Counsel determined that Respondent’s conduct is “presumed to be unacceptable”—not that it necessarily is. Under Standard E.2. of the *Code and Standards*, a CFP® professional’s bankruptcy does *not* reflect adversely if the individual can rebut the presumption that it demonstrates an inability to manage responsibly his financial affairs. Though he is not currently a CFP® professional and was not at the time of his two bankruptcy matters, the Commission finds that Respondent would not be able to rebut this presumption.

A. Factors Relevant to Respondent’s Fitness

⁴ CFP Board implemented its current *Fitness Standards* and *Procedural Rules* effective July 1, 2024. In resolving Petitions for Fitness filed by Respondents who applied for CFP® certification before July 1, 2024, the Commission applies the *Fitness Standards* and substantive *Procedural Rules* relevant to fitness in place at the time of the application.

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1. Whether and how Respondent has taken actions that are designed to prevent the circumstances that required Respondent to file a petition

Respondent's financial statements, budget, financial plan, and recent tax returns reflect Respondent's current solvency and his reasonable plans to remain solvent. His income has increased with his new job, he carries no credit card debt, and his credit score is very good.⁰ Respondent stated no intention to start any new business franchises. Respondent has proved his fitness under this factor.

2. Whether and how Respondent has integrated the *Code and Standards* in Respondent's practice

Respondent was employed as a financial planner for four months before submitting his Petition but demonstrated to the Commission that he has integrated principles of the *Code and Standards* into his practice. In particular, Respondent demonstrated his integrity in attempting to settle his business debts with his landlords and others. Respondent proved his fitness under this factor.

3. Whether Respondent has submitted positive letters of reference from current clients, supervisors, colleagues, or other professionals concerning the circumstances that required Respondent to file a petition or the Respondent's character

Respondent submitted five positive letters of reference that together prove his fitness under this factor.

4. Whether Respondent has provided a written certification that Respondent has read, understands, and will comply with, the *Code and Standards*

Respondent submitted a signed acknowledgment dated August 21, 2024 that he has read and agrees to abide by the *Code and Standards*. Respondent's statements to the Commission also demonstrate his understanding of the requirements of the *Code and Standards*, including the fiduciary duty owed to clients. Respondent proved his fitness under this factor.

5. Whether Respondent has provided a properly completed CFP Board Ethics Disclosure Questionnaire

Respondent provided an Ethics Disclosure Questionnaire with his Initial Application for CFP® certification, dated March 3, 2024. Respondent proved his fitness under this factor.

6. Whether Respondent has complied with the terms of an applicable order that required Respondent to petition

Respondent was not the subject of a CFP Board order requiring him to file his Petition.

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7. Any other factors, including aggravating or mitigating factors, the Commission determines are relevant to Respondent's circumstances

The Commission is sympathetic that the COVID-19 pandemic contributed in part to the failure of his businesses and second bankruptcy filing, and the Commission views favorably Respondent's settlement with two of his business's landlords and his attempts to settle with the third. The Commission also notes that Respondent's first bankruptcy was discharged 22 years ago, and that no consumer debt was discharged in his second bankruptcy. While Respondent has undertaken positive efforts to improve his finances—for example, maintaining a “very good” credit score—the recency of Respondent's second bankruptcy factors significantly into the Commission's decision here.

B. Relevant Case Histories

The Commission has consulted Case Histories (referred to as “ACHs” or “CHs”) for non-binding precedent that might be relevant to its decision.

Neither of the Case Histories Respondent cites (ACH 27018 and ACH 29217) involves a petition for fitness. ACH 31745, ACH 42392, ACH 42663, and ACH 28516, on the other hand, all involve petitions from candidates who had filed for bankruptcy twice.

The Commission granted the petitions in ACH 31745, ACH 42392, and ACH 42663 where the candidates filed their second bankruptcy eight to ten years before their petition. In ACH 28516, the candidate's second bankruptcy was more recent, 42 to 54 months before his petition, and the Commission barred him for two and a half years even though his second bankruptcy was attributable to circumstances outside of his control, the 2008 mortgage crisis.

Respondent's second bankruptcy was discharged only one month prior to filing his Petition. This is far more recent than even in ACH 28516. Under these circumstances, the Commission finds Respondent's Petition premature and believes granting it would be unprecedented.

IV. THE COMMISSION'S DECISION

At this time, Respondent has not proved by a preponderance of the evidence his fitness for CFP® certification. Accordingly, the Commission **DENIES** Respondent's Petition and issues a **Temporary Bar for Two Years**. CFP Board publishes a Temporary Bar in accordance with Article 17.7 of the *Procedural Rules*.

Ordered by:

Disciplinary and Ethics Commission

CFP Board

Date: May 21, 2025