

THE DISCIPLINARY AND ETHICS COMMISSION

IN THE MATTER OF

BASIL MARCHI

Respondent.

CFP Board Case No. 2025-66079

May 1, 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 their fitness for CFP® certification, the profession, or the CFP® certification marks. Conduct “presumed to be unacceptable” under the *Fitness Standards* will bar an applicant from CFP® certification unless the Disciplinary and Ethics Commission (“DEC” or “Commission”) determines that the applicant is fit for certification.

I. PROCEDURAL HISTORY

In May 2024, Respondent submitted his application for CFP® certification in which he disclosed that he was the subject of tax liens, had filed for bankruptcy, was suspended and fined by the Financial Industry Regulatory Authority, Inc. (FINRA), and had been terminated by a FINRA member firm. (*See* DEC Book at 16-22.)

In September 2025, CFP Board notified Respondent that the conduct he disclosed was presumed to be unacceptable and a presumptive bar to his certification. CFP Board Enforcement Counsel instructed Respondent that he would need to file a Petition for Fitness Determination with the Commission addressing each of the grounds for the presumptive bar listed in the notice and providing evidence of his rehabilitation and fitness for CFP® certification. (*Id.* at 5-270.)

Respondent filed his Petition on October 7, 2024. (*Id.* at 271-74.)

On February 26, 2025, a hearing panel formed under Article 10.6 of the *Procedural Rules* convened at CFP Board’s headquarters in Washington, DC to consider Respondent’s Petition. (Transcript of Hearing of Basil Marchi, February 26, 2025 (“Tr.”) at 1.) DEC Counsel appeared for the Commission and for the hearing panel, Enforcement Counsel appeared by video for CFP Board, and Respondent appeared by video.

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

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II. FINDINGS OF FACT

In 1997, Respondent passed his Series 7 and Series 66 licensing exams. He passed the Securities Industry Essentials exam in 2016. (DEC Book at 27.) Before obtaining his securities licenses in 1997, Respondent worked as a mechanical engineer for many years and had no securities or financial planning experience or training. (DEC Book at 7, 271; Tr. at 19.)

Respondent joined a large broker-dealer in 1997, moved to a smaller one in 2001, then worked for fourteen years with a third starting in 2002. (DEC Book at 29.) In 2016, the firm terminated Respondent for failing to report federal and state tax liens that had been placed against his property interests. (*Id.* at 12, 271.) He is not currently affiliated with a broker-dealer, working independently as an insurance broker under his own name. (*Id.* at 7, 271.)

A. Federal and State Tax Liens

In January 2016, the Internal Revenue Service filed notice with a court in Raleigh, North Carolina stating that it had placed “a lien in favor of the United States on all property and rights to property belonging to [Respondent]” for \$746,595 in total federal taxes that he had failed to pay for tax years 2005 to 2014. (DEC Book at 146.) This was the first of several tax lien notices involving Respondent’s federal tax debts, the most recent filed in September 2017 for the 2016 tax year. (*Id.* at 147-54.)

All told, the IRS imposed liens against Respondent for more than \$900,000 in unpaid, taxes, fines, penalties and fees. (*Id.* at 11, 271). Court records show that he still had liens associated with all but one of the tax years (2006) when CFP Board notified Respondent that he would need to file a petition. (*Id.* at 10-11. 271.)

Beginning in August 2010, the North Carolina Department of Revenue filed several of its own actions imposing liens against Respondent for his outstanding state tax liabilities for the 2010, 2014, and 2015 tax years. (*Id.* at 211-27.) These tax liens totaled well over \$100,000. (*Id.* at 11-12.)

B. 2016 Termination

In August 2016, Respondent’s associated brokerage firm terminated him, describing in the Form U-5 it filed with FINRA a “[l]oss of confidence” arising from Respondent’s failure to disclose the state and federal tax liens against him. (*Id.* at 245-51.) Respondent had answered “no” to each of the firm’s 2011 to 2015 annual compliance questionnaires asking whether, “[i]n the past 12 months, have any judgments or liens been entered against you. . . .” (*Id.* at 245, 259.)

C. 2017 Regulatory Action

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FINRA investigated and in March 2017 entered a Letter of Acceptance, Waiver and Consent (AWC) with Respondent in which he consented to findings that he had violated Article V, Section 2(c) of FINRA's By-Laws and FINRA Rules 1122 and 2010 by "willfully failing to amend his Uniform Application for Securities Industry Registration ('Form U4') to report multiple tax liens." The AWC suspended Respondent's association with any FINRA member for six months and fined him \$10,000. (*Id.* at 258-63.)

D. Bankruptcies

On February 9, 2018, Respondent filed for Chapter 7 bankruptcy seeking relief in connection with his approximately \$900,000 federal and state tax debts. (*Id.* at 70-145; Tr. at 23.) On August 2, 2018, the bankruptcy court entered an order discharging interest and penalties imposed on Respondent by the tax authorities, leaving Respondent with a tax liability of approximately \$100,000. (Tr. at 37-38; DEC Book at 143-44.)

This was not Respondent's first bankruptcy filing. In April 2001, he filed for Chapter 7 bankruptcy after making a career transition from engineer to financial advisor. (DEC Book at 67-69.) Respondent later withdrew the 2001 bankruptcy petition after concluding that he had secured sufficient income to pay down debts and maintain a positive cash flow. (*Id.* at 8, 271.)

E. Respondent's Testimony and Other Evidence Presented

Respondent attributes his early financial difficulties both to limited client opportunities where he was living and to the changing nature of his employment after he switched careers in 1997. Respondent testified that upon starting out in the financial services industry his expenses were greater than his income due in part to the limited number of potential clients in his less-affluent area of southern West Virginia. (Tr. at 19-21.) In 2001, after consulting with an attorney, he and his wife filed for bankruptcy. (*Id.* at 20-21; DEC Book at 67-68.)

Respondent withdrew his 2001 bankruptcy action three months later and moved to Raleigh, North Carolina to work for a small, regional firm. (*Id.*) The next year he associated with a larger brokerage firm where he earned commissions. (DEC Book at 271.) This firm terminated his registration in 2016.

Respondent testified that his transition from salaried positions to commission-based income presented "a learning curve." (Tr. at 19.) As a self-employed independent contractor he "had to take care of everything myself, taxes, employment taxes, health insurance, all of this was kind of new to me" and he "made quite a few mistakes." (*Id.* at 21-22.) Respondent says that he hired a CPA in 2009 to help him set up a business entity, but that this complicated his tax situation, and the CPA did not help him with his personal taxes. (*Id.* at 22.) The accumulation of mistakes and improper tax filings over the years, he explained, resulted in substantial interest and penalties, as well as unpaid tax liabilities. (*Id.* at 21.)

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Respondent says that since 2013 he has been working with a different CPA to address his tax issues. The North Carolina Department of Revenue has confirmed that Respondent is current on his taxes for the 2005-2017 tax years. (DEC Book at 244.) Respondent testified that he has paid all of his state taxes since then and that he is not aware of any outstanding state tax liens. (Tr. at 24, 43.)

In June 2024, Respondent entered into a monthly installment agreement with the IRS. He did not complete payments under earlier installment agreements for a variety of reasons, including his 2018 bankruptcy filing, the COVID pandemic, and lack of collectability due to financial hardship. (DEC Book at 165-66; Tr. at 35, 61.) Respondent testified that he has approximately \$50,000 remaining on his federal tax debt, which he expects to pay off in three years, and that he has not been the subject of any new federal tax liens. (Tr. at 24.)

Respondent never paid the \$10,000 fine FINRA imposed on him under the 2017 AWC. He says he does not believe he must pay the fine if he is no longer associated with a FINRA member firm. (Tr. at 61.)

Respondent continues to earn income from the 20 to 30 hours per week he performs consulting work as a mechanical engineer. (*Id.* at 39.) He says that he does not currently provide financial planning services but would like to earn money doing so; this is a reason he applied for CFP® certification. (Tr. at 48.) Respondent currently works out of his home office as an independent insurance broker selling non-securities insurance products. (Tr. at 30-31.) He is not supervised, and nobody audits his files. He submits paperwork to the insurance companies whose products he sells, and they conduct the “suitability review” of purchase applications. (*Id.* at 39.)

Respondent testified that everything he does is “through the lens for helping the customer” and that, for him, the client’s interests always come first. He says that the goal is “to understand the client’s situation, and then if a product that I represent can help, then that’s fine,” but that “in at least a third of my meetings, I walk away with nothing, it doesn’t bother me.” (*Id.* at 62-64.) Respondent does not have any written guidelines or other documentation demonstrating how he has integrated CFP Board’s *Code and Standards* into his practice. He says it is his hope to create some if he is certified as a CFP® professional. (*Id.* at 66-67.)

The personal financial statements Respondent submitted reflect significant liabilities beyond outstanding tax debt (*e.g.*, mortgage, auto loans), limited savings, and no emergency fund. (DEC Book at 264.) If for some reason he cannot pay the IRS under his current installment agreement, Respondent’s plan is to again request a temporary hold on those payments. (Tr. at 35, 81.)

The Commission found Respondent credible in some respects and less so in others. Regarding his failures to report to both his firm and FINRA (on his Form U-4) the many tax liens he was subjected to, the Commission has difficulty believing that Respondent did not understand when he needed

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to do so, or that FINRA even required it. (Tr. at 25.) And the Commission struggles to reconcile Respondent's background as a mechanical engineer with his lack of attention to the rules relating to the conduct at issue here. The Commission notes Respondent also failed to disclose on his CFP Board Ethics Declaration that he was the subject of a customer complaint, again offering the explanation that he arrived at different interpretation of the question being asked. (DEC Book at 18, 35; Tr. at 53.)

Respondent says that he has difficulty focusing on certain tasks, and that since 2015 he has been attending a support group for people who have struggled with financial issues; he continues to meet with his mentor from that group. (Tr. at 26-27.)

A letter of reference from Respondent's mentor describes Respondent's long-time participation and success with the support group. The letter highlights Respondent's ability now to handle his own finances "maturely and responsibly", noting that Respondent has a clear understanding of the taxes he owes, "carefully tracks his income from his planning work," and works to fund his savings. The author does not state his background or whether he has any professional relationship with Respondent. (DEC Book at 267.)

III. ANALYSIS OF RESPONDENT'S PETITION

A. Factors Relevant to Respondent's Fitness

Under Article 13 of the *Procedural Rules*, Respondent must prove his fitness for CFP® certification by a preponderance of the evidence ("more probable than not to have occurred") applying factors relevant to a Respondent's fitness set forth in Articles 5.2 and 11.8 of the *Procedural Rules*.

Respondent engaged in conduct—involving multiple tax liens, two bankruptcies, termination by his firm, and a FINRA AWC imposing a six-month suspension and a \$10,000 fine—presumed to be unacceptable and a bar to CFP® certification under the *Fitness Standards*. Respondent has not proved his rehabilitation and fitness for CFP® certification applying the factors below.

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

Respondent has taken some steps to avoid the circumstances leading to the conduct presumed to bar his certification. He appears to have addressed his state tax liens and has a plan for paying off the amount of the IRS's remaining tax lien in three years. Respondent also has engaged a CPA to help with his personal tax returns, and he has been working with a financial support group and mentor since 2015.

But Respondent has not yet adequately demonstrated that he can and will continue to maintain healthy personal finances. Respondent has been inconsistent in paying the IRS, which he still owes \$50,000, and his current (2024) installment plan is too recent for the Commission to credit

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Respondent with a track record of timely payments. Respondent does not have an emergency fund and plans to again ask the IRS to pause his required payments if is unable to make them. Aspects of Respondent's personal financial statements are also of concern the Commission. He still has substantial liabilities (for example, two car loans and a mortgage) with little retirement or personal savings.

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

Respondent read the *Code and Standards* in preparing for the CFP® exam, and he testified about his commitment to putting the client's interest first. But he offered no written evidence showing how he has implemented and applied the *Code and Standards*. Respondent has not met his burden in proving 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 a single letter of reference from his mentor in a group he joined years ago that supports people who have had financial struggles. The letter describes Respondent's sustained commitment to the program and some of Respondent's successes, such as tracking his income, working diligently to fund his savings accounts, and obtaining clarity on his tax obligations. This is Respondent's sole letter of reference, and it provides no further background on its author, including whether he is one of Respondent's clients, supervisors, or colleagues.

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

Respondent provided CFP Board a written certification that he has read, understands, and will comply with the *Code and Standards*.

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

In connection with his application for CFP® certification, Respondent completed and submitted a "Pre-Certification" ethics questionnaire that did not properly disclose his 2001 bankruptcy filing or the customer complaint against him. Its description of his current tax lien status also could be stated more clearly.

6. Other factors (including mitigating or aggravating factors) the Commission deems relevant to Respondent's circumstances

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The Commission commends Respondent for taking steps to address the difficulties he has had managing his financial affairs, and for his continuing work with his financial support group. The Commission is troubled, however, by Respondent's position that he need not pay the fine imposed under the AWC he signed with FINRA because he is no longer associated with a brokerage firm. This position, regardless of its legal defensibility, echoes Respondent's earlier pattern of not paying his debts.

B. Case Histories

The Commission consulted various Case Histories¹ in reaching its determination in this matter. In other cases involving tax liens, the Commission has suspended CFP® professionals for more than a year, specifically citing their failure to adequately demonstrate a consistent pattern of meeting tax obligations, even under an agreed-upon installment plan. *See* ACH43191, ACH 34449, ACH 28980. This is true of Respondent here, who also has engaged in other types of conduct deemed unacceptable under the *Fitness Standards* not cited in those cases.

V. COMMISSION'S FITNESS DETERMINATION

Having carefully considered the evidence presented in this case, factors relevant to fitness, and other Case Histories, the Commission believes that Respondent has not met his burden of proving his fitness for CFP® certification and needs more time to demonstrate a commitment to shoring up his financial circumstances.

The Commission **DENIES** Respondent's Petition for Fitness Determination and imposes on him a **Temporary Bar for Three (3) Years**. The Commission further orders that Respondent's eligibility for CFP® certification is conditioned upon his demonstrating that he has fully paid all liens and judgments against him, including the \$10,000 fine imposed on his AWC with FINRA, and that he has not be the subject of any new liens or judgments.

Ordered by:

CFP Board's Disciplinary and Ethics Commission

May 1, 2025

¹ Case Histories (referred to as "CHs" or "ACHs") are available on CFP Board's website at <https://www.cfp.net/ethics/enforcement/case-history>.