

THE DISCIPLINARY AND ETHICS COMMISSION

IN THE MATTER OF

CARL L. CAMPBELL

Respondent.

CFP Board Case No. 2024-66144

April 9, 2025

ORDER

I. PROCEDURAL HISTORY

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 Board certification marks.

Respondent submitted his Reinstatement Application for CFP® certification on June 10, 2024. (DEC Book at 5.) In it, he disclosed his February 2023 bankruptcy filing and that his debts were discharged in May 2023. (*Id.* at 29.)

On June 10, 2024, CFP Board Enforcement Counsel issued a Notice of Investigation (“NOI”) to Respondent, requesting documents and information relating to his bankruptcy. (*Id.* at 33-35.) Respondent provided a narrative response and the requested documents on June 15, 2024. (*Id.* at 36-37.)

On August 12, 2024, CFP Board informed Respondent that his bankruptcy is conduct that may reflect adversely upon his integrity or fitness for certification, the profession, or the CFP® certification marks, and that he must file a Petition for Fitness Determination (“Petition”) by September 11, 2024. (*Id.* at 5-6.) On or about September 11, 2024, Respondent filed his Petition, including letters of reference. (*Id.* at 148-151.)

On December 12, 2024, a hearing panel formed under Article 10.6 of the *Procedural Rules* convened by video conference to hear testimony, and to review and consider documents, information, and argument relevant to the Petition. (Transcript of Hearing of Carl Campbell, December 12, 2024 (“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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After the hearing, the Hearing Panel requested additional documents. Respondent produced these documents on February 7, 2025. (*See Ex. A.*)

II. FINDINGS OF FACT

A. Background

Respondent has passed the (a) Investment Company Products/Variable Contracts Representative Examination – Series 6 (1991); (b) Uniform Securities Agent State Law Examination – Series 63 (1991); (c) General Securities Representative Examination – Series 7 (1992); (d) General Securities Sales Supervisor Examination – Series 8 (1994); (e) General Securities Principal Examination – Series 24 (2014); (f) Uniform Combined State Law Examination – Series 66 (2014); (g) General Securities Sales Supervisor – Series 9 (2016); (h) General Securities Sales Supervisor – Series 10 (2016); and (i) Securities Industry Essentials Examination – SIE (2018). (DEC Book at 22.) He was first certified as a CFP® professional in 2009 and relinquished his CFP in 2023. (Tr. at 50.) Respondent also holds the Chartered Financial Analyst designation. (DEC Book at 15.) He has been employed as a wealth advisor since May 2024. (*Id.* at 148.)

B. Respondent's Businesses

In 2018, Respondent exited the financial services industry and bought two businesses: a flooring company and a related delivery company. He purchased the businesses with \$300,000 of his savings and Small Business Administration loans backed with his personal guarantee.

Respondent admitted that he did not uncover several issues during due diligence on the transaction, and the companies required significant investment in inventory and infrastructure. Respondent testified that he overpaid for the flooring inventory by as much as \$200,000, and that he “overestimated [his] ability to understand all the dynamics of the business.” (Tr. at 35-36.) He also failed to discover that the previous owners had not made needed investments in the businesses’ infrastructure. (Tr. at 18; DEC Book at 36.) Respondent states that his businesses ended 2018 with a negative cashflow of \$200,000. (DEC Book at 36.) He states that in 2019, he turned around the companies enough to realize \$50,000 profit and headed into 2020 with positive momentum. (*Id.*)

Respondent states that in 2020, the COVID-19 pandemic dramatically affected his sales, and for a few months he was losing \$20,000 per month. (*Id.* at 36.) He says that, even after his sales rebounded, supply chain issues had a disproportionate effect on his just-in-time delivery business model—he could not obtain product. The \$300,000 in working capital that he started with in 2018 had eroded to nothing by the end of 2020. Respondent also divorced in 2020, and the resulting property division reduced his available assets by half. Respondent states that he was able to keep his businesses going until June of 2021 when he was forced to close the flooring company. He says that he later dissolved the transportation company as well, liquidating all remaining assets. Respondent tried to secure gainful employment and keep his obligations current but was not able to do so. (*Id.*)

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C. Respondent's 2023 Bankruptcy

On February 23, 2023, Respondent filed for Chapter 7 bankruptcy. (*Id.* at 38-88.) In his filing, Respondent claimed \$83,695.29 in assets and \$1,514,321.50 in liabilities. (*Id.* at 45.) The bankruptcy court discharged Respondent's bankruptcy—involving more than \$1.5 million in debt—on May 16, 2023. (*Id.* at 87-88.)

In his June 15, 2024 response to the NOI, Respondent claimed that his financial situation had not improved much due to challenges in finding meaningful employment. (*Id.* at 36-37.) His May 31, 2024 balance sheet reflects a net worth of \$17,640.50. (*Id.* at 89.)

D. Respondent's Current Employment

In May 2024, Respondent obtained employment as a wealth advisor. (*Id.* at 148). He said that he expects his income, which was just below \$100,000 at the time of the hearing, will increase to \$150,000 in the next year. (Tr. 65-66.)

Respondent states that he acts in a fiduciary capacity in his current role and begins client engagements with financial planning. (Ex. A at S-2.) He says that his firm's infrastructure, systems, and compensation are set-up to help clients plan and achieve their financial goals.

We get a complete picture of the client's needs by using MoneyGuidePro on client interactions. We dive deep into plan risks, i.e., health-care, long-term care, social security, taxes, and risk. This allows us to hone in on our client's needs BEFORE we make any recommendations. We exercise care and diligence. After recommendations, we gauge the client's level of understanding and comfort prior to implementation. We conduct a post implementation meeting to further educate the client. We act on behalf of our clients to control risk and we update their financial plans at least annually. I do this with the utmost care, honesty, and integrity. I care about the client experience and outcomes.

(Ex. A at S-2.)

E. Respondent's Current Financial Circumstances

Although he has obtained meaningful work, Respondent's income is still not covering his expenses. (See Ex. A at S-3. (reflecting 2024 negative cash flow).)¹ His alimony obligation is substantial and continues until May 2026. (Tr. at 50.) He is not willing to ask for a reduction to his monthly alimony payment. (Tr. at 41-42.) He is using his IRA to supplement his income and pay his daughter's law school tuition. (Tr. at 42-43; *see also* DEC Book at 122.) He has very few assets

¹ The Commission questions the accuracy of the cash flow statement that Respondent produced. The stated taxes are too low for the income that he lists, and his negative cash flow of \$2,501.00 is offset by a credit card balance of the same amount. (See Ex. A at S-3.)

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and no significant emergency funds. (*See* Ex. A at S-3 (12/31/2024 balance sheet reflecting \$2,117 net worth).)

Respondent anticipates that his financial condition will improve in 2025. He expects his income will increase as he builds his practice, and that his educational expenses will decrease significantly when his daughter graduates from law school. (Ex. A at S-2.)

III. ANALYSIS OF RESPONDENT'S PETITION FOR FITNESS DETERMINATION

Under Article 13 of the *Procedural Rules*, a Respondent who has filed a Petition must prove their fitness for CFP® certification by a preponderance of the evidence (“more probable than not to have occurred”) under the factors relevant to a Respondent’s fitness that are set forth in Articles 5.2 and 11.8 of the *Procedural Rules*.

A. Factors Relevant to Respondent’s Fitness

1. *Whether and how Respondent has taken actions that are designed to prevent the Relevant Conduct from reoccurring in the future*

Enforcement Counsel credits Respondent with having met this factor. (Tr. at 54.) Respondent is now a salaried employee in the financial services industry. (DEC Book at 149.) He states that he has no plans to own another business or to finance a business with debt. (Ex. A at S-2.)

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

Respondent states that his firm’s infrastructure, systems, and compensation are set-up to help clients plan and achieve their financial goals. (Ex. A at S-2.) Respondent’s acknowledgment of his fiduciary obligations to his clients, his exercise of care and diligence in serving his clients’ best interests, and his updating client financial plans at least annually, all reflect that he has integrated the *Code and Standards* into his practice. (*Id.*)

3. *Whether Respondent has submitted positive letters of reference from current clients, supervisors, colleagues, or other professionals concerning the Relevant Conduct or the Respondent’s character*

Respondent provided three positive letters of reference, two from former colleagues in the financial services industry and one from a retired executive who has served as Respondent’s mentor. (DEC Book at 150-151; Ex. A at S-150-151.) They all speak well of Respondent and demonstrate awareness of his bankruptcy.

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

There is no evidence in the record as to whether Respondent met this requirement. While the Instructions to Petitioners (DEC Book at 146-47) asks Respondent to sign “the attached Certification that you have read, understand, and will comply with the *Code of Ethics and Standards of Conduct*” however there is no evidence that it was transmitted to Respondent or that he signed and returned it.

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

There is record evidence to support a finding that Respondent has met this criterion. (Tr. at 55-56, DEC Book at 26-32.)

6. *Any other factors the Commission determines are relevant to Respondent’s circumstances*

The Commission would have expected Respondent, a Chartered Financial Analyst, to have avoided due diligence failures in the purchase of his businesses. These failures had early and significant consequences for the companies’ profitability. Although Respondent is optimistic about his prospects for increasing his financial stability in 2025, his still-weakened financial condition does not give the Commission confidence that he will be able to avoid financial problems in the future, especially considering that his alimony obligation—his largest monthly expense—extends into 2026.

B. Aggravating and Mitigating Factors

The Commission has considered whether there are any material aggravating or mitigating factors relevant to its decision in this matter.

The Commission cites the following aggravating factors:

1. Respondent’s bankruptcy occurred only two years ago.
2. Respondent first obtained CFP® certification 15 years ago, and as a long-time financial services professional and Chartered Financial Analyst, he should have been alert to the possibility of inventory and infrastructure problems before purchasing his flooring and delivery businesses.

The Commission cites the following mitigating factors:

1. There is no evidence Respondent has any other disciplinary history than the

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bankruptcy that gave rise to this matter.

2. Respondent's business was affected by the COVID-19 pandemic and resulting supply chain problems.

C. Relevant Case Histories

The Commission has also consulted Case Histories² for persuasive non-binding precedent. Case Histories suggest that insufficient time has passed since Respondent's bankruptcy to conclude that he can manage his financial affairs. *See, e.g.*, ACH 28516 (2013 reinstatement denied with right to reapply in five years after bankruptcy filing in 2009); ACH 26834 (2011 application denied with right to reapply five years after 2008 bankruptcy.) In ACH 31745, on the other hand, the Commission granted the petition of a respondent who demonstrated his financial health in the nine years since he filed for bankruptcy. Respondent in this matter has not demonstrated current financial stability and his bankruptcy was discharged little more than two years ago.

IV. RESOLUTION OF RESPONDENT'S PETITION FOR FITNESS DETERMINATION

Considering the foregoing, the Commission does not find that Respondent has met his burden to prove fitness for CFP® certification. The Commission **DENIES** Respondent's Petition and imposes a **Three-Year Temporary Bar**, retroactive to his December 12, 2024 hearing.

Any new petition for fitness that Respondent may file should demonstrate his solvency, and improvement in his financial situation. At a minimum, in support of any new petition, Respondent should provide his two most recent years of income tax returns; and his two most recent years of balance sheets and income statements, both certified by a Certified Public Accountant.

Ordered by:

Disciplinary and Ethics Commission
CFP Board

² Case Histories (referred to as "ACHs" or "CHs") are available on CFP Board's website at <https://www.cfp.net/ethics/enforcement/case-history>