

## THE DISCIPLINARY AND ETHICS COMMISSION

In the Matter of

Seth Koestler,

Respondent.

CFP Board Case No. 2024-66243

June 27, 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.

#### I. PROCEDURAL HISTORY

Respondent submitted his application for CFP® certification on July 14, 2024 and disclosed that he had filed for personal bankruptcy in 2012. (DEC Book at 12-13.) CFP Board informed Respondent by letter dated January 22, 2025 that under the *Fitness Standards*, his bankruptcy was conduct that required him to petition CFP Board’s Disciplinary and Ethics Commission (“DEC” or “Commission”) for a determination of whether he is fit for CFP® certification. (*Id.* at 4-5.)

Respondent filed his Petition for Fitness Determination (“Petition”) on January 28, 2025. (*Id.* at 194-98.)

On April 24, 2025, a hearing panel formed under Article 10.6 of the *Procedural Rules* convened by video-conference to consider Respondent’s Petition. (Transcript of Hearing of Seth Koestler, April 24, 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.

#### II. FINDINGS OF FACT

##### A. 2012 Bankruptcy

On June 23 2012, Respondent filed for Chapter 7 bankruptcy protection in the United States Bankruptcy Court for the District of Minnesota. (*Id.* at 40, 194.)

Respondent admits in his Petition that as a young adult he took on too much consumer debt—using his credit card to pay bills and other recurring expenses, to furnish his living space, to buy clothing,

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and eventually as a safety net for emergencies. With compounding interest, the debt grew faster than he could pay it off. (*Id.* at 194).

Respondent testified at the hearing that his parents exhibited sound financial practices when he was a child, but once he moved out of their home after turning eighteen, he was left to figure out his own finances. (Tr. at 48). He described himself as financially inexperienced at the time, not well-educated on how to manage credit and other consumer debt. (Tr. at 38-39.) Respondent found it easy to open credit cards with free perks, and he did not understand debt management. (Tr. 46.) He eventually became financially overwhelmed. (Tr. at 39.)

Before filing for bankruptcy, Respondent tried to address his increasingly precarious debt situation. He says he made lifestyle changes that included incurring only minimal and necessary expenses, living in inexpensive housing, and using coupons for necessities. (DEC Book at 194.) He also attempted to address his debt balances directly with his creditors and to pay “as much as [he] could”—at one point depleting his existing emergency fund to pay off a large medical bill and avoid a collections action—but the interest accrued faster than his debt payments. (*Id.*)

Respondent eventually consulted a bankruptcy attorney who advised him to file for bankruptcy protection given his age and 41% debt-to-income ratio. (*Id.*) Respondent says that he took the attorney’s advice, filed for bankruptcy, and resolved to learn from the experience. (Tr. 39.)

Respondent’s bankruptcy schedules reflect approximately \$9,000 in assets and \$25,000 in liabilities. They list more than a dozen consumer credit accounts, most with balances of a few hundred dollars or in the low four-figures. None of the individual debts listed exceeds \$15,000. (DEC Book at 74-117, 195.) The bankruptcy was discharged on September 25, 2012. (*Id.* at 118-22.)

## **B. Current Financial Circumstances**

Respondent has been working as a registered client associate for a large investment advisory firm since 2017 and says that he earns a significantly higher salary than he did when he filed for bankruptcy. His wife is employed, and he maintains an excellent credit score. (*Id.* at 195.)

In response to Enforcement Counsel’s investigation, Respondent provided a written description of the steps he has taken to avoid bankruptcy in the future, such as avoiding credit balances that he will not be able to pay off and paying his outstanding credit card balance each month. He says that he maintains an emergency cash reserve targeting three to six months of nondiscretionary (recurring) expenses—approximately [REDACTED] per month—and routinely monitors his cash flow and credit reports. (DEC at 188, Tr. at 54-56.) He says that if he must use his emergency funds for large, unexpected expenses, he makes appropriate adjustments to his discretionary spending so that he can replenish his emergency reserve. (DEC Book at 188.)

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Respondent provided tax filings for the 2022 and 2023 tax years, a two-year cash flow statement through February 2025, and his personal balance sheet as of March 28, 2025. (DEC Book at 196-98.)

The balance sheet shows Respondent's net worth as [REDACTED], with his home and personal property ([REDACTED]) comprising most of the assets, followed by investments held in two 401(k) retirement accounts. (*Id.* at 197-98; Tr. at 65-66.) The balance sheet shows [REDACTED] in total savings; an earlier (January 22, 2025) version shows [REDACTED] in savings. Both figures fall well short of his emergency savings target of three to six months nondiscretionary spending ([REDACTED]). (DEC Book at 196-98.)

Respondent's balance sheet also lists [REDACTED] in long-term liabilities, including [REDACTED]. (*Id.* at 197.)

Respondent's cash flow statement reflects a tight household budget, including high monthly [REDACTED] costs [REDACTED] that he expects will continue for the next few years. (*Id.* at 198, Tr. at 69, 74-75.) While Respondent's total household income averaged approximately [REDACTED] per month for the two years ending March 2025, it fluctuated significantly. Several months show monthly income [REDACTED] with a couple of months showing approximately [REDACTED]. (*Id.* at 198). Respondent testified that his income is based solely on commissions. (Tr. at 82.) Monthly expenditures, which average approximately [REDACTED], also fluctuated during the two-year period reported—from [REDACTED] to [REDACTED]—though it appears Respondent's household expenses never exceeded income in any given month. (*Id.*)

The Commission has concerns about Respondent's financial stability given his high nondiscretionary expenses (including on-going monthly debt payments), his dependence on commission income, and insufficient emergency savings to which he is allocating a relatively small amount monthly. Asked to reflect on his balance sheet, Respondent testified candidly that he would like to be saving more and to reduce expenses. He says his plan over the next one to five years is to pay off his non-mortgage debt—focusing on [REDACTED]. (Tr. at 72.)

Respondent has learned and grown from his bankruptcy in early adulthood, and as a CFP® professional genuinely wants to help others avoid the same pitfalls. (Tr. at 39.) Respondent says that he understands the importance of accepting financial responsibility, that his experiences were “humbling” and a “foundation for growth [that] taught [him] discipline, the value of careful planning, and really how long-term consequences are sometimes a result of short-term decision making.” (Tr. at 40.)

### III. ANALYSIS OF RESPONDENT'S PETITION

The *Fitness Standards* establishes parity between applicants and current CFP® professionals by applying the *Sanction Guidelines* uniformly to both. In resolving a petition for fitness

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determination, the Commission evaluates the applicant's conduct against the sanction guideline for the relevant conduct in the *Sanction Guidelines*, considering the aggravating and mitigating factors and policy notes, to determine what the sanction would be if the candidate were a CFP® professional, and then issues the analogous fitness determination.

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. Respondent filed for bankruptcy in June 2012, at which time CFP Board had not yet published its first *Sanction Guidelines*. All of the *Sanction Guidelines* in place through June 2024 however, list a public censure as the baseline sanction for a single bankruptcy.<sup>1</sup> And anonymous Case Histories<sup>2</sup> that pre-date the *Sanction Guidelines* similarly indicate that a public censure (or public letter of admonition) is an appropriate baseline sanction in cases like this involving a bankruptcy.<sup>3</sup>

There are both aggravating and mitigating factors to be considered as well. The Commissions finds the following factors to be mitigating:

1. Respondent filed for bankruptcy many years ago when he was not providing financial advice or planning.
2. Respondent undertook steps in an attempt to avoid declaring bankruptcy and was advised by counsel to make the filing.

The Commission finds the following factors to be aggravating:

1. Respondent's risky financial decisions—involving the irresponsible use of credit cards resulting in a 41% debt-to-income ratio—led to the bankruptcy filing.
2. Respondent's high level of debt and nondiscretionary expenses, together with his low level of liquid assets and emergency savings, call into question his ongoing ability to manage his financial affairs.

#### IV. COMMISSION'S FITNESS DETERMINATION

The Commission commends Respondent on his efforts to address the circumstances that led to his 2012 bankruptcy filing, and on his candor during these proceedings. Having carefully considered the

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<sup>1</sup> Until CFP Board's July 1, 2024 *Sanctions Guidelines* recommending a baseline sanction of a suspension for one year and one day, each version of its *Sanction Guidelines* identified a public censure as the recommended baseline sanction. The *Sanctions Guidelines* are available here: <https://www.cfp.net/ethics/enforcement/sanction-guidelines>.

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

<sup>3</sup> See, e.g., 26401 (2011, Public Censure where CFP® professional filed for bankruptcy one year before application); 27043 (same); 26978 (same); but see 26658 (2011, petition for fitness denied with right to reapply where candidate file for bankruptcy one year before application); 26390 (same); 26317 (same); 27067 (2011, private censure where CFP® professional filed for bankruptcy one year before renewal); 26994 (same).

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evidence in this case and the balance of mitigating and aggravating factors, however, the Commission finds no reason to depart from the baseline sanction of a Public Censure that would apply to Respondent's conduct if he were a CFP® professional.

Under the *Fitness Standards*, the analogous fitness determination to a Public Censure is to Grant the petition with a Public Notice, a public sanction under Article 11 of the *Procedural Rules*.

The Commission therefore finds that Respondent has satisfied the *Fitness Standards* for CFP® certification and **GRANTS** his Petition with a **Public Notice** that will be published in accordance with Article 17.7 of the *Procedural Rules*.

SO ORDERED

CFP Board's Disciplinary and Ethics Commission  
June 27, 2025