

**DISCIPLINARY AND ETHICS COMMISSION
CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.**

In the Matter of

Fred Avalli,

Respondent.

CFP Board Case No. 2024-66321

January 23, 2026

ORDER

CFP Board established its *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. Certain conduct requires an applicant to petition CFP Board’s Disciplinary and Ethics Commission (“DEC” or “Commission”) for a determination of the applicant’s ethical fitness for CFP® certification.

I. PROCEDURAL HISTORY

Respondent submitted an application for CFP® certification on August 7, 2024, disclosing five events in his Ethics Declaration—three misdemeanor convictions (two in 2008, one in 2014), a 2016 order from the California Department of Insurance revoking his insurance license for failing to disclose the convictions, and the termination of his employment in 2020. (DEC Book at 14.)

On April 7, 2025, CFP Board informed Respondent that under the *Fitness Standards*, the events he disclosed involve conduct requiring him to petition the Commission determine his fitness for CFP® certification. (*Id.* at 4–5.)

Respondent filed his petition on May 2, 2025 (“Petition”). (*Id.* at 171–179.)

On October 23, 2025, a hearing panel formed under Article 10.6 of the *Procedural Rules* convened to consider the Petition. (Transcript of Hearing of Fred Avalli, October 23, 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.

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

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II. FINDINGS OF FACT

A. Background

Respondent has passed the (a) General Securities Representative Examination – Series 7 (1998); (b) Uniform Securities Agent State Law Examination – Series 63 (1998); (c) Uniform Investment Adviser Law Examination – Series 65 (2001); and (d) Securities Industry Essentials Examination – SIE (2018). (DEC Book at 25.) He says that he recently took the U.S. Internal Revenue Service Enrolled Agent exam. (Tr. at 43.) Except as described below, he has held a California insurance license since March 4, 2002. (*See* DEC Book at 108.)

Respondent has not been employed or registered with a broker-dealer or investment advisory firm since July 2024. (*See id.* at 27–28, 38.) Beginning with Bear Sterns in 1998, Respondent has been registered with more than a dozen brokerage firms, his longest tenure six years. (*Id.*) Respondent testified about the difficulty he had developing business given his lack of knowledge and mentoring, as well as personal challenges he faced that led him to make impulsive decisions. (Tr. at 50–55.)

B. Misdemeanor DUI Conviction (2008)

On May 2, 2008, Respondent pleaded guilty in Colorado to misdemeanor DUI and was sentenced to 180 days of jail (suspended), 12 months of probation, and 24 hours of community service. (*Id.* at 60-61.) He had been arrested on December 14, 2007, after his then-girlfriend “found it amusing” to remove his eyeglasses, he says, causing him to swerve. Respondent says he was using alcohol at the time “as a coping mechanism” to deal with his father’s death and other personal challenges. (*Id.* at 171–173; Tr. at 16–18.)

C. Misdemeanor Assault Conviction (2008)

On May 27, 2008, Respondent pleaded guilty in Colorado to Assault in the third degree based on an altercation with his then-girlfriend on January 11, 2008. (*Id.* at 82, 89–90.) Respondent was issued a restraining order after his arrest (*id.* at 64, 80) and sentenced to 720 days jail time (suspended) and 12 months of supervised probation. (*Id.* at 82, 89–90.)

Respondent says that that the prosecutor found him in violation of his restraining order when he met with his then-girlfriend to reconcile and, on the advice of counsel, pleaded guilty to the assault charge to avoid a restraining order violation. (*Id.* at 64, 171–173; Tr. at 16–18.) He says he simultaneously fulfilled the terms of both this and his first DUI suspended sentence by completing 24 hours of community service and 12 months of supervised probation. (Tr. at 18.)

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D. Misdemeanor DUI Conviction (2014)

On March 20, 2014, Respondent entered a plea of “nolo contendere” to DUI with BAC over 0.08% in California. He was sentenced to 5 years of probation and served 5 days in jail. (*Id.* at 95–96.)

E. California Order (2016)

On March 23, 2016, based on his failure to report his California DUI conviction within 30 days as required, the Insurance Commissioner of the State of California issued an order revoking Respondent’s insurance license “for cause” and issuing a conditional restricted license. (*Id.* at 113–114; 175, 179; Tr. at 20.) Respondent consented to findings that his misdemeanor convictions demonstrate “a pattern of repeated and willful disregard for the law...”. (*Id.* at 108.) Following a three-year probationary period, California removed its conditions and issued an unrestricted license to Respondent, which he has maintained. (*Id.* at 116, 179; Tr. at 20–21.)

F. Employer Termination (2020)

On July 28, 2020, Respondent was terminated by a former employer for violating a “violence free workplace policy.”¹ (*Id.* at 152.) Respondent says he used “intense language” and pointed his index finger to a colleague’s chest after the colleague threatened to claim credit for a sale, then grabbed at the phone as the colleague called the human resources department to report him. (*Id.* at 148; Tr. at 21–22.)

G. Evidence Presented

Respondent describes the termination of his employment in 2020 as his “wake-up call” prompting him to seek help and says he that takes full responsibility for his past conduct (*See* DEC Book at 177–179.)

Respondent described the personal and emotional challenges he was facing at the time and the effect they had on his mental state and ability to focus. (Tr. at 23–28.) He has completed the terms of his criminal sentences, including a court-mandated rehabilitation program, which he says “provided valuable insights into the impact of [his] past behaviors and equipped me with constructive coping strategies.” (DEC Book at 178.)

Respondent says that he also sought help with his relationship to alcohol, remaining active in a recovery program for at least a year. (*Id.* 57, 178; Tr. at 19–21, 55–56.) He testified that he abstained from drinking alcohol for a while but now may have a glass of wine with dinner around

¹ The event is not disclosed on Respondent’s BrokerCheck Report because it was non-securities related. (*See* DEC Book at 29–32, 152.)

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once a month. (Tr. at 32.) The Commission credited his testimony that he does not drink alcohol like he did when he was younger, and that he has no desire to do so. (*Id.* at 32–34.)

Respondent credibly testified that with the professional help he has sought and continues to pursue, he has made significant personal progress over the past three years. (*Id.* at 30–31, 40; *see also* DEC Book at 176–177.)

Asked what “guardrails” would prevent future misconduct, Respondent testified that he is confident that he is now equipped with the necessary tools. (Tr. at 38–40: “if I do flare up, if I do get upset, I’m able to catch myself. I couldn’t catch myself before. I would just react. Now I can catch myself and think through and process everything.”)

Although Respondent testified that he has temporary employment during the first quarter of 2026, he has not been stably employed for over a year and says firms are not hiring him because the disclosures on his Forms U4 and U5 appear as a pattern of misconduct. (DEC Book at 178; Tr. at 23, 41–43.)

III. DISCUSSION

CFP Board issued its non-binding *Sanction Guidelines* to serve as guidance for determining appropriate sanctions. The *Fitness Standards* establishes parity between applicants and current CFP® professionals by applying the *Sanction Guidelines* uniformly to both applicants and CFP® professionals. In resolving a Petition for Fitness, the Commission will evaluate an applicant’s conduct against the relevant conduct category and recommended sanction in the *Sanction Guidelines* to determine what the sanction would be if the candidate were a CFP® professional, then issue the analogous Fitness Determination.

The Commission has considered the following categories of conduct (and recommended sanction and policy notes) from the *Sanction Guidelines*:

Conduct 28: Revocation of a financial professional license (Revocation)²

Conduct 34: Professional Discipline³ involving a suspension for more than three months (Suspension for at least one year and one day)

² CFP Board’s *Sanction Guidelines* (effective **August 27, 2012**) is available at https://www.cfp.net/-/media/files/cfp-board/standards-and-ethics/enforcement/cfpboard_sanction_guidelines_2012-07-reference.pdf. (Last accessed January 23, 2026.)

³ “Professional Discipline” in Conduct 34 of the initial publication of the CFP Board’s *Sanction Guidelines* (effective August 27, 2012) refers specifically to its definition in Article 13.6 of CFP Board’s *Disciplinary Rules and Procedures* (as amended, effective January 1, 2013) (“the suspension, bar or revocation as a disciplinary measure by any governmental agency, industry self-regulatory organization or professional association”), which was replaced on June 30, 2020 by CFP Board’s *Procedural Rules* (as revised, effective May 23, 2025):

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Conduct 12: Employer Policy Violations (Private Censure)⁴

The Commission finds the following factors to be mitigating here:

1. Significant time has passed since Respondent's misdemeanor convictions (14 to 18 years) and the California order (10 years).
2. The California order is largely based on Respondent's misdemeanor convictions and effectively limited Respondent's insurance license with probation instead of permanently barring him from obtaining a California insurance license.
3. Respondent's rehabilitative conduct is voluntary and substantial.

The Commission finds the following factors to be aggravating:

1. Respondent has three misdemeanor convictions.
2. Respondent's former firm terminated his employment.
3. Respondent has demonstrated a pattern of behavior over many years.

The Commission has also consulted its Case Histories⁵ for persuasive non-binding precedent. Neither party suggested Case Histories to the Commission. At the hearing, Enforcement Counsel suggested that this matter is unique due to the number and age of Respondent's conducts. (Tr. at 70.) There are many Case Histories involving multiple instances of alcohol-related misconduct where the Commission required the Respondent to demonstrate a period of at least five years with no further alcohol-related incidents, including CH 457635, ACH 28212, ACH 43697, ACH 30000, and ACH 31137, and a state regulator had denied the Respondents' insurance license applications in the latter two. In the instant matter, however, Respondent's insurance license was revoked and

A record from a (a) federal, state, local, or foreign governmental agency, (b) self-regulatory organization, (c) other regulatory authority, or (d) court of civil jurisdiction imposing discipline upon Respondent ("Professional Discipline")

Under Article 7.2 of the *Procedural Rules*, Professional Discipline is conclusive proof of the existence of such Professional Discipline and the facts and violations that serve as the basis for such Professional Discipline.

(See, CFP Board, *CFP BOARD RELEASES FINAL PROCEDURAL RULES FOR CODE OF ETHICS AND STANDARDS OF CONDUCT FOR CFP® PROFESSIONALS* (May 29, 2020), <https://www.cfp.net/news/2020/05/cfp-board-releases-final-procedural-rules>.)

⁴ CFP Board's *Sanction Guidelines* (as revised, effective **June 30, 2020**) is available at <https://www.cfp.net/-/media/files/cfp-board/standards-and-ethics/enforcement/2020/cfpboard-sanction-guidelines-2020-06.pdf>. (Last accessed January 23, 2026.)

⁵ 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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placed on probation for three years, and although Respondent's misdemeanor convictions and termination are over five years old, he has been treating their underlying issues for only three years.

While the significant progress Respondent has made in his personal life is commendable, the Commission believes he needs more time to demonstrate that the changes he has made are lasting.

IV. DECISION

For the reasons above, the Commission would find it appropriate if Respondent was a CFP® professional to impose a suspension for three years. Under the *Fitness Standards*, the analogous fitness determination is a temporary bar for three years. A temporary bar is a period in which a Respondent who currently is not a CFP® professional is prohibited from applying for or obtaining CFP® certification.

Respondent has not met his burden to satisfy the *Fitness Standards* for CFP® certification. The Commission therefore **DENIES** Respondent's Petition and imposes a **Temporary Bar for Three Years**.⁶

SO ORDERED

Disciplinary and Ethics Commission
CFP Board
Date: January 23, 2025

⁶ CFP Board publishes this Order in accordance with Article 17.7 of the *Procedural Rules*. The DEC Book and any exhibits will not be published.