

THE DISCIPLINARY AND ETHICS COMMISSION

In the Matter of

Paul Szkotak

Respondent.

CFP Board Case No. 2024-66729

January 21, 2026

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. Certain conduct requires an applicant to petition the Disciplinary and Ethics Commission (“*Commission*”) for an order finding ethical fitness in accordance with CFP Board’s *Procedural Rules*.

I. PROCEDURAL HISTORY

Respondent applied for CFP® certification on November 15, 2024, and disclosed a November 2021 Chapter 7 bankruptcy. (DEC Book at 5-6.)

On April 2, 2025, CFP Board Enforcement Counsel informed Respondent that his bankruptcy was conduct requiring him to file petition for a fitness determination by the Commission. (*Id.* at 5-6.) Respondent filed his petition on April 2, 2025 (“*Petition*”). (*Id.* at 231-232.)

On October 22, 2025, 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 Paul Szxotak, October 22, 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.

II. FINDINGS OF FACT

A. Background

Respondent is currently associated with a firm as an Investment Adviser Representative. (DEC Book at 181.) Respondent has a degree in finance. (*Tr.* at 30.)

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B. Respondent's 2021 Bankruptcy

After a career in commercial real estate lending, in 2009 Respondent transitioned into the business of buying, renovating and reselling homes. (DEC Book at 8.) In 2013, that business evolved into the development of a rental property portfolio, and by 2017, Respondent had acquired 152 homes and small apartment buildings in 92 locations. (DEC Book at 8; Tr. at 15.) Respondent testified that he typically would purchase properties in tax lien foreclosure at a steep discount, rehabilitate them, then refinance them and rent them. (Tr. at 42-43.) To finance the real estate business Respondent took approximately 15 commercial loans from eight different lenders. (Tr. at 15.) Respondent personally guaranteed all of the business's debts and commercial loans, and those loans totaled more than \$12 million dollars by 2018. (DEC Book at 9.)

Respondent reports that his business generated income in 2016 and 2017, but that by the end of 2018 his business faltered due to a combination of factors. (DEC Book at 8.)

First, in mid-2017, Respondent had taken control of his primary contractor, a business with 25 employees. Although the contracting business had a standing book of commercial customers and ongoing projects, after the acquisition he discovered that the business did not have sufficient cash to complete three of the ongoing projects; he estimated that the cash shortfall was "no less than three, four hundred thousand" dollars. (DEC Book at 8; Tr. at 15-16, 22-23, 26.) Respondent funded the completion of these projects using his own cash reserves, personal income and cash flow from his rental portfolio. (DEC Book at 8; Tr. at 38.) Respondent testified that he viewed the acquisition of the contracting business as an opportunity to continue to use the same construction company at a lower cost to him, but that in hindsight he should have done more due diligence or walked away from the deal. (Tr. at 25.)

Second, by the end of 2017 Respondent's wife, who had been an essential employee of the rental property business as well as the "fix and flip" operation, was no longer able to fill those roles due to her complete disability. (DEC Book at 8.) His wife's and mother-in-law's illnesses also increased Respondent's family responsibilities. (*Id.*) Third, in early 2018 Respondent's key property manager had to take a leave of absence due to a family medical emergency. As a result, no one performed her role as primary contact with Respondent's tenants during that time. (DEC Book at 8.)

Respondent testified that he drained all of his personal and corporate resources attempting to meet his obligations. (Tr. at 17.) He says that he paid all of his staff and his contractors and satisfied his state and federal tax obligations. (Tr. at 18-19.) Respondent sought forbearance from his mortgage lenders as he proceeded to dispose of his rental properties to pay off his debts. (DEC Book at 9.) One lender did not extend forbearance, however, and by the end of 2018 that lender had obtained three civil judgments against Respondent totaling more than \$2.6 million. (DEC Book at 9.) Respondent states that, on the advice of a bankruptcy attorney, he filed for Chapter 7 bankruptcy

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in November 2021. These real estate judgments and other debts, in all \$5.2 million, were discharged in February 2022. (DEC Book at 10, 172-173.)

C. Respondent's Current Circumstances

Respondent is the sole breadwinner for his family and has been employed in a hybrid insurance sales/financial planning role since 2023. (Tr. at 28-29, 61, 62-63.) He is focused on growing his financial planning practice. (Tr. at 61.) His income for 2024 was in the mid six-figures, and he projected it to increase in 2025. It is comprised of commissions and "recurring income" rather than salary. (Tr. at 55, 61-62.)

The documents that Respondent provided were not adequate to gain a full understanding of his current financial circumstances. (Tr. at 81.) Respondent did not submit a budget and he admitted that the annual cash flow statement that he provided (DEC Book at 228) was "simplistic" (Tr. at 59). The hearing panel noted that the cash flow statement did not account for basic expenses such as taxes or 401(k) contributions, and that other expense categories, such as transportation, seemed greatly understated. (Tr. at 58-59.) Respondent acknowledged that he receives significant financial assistance from his family. (Tr. at 60-61.) That assistance does not appear to be included in his 2024 cash flow statement. Lastly, Respondent does not have a financial plan in place for himself. (Tr. 81, 91-92.)

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 applicants and CFP® professionals. In resolving a Petition for Fitness, the Commission will evaluate an applicant's conduct against the sanction guideline for the relevant conduct set forth in the *Sanction Guidelines*, considering any aggravating and mitigating factors and relevant policy notes, to determine what the sanction would be if the candidate were a CFP® professional ("Sanction Determination") and then issue 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's conduct is addressed by Conduct 1 (Bankruptcy) in the relevant *Sanction Guidelines* (as revised, effective June 30, 2020) for which the baseline sanction is a public censure.

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

1. Respondent's bankruptcy occurred before he joined the financial services profession.
2. Some of the circumstances that contributed to the bankruptcy were outside of Respondent's control.

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3. Though he was ultimately not successful, Respondent took steps to avoid declaring bankruptcy and attempted to satisfy his financial obligations to the extent that he was able.

The Commission finds the following factors to be aggravating:

1. Respondent operated a highly leveraged business with very little staff and no backup plans.
2. Respondent failed to conduct proper due diligence on the contracting business, leading to hundreds of thousands of dollars of unanticipated expense.
3. Respondent has not demonstrated financial independence since his bankruptcy.

The Commission has also consulted Case Histories¹ for persuasive non-binding precedent. In fitness matters involving bankruptcy and other concerns relating to a respondent's ability to manage his financial affairs, the Commission's decisions generally look to the recency of the bankruptcy and a respondent's demonstrated current solvency. *See, e.g.*, CH46512 (petition denied with a two-year bar where second business bankruptcy was very recent despite demonstrated solvency); CH46774 (petition denied with three-year bar where respondent not currently solvent and business bankruptcy little more than two years in the past); CH46708 (petition denied with three-year bar due to recent bankruptcy, outstanding tax liens and fine.) *Compare* CH46873 (petition granted with public notice where bankruptcy was many years past, respondent solvent but with concerning debt levels); CH46939 (petition granted with public notice with 13-year-old bankruptcy).

IV. THE COMMISSION'S FITNESS DETERMINATION

The Commission has determined that Respondent needs more time to improve his financial circumstances. Having carefully considered the evidence presented, mitigating and aggravating factors, and Case Histories, the Commission would depart upward from the baseline sanction of a public censure to a suspension of two years were Respondent a CFP® professional. Under the *Fitness Standards* the analogous fitness determination is to deny the petition with a two-year temporary bar.

The Commission therefore **DENIES** Respondent's Petition and imposes a **Temporary Bar of Two Years** on his ability to seek or obtain CFP® certification. Respondent will be eligible to file a renewed petition for fitness determination on or after February 20, 2028.

With any subsequent petition for fitness determination that Respondent files, the Commission directs him to include evidence demonstrating at least one year of consistent and sustained positive

¹ 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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cash flow independent of family assistance, a budget, a statement of financial position, and his own comprehensive financial plan that includes an emergency fund and retirement plans.

SO ORDERED

CFP Board's Disciplinary and Ethics Commission
January 21, 2026