CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.

ANONYMOUS CASE HISTORIES
NUMBER 22588

This is a summary of a decision issued following the July 2009 hearings of the Disciplinary and Ethics Commission ("Commission") of Certified Financial Planner Board of Standards, Inc. ("CFP Board"). The conduct at issue in this case occurred prior to January 1, 2009. The Rules in effect at that time under the *Code of Ethics and Professional Responsibility* ("*Code of Ethics*") were Rules 101 through 705.

I. Issue Presented

Whether an applicant for reinstatement of his CFP® certification ("Respondent") violated CFP Board's *Standards of Professional Conduct* ("*Standards*") due to his involvement in a 2007 Internal Revenue Service ("IRS") tax lien in the amount of $143,503.33.

II. Findings of Fact Relevant to the Commission's Decision

In 2008, Respondent submitted a Reinstatement Application for CFP® Certification. During a routine background check, CFP Board discovered that Respondent was subject to a 2007 Internal Revenue Service ("IRS") tax lien of approximately $140,000. In a Settlement Agreement entered into with the Commission, Respondent consented to the facts presented below.

According to his written statement to CFP Board, in 2005 Respondent listed his home for sale. He purchased another home prior to the sale of the first home. Respondent stated he made double mortgage payments during a period of two and a half years, until he was finally able to sell the first home. The first home sold for $30,000 less than it cost to build the home 12 years earlier.

In February 2009, Respondent submitted proof to CFP Board that he was making payments to the IRS in accordance with a payment plan worked out with the IRS. Respondent's submission included copies of checks to the United States Treasury Department and an IRS letter outlining the payment plan. The IRS letter did not specify a projected payment completion date.

The IRS letter indicated that the debt was incurred over a period of four years, from December 2004 to December 2007. In February 2009, CFP Board sent an additional request for information to Respondent asking for an explanation why the tax lien covered a period of years prior to the sale of Respondent's home. According to Respondent, he learned from the IRS, at the time that it was establishing a payment plan for the 2007 tax liens, that he owed 2001 income taxes. The IRS found deductions in 2001 that it disallowed and required Respondent to pay the difference.

III. Commission's Analysis and Conclusions Regarding Rule Violations

A. Rule 607 – A CFP Board designee shall not engage in any conduct which reflects adversely on his or her integrity or fitness as a CFP Board designee, upon the marks, or upon the profession.

The Commission determined that by failing to effectively manage his financial affairs, Respondent engaged in conduct which reflects adversely on his integrity or fitness as a candidate for CFP® certification. Thus, Respondent violated Rule 607 of CFP Board's *Code of Ethics.*

IV. Discipline Imposed

The Commission found grounds for discipline under Article 3(a) of CFP Board's *Disciplinary Rules and Procedures* ("*Disciplinary Rules*"). Article 3(a) establishes grounds for discipline for any violation of CFP Board's *Code of Ethics*. The Commission founds grounds for discipline under Article 3(a) because Respondent violated Rule 607 of the *Code of Ethics*.

Respondent submitted an Offer of Settlement to the Commission. The Commission accepted Respondent's Offer of Settlement, wherein he acknowledged the above facts and rule violations. The Commission issued a Private Censure to Respondent in accordance with the Settlement Agreement.

The Commission considered no mitigating or aggravating factors.