

CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.

ANONYMOUS CASE HISTORIES
NUMBER 26970

This is a summary of a decision issued following the March 2012 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 a CFP® professional (“Respondent”) violated CFP Board’s *Standards of Professional Conduct* when he demonstrated a continued inability to manage his personal finances by filing for his second Chapter 7 Bankruptcy.

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

In February 2008, Respondent and his wife jointly filed for Chapter 7 Bankruptcy in the United States Bankruptcy Court (“Court”). The Court discharged the bankruptcy in September 2008. Respondent stated that the bankruptcy resulted from: 1) reduced and erratic income due to the closing of his local office; 2) expenses related to his daughter entering university; 3) his wife’s medical expenses and lost income due to injuries sustained in an automobile collision; and 4) substantial mortgage, home equity and unsecured loans.

Respondent previously filed for Chapter 7 Bankruptcy jointly with his wife in the Court in November 1993. The Court discharged the bankruptcy in January 1995.

III. Commission’s Analysis and Conclusions Regarding Rule Violations

- A. *Rule 607 – A CFP Board designee shall not engage in 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 Respondent engaged in conduct that reflects adversely on his integrity and fitness as a CFP® professional, upon the CFP® marks, and upon the profession when he demonstrated a continued inability to manage his personal finances by filing for his second Chapter 7 Bankruptcy in February 2008. Thus, Respondent violated *Code of Ethics* Rule 607.

IV. Discipline Imposed

Article 3(a) of CFP Board's *Disciplinary Rules and Procedures* ("*Disciplinary Rules*") provides grounds for discipline for any act or omission that violates the *Code of Ethics*. The Commission found grounds for discipline under Article 3(a) because Respondent violated Rule 607 of the *Code of Ethics*. Pursuant to Article 4.4 of the *Disciplinary Rules*, the Commission issued Respondent a permanent revocation of his right to use the CFP® marks.

The Commission did not consider any mitigating factors.

The Commission considered the following aggravating factors: 1) Respondent continued to have expenses that exceeded his income; and 2) Respondent implied that his daughter's college education was an expense leading to his filing for bankruptcy when, in fact, her education was paid in full by the Veteran's Administration.