

CERTIFIED FINANCIAL PLANNER BOARD OF STANDARDS, INC.

ANONYMOUS CASE HISTORIES
NUMBER 26978

This is a summary of a decision issued following the November 2011 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 after January 1, 2009. The Rules in effect at that time under the *Rules of Conduct* were Rules 1.1 through 6.5.

I. Issue Presented

Whether a CFP[®] professional (“Respondent”) violated CFP Board’s *Standards of Professional Conduct* when he filed for Chapter 7 Bankruptcy in January 2010.

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

In January 2010, Respondent filed for Chapter 7 Bankruptcy in the United States Bankruptcy Court for the State (“Court”). The Court discharged the bankruptcy in April 2010. In July 2011, Respondent disclosed the 2010 Chapter 7 Bankruptcy in his Renewal Application. Respondent stated that the factors leading to his bankruptcy filing included loss of income related to reversed commissions for a life placement, subsequent credit card debt and his divorce.

III. Commission’s Analysis and Conclusions Regarding Rule Violations

- A. *Rule 6.5 – A certificant shall not engage in conduct which reflects adversely on his or her integrity or fitness as a certificant, upon the CFP[®] marks, or upon the profession.*

The Commission found that Respondent’s Chapter 7 Bankruptcy filing demonstrated an inability to manage his personal finances. According to the Commission, by failing to manage his personal finances and filing for Chapter 7 Bankruptcy, Respondent engaged in conduct that reflected adversely on his integrity and fitness as a CFP[®] professional, upon the marks and upon the profession. Thus, Respondent violated Rule 6.5.

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) of CFP Board’s *Disciplinary Rules and Procedures* (“*Disciplinary Rules*”) provides grounds for discipline for any act or omission that violates the *Rules of Conduct*. The Commission found grounds for discipline under Article 3(a) because Respondent violated Rule 6.5 of the *Rules of Conduct*. In accordance with Article 4.2 of the *Disciplinary Rules*, the Commission issued the Respondent a Public Letter of Admonition.

The Commission considered the following mitigating factors:

1. Respondent's bankruptcy did not result in client harm;
2. Respondent disclosed the bankruptcy; and
3. Respondent was contrite.

The Commission considered the following aggravating factors:

1. Respondent's total assets exceed his total liabilities at the time of filing; and
2. Respondent has not disclosed his bankruptcy to clients or potential clients.