Tasik Financial Strategies LLC

Independent Financial Planning and Asset Management

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Practical Ways to Protect You and Your Practice from Investment Fraud

Although there is no way to guarantee that you will not become a victim of investment fraud, here are some practical tips that you can follow to help protect your practice and yourself. To borrow a basic rule of medicine, "Trust but Verify".

Work with a CERTIFIED FINANCIAL PLANNER™ professional

CERTIFIED FINANCIAL PLANNER™ professionals are fiduciaries. This means that they are required, by the *Code of Ethics and Professional Responsibility* of the Certified Financial Planner Board of Standards, to put your interests in front of their own. To read the *Code of Ethics and Professional Responsibility* visit www.cfp.net/ and search from "Standards of Professional Conduct". To find a CERTIFIED FINANCIAL PLANNER™ professional visit www.cfp.net/search/.

Seek Referrals from Colleagues and Professional Organizations

When you are looking for a Financial Planner, actively seek referrals from both colleagues and your professional organizations. All societies have some protocol for vetting those firms that they recommend to their membership.

Verify Registrations and Certifications

All investment advisors and registered representatives are required to be registered with the Financial Industry Regulatory Authority, Inc. (FINRA). Visit the Investors page at www.finra.org and look for the link to FINRA BrokerCheck®. Here you can find out if your broker/advisor and their broker/dealer are properly registered. You can also see if there have been any disciplinary actions against them. You should request the Full PDF Report and read it in its entirety to understand the severity of any disclosures that may exist.

There is also a wealth of information on FINRA's investors website under the Protect Yourself and Smart Investing tabs to make you a better educated investor.

If your planner is a CERTIFIED FINANCIAL PLANNER™ professional, check the planner's status and disciplinary record at www.cfp.net/search/ . The same holds true for most other professional designations. You should take the time to learn how each designation is earned, what the continuing education requirements are and how disciplinary actions are handled by the accrediting organization.

Identify and Research the Custodian

Custodians are the firms that are in possession of your accounts and issue statements to you at regular intervals. In no instance should the adviser who executes your investment transactions be the custodian of your funds. Checks and fund transfers should always be made to the custodian "FBO" (for the benefit of) your account.

Firms like Fidelity's National Financial Services, Pershing and Schwab are amongst the largest custodians in the United States. Ask your planner or advisor about the insurance in place at your custodian. This usually includes insurance provided by the Security Industry Protection Corporation (www.sipc.org) and some form of "Excess SIPC Coverage" provided by a third party insurer. As an example, Fidelity's National Financial Services, carries additional protection that covers up to an aggregate loss limit of $1 billion for all customer claims of which $1.9 million may cover cash awaiting reinvestment at the individual account level.

Do Your Own Research on Investments

- When evaluating an investment advisor, ask to see their ADV Form, Part II. This Form has been filed with the Securities and Exchange Commission and contains information about the adviser's background, services and fees.
- When looking at a specific investment product, review the prospectus in detail.
- Find out who audits the custodian and the fund in which you may be investing to be certain that they are using a major, well-known auditor for their annual audit.
- Warren Buffet is often quoted as saying he only invests in things he understands. Make sure you understand the investment strategy you are considering. You don't need to become an expert but you should possess a fundamental understanding of where you money is invested, how returns are expected to be generated and the risks you are taking. If the investment is not transparent it's a good warning sign.
- Nobody is right **all** the time. Even the best investment minds get it wrong now and then, so be skeptical of an advisor who implies or guarantees an investment return.
- Subject to the Investment Company Act of 1940, mutual funds offer more protection against fraud then hedge funds, for example, which are relatively unregulated investment vehicles designed for "sophisticated investors". Make sure the investment is suitable to ***your*** knowledge, ***your*** experience and ***your*** ability to bear risk.

Start With a Plan

The reason we invest our money is to allow us to achieve our financial goals. Be ityou're your practice or personally, invest the time to develop a comprehensive financial plan or work with a CERTIFIED FINANCIAL PLANNER™ professional to help you do so. A well thought out plan will help you understand your feelings about risk which will change over the course of your life. Your investments need to respond to those changes.

What is the right rate of return? In my opinion, it is a rate of return that allows you to achieve your financial goals while taking on a level of risk that allows you to sleep soundly at night.

Don't be surprised if you have to downsize your current consumption or upsize your current savings or even modify your goals along the way. However, combining a sound financial plan with diligence and responsibility allows you to take control of your future.