IS YOUR FINANCIAL ADVISOR A FIDUCIARY? IS NOT THAT SIMPLE…

-- Well, we say, the question is not whether your financial advisor is a fiduciary.

-- The question is whether your financial advisor is consistently acting in your best interest.

(Both could be highlighted in the white paper some way.)

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As an investor, you’ve almost certainly heard talk about the differences between “the fiduciary standard” and “the suitability standard,” applied – varyingly -- to advisers, brokers and other financial professionals.   
  
 In fact, most likely you’ve heard it said -- umpteen times -- that unless your financial advisors are fiduciaries, required by law to adhere to the fiduciary standard, they won’t consistently act with your best interests in mind.

From MARKET WATCH, by Larry Stein:  
“Why Your Financial Advisor Should Be a Fiduciary”  
  
From PBS News Hour, by Harold Pollack:  
“Why you should make sure your financial advisor abides by the fiduciary standard”  
<https://www.pbs.org/newshour/economy/column-make-sure-financial-adviser-abides-fiduciary-standard>

(These two headlines could also be highlighted in some way)

Nonetheless, some investors may, for any number of reasons, still choose to hire professionals who work under the suitability standard.

But, the question remains, *should you only hire an advisor acting as a fiduciary and avoid those who are not?*

(If you were to use phrases on the side or “call outs” this would be one to use?)

Here at Moenio - where we audit advisers for our clients covering areas such as fees charged, performance delivered, and investments used – we make certain our clients have *great* advisers.

But, our paramount demand, made of all the advisers we audit is - the Financial Advisor “Acts in our client’s best interest”

When -- working on your behalf -- we audit the Registered Investment Advisors, Wealth Managers, Private Bankers, Trust Officers, Brokers or whatever other titles the financial professional may have, what concerns us is that they:

* be honest with you
* provide you with sound advice
* look out for your best interest
* offer advice for a fair fee, “or” fair compensation;

and then. above all;

* we must be able to verify that your advisors are consistently doing the right things for you.

(Starting this story below could be a separation from the above, without being too separate. Something to highlight the story)

Let us now tell you a cautionary tale. This story illustrates some eventual pitfalls of choosing financial advisors based solely on whether they work under the fiduciary standard.

Three sports stars – Major League Baseball pitchers Roy Oswalt and Jack Peavy, and NFL quarterback Mark Sanchez – believed they were bringing their “A-game” to the search for a great, trustworthy financial advisor.

Ash Narayan, the financial advisor they chose, seemed to be made of all the right stuff. He worked for the Dallas-based RGT Wealth Advisors. According to his business bios and cards, he was a Certified Public Account. The NFL Players Association had endorsed him. Furthermore, he regularly attended the same church as Sanchez and had an interest in charity work.

Ash Narayan, nonetheless, turned out to be ruinously unscrupulous. He was not, in fact, a CPA. By fraudulent means, he transferred money out of his clients’ accounts, often without their consent, into The Ticket Reserve, a financially-distressed company. And as a Ticket Reserve board member, Narayan had multiple, egregious conflicts of interest that he never disclosed to his clients. By the time the deceitful scheme was uncovered and stopped, Narayan had misdirected $33 million of the three athletes’ money and nearly all of it was lost.

One crucial fact got left out of most of the reporting on that story, namely, that Ash Narayan *was* a fiduciary.   
  
 As a Registered Investment Advisor working through RGT Capital Management, Narayan was legally required to put his clients’ interests before his own and to act in their best interests. He failed to do that. Subsequently, the Security and Exchange Commission’s federal case against him was settled without his clients being fully reimbursed.

Was this avoidable? Moenio tells you “Yes, this was avoidable.” What happened to Mark Sanchez does not have to happen to you. Moenio pro-actively verifies that your financial advisors are consistently acting in your best interest.

The fine points in the differences between “the fiduciary standard” and “the suitability standard” are important for all of us to know, to be sure, but what’s most important for now is to understand that the mere fact of an adviser being a fiduciary does not guarantee that the adviser will do the right things for you.

After all, on the surface, Ash Narayan seemed like a trustworthy professional. He said he was a Certified Public Accountant. He worked through RGT Wealth Advisers. He was endorsed by the NFL Players Association. And he regularly attended the same church as Mark Sanchez. Had you asked him “Are you a fiduciary?” he would have said “Yes.”

Moenio understands the daunting challenges investors face in trying to verify that their current, or potential future financial advisers are trustworthy. Our deep, broad knowledge of the field allowed us to develop our world-class system for auditing your financial advisors. Here is a sampling of the steps we would have taken, had Mark Sanchez been our client:

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| PROBLEM WITH NARAYAN | MOENIO’S STEPS TO PROTECT YOU |
|  |  |
| Narayan misrepresented himself as a CPA, but was not one. | We perform thoroughgoing background checks for every single credential an advisor claims.  We thoroughly verify claims about both educational background and professional certifications. |
| Narayan improperly diverted Sanchez’s funds. | We obtain your account statements showing assets held, and any transfers.  In Sanchez’s case, we would have seen the transfers to The Ticket Reserve, and then verified with Sanchez that he had authorized those transfers for the reported amounts.  Additionally, when an advisor makes outside investments for our clients, we do deeper dives.   Why was the investment bought? Who has control of the investment? How are the assets valued and audited?   We answer those kinds of questions. We can clearly explain to you why we posed each question and what we think of the answer. |
| Narayan’s superiors at RGT Capital failed to provide adequate ethical oversight of his work | We would have been evaluating how RGT Capital’s management structure provides oversight and auditing of what its advisors are doing for their clients. |
| Narayan was endorsed by the NFL Players Association | Whatever the source of such an endorsement – be it a players’ association, a listing in the Financial Times Top 400, or Barron’s Top 100 Advisors, etc. -- we view it with great skepticism.  Why?  These organizations base their advisor rankings on limited metrics such as the number of years an advisor has been in the industry and the types of clients the advisor has.  Those metrics are of small import for an individual investor. Such limited metrics comprise less than 10% of what Moenio looks at when evaluating financial advisors. |

Remember, the right question is not whether your financial advisor is a fiduciary. The right question is whether your advisor is consistently acting in your best interest.

Who are we?

We are **MOENIO** - a client advocacy firm working on behalf of our clients to make certain they have hired, or will hire, a great financial advisor.

With over 600,000 registered advisors in the United States, how do you know the advisor you might choose is one of the best?

We have four core areas clients entrust us to help:

* **EVALUATE** your current financial advisor in 16+ areas; fee’s being charged, investment returns, investment products being used, background check on the advisor and firm, to name a few
* **FIND** a great financial advisor with a customized search based on your needs and goals but making certain the advisor delivers good, risk-based returns for a fair fee
* **PERFORMANCE GUARD** focused on periodic check-ups on your investments and returns. We provide you comfort in knowing your advisors is investing correctly, with the right products and the right fees.
* **ADVISOR BACKGROUND CHECK** helps you understand who you are working with currently or who you might hire; do they have the right experience, client complaints or fines, are they truthful in what they said about education, credentials, and background? We verify this information on behalf of our clients.