**Title:** The Importance of Investigating Your Investment Professionals: Part I

**Subtitle:**

**Meta Description:** Investigating your Investment Professionals should be as important if not more important than the money that you are investing. Find out why

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**Raw Content:** When you invest your money, you're taking enough risk with the market. You shouldn't risk that the Investment Professionals investing your money are untrustworthy. But as experiences with Bernie Madoff, Alan Stanford, and Ken Starr have shown, even the richest people stumble into serious trouble with their financial advisers.
The biggest mistake we see committed time and again by investors big and small is not checking on the background of the person asking to handle their money. Sometimes, this is because they came recommended by a relative or have an aura of success. No matter who they are, if you ask questions and check up, you can make a decision based on reality rather than the salesmanship of the person you're dealing with.
<strong>Here's what you need to ask (or know about) anyone who wants to manage your money and assets:</strong>
<strong>What's your full name, your firm's name, and where is your firm headquartered?</strong> It is important to investigate the professional as well as any firms with which he or she may be associated.
<strong>Where are you registered and licensed?</strong> This allows you the information to check further with the applicable regulators, since there is no central authority over all the types of people who can sell and manage investments. If they are not registered anywhere, that's a reason to be concerned. In that case you need to ask: Have you ever been investigated, disciplined by a regulator for conduct or subject to a criminal or bankruptcy proceeding? Have you been sued buy a client who wasn't happy with your work?
<strong>How long have you been with your current firm?</strong> One potential red flag is if the person has been with small firms that are now defunct, since those were sometimes "bucketshops" known for pushing highly speculative investments.
<strong>What is your experience with investors in my position?</strong> Ideally, the person you are working with has experience with investors of your age, financial profile, and goals.
<strong>What products and services are you offering me? In what am I going to be investing? </strong>Some brokers are limited to only certain products their company deals in, such as insurance, mutual funds, futures, or bonds.
<strong>How are you compensated?</strong> Knowing how your adviser is paid means you know what biases he may have. Compensation could be hourly, flat rate, or commission- based. If commission-based, ask how the fees and commissions are calculated.
To learn how to obtain additional information about an adviser or other investment professional, please stay tuned for tomorrow’s post.
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