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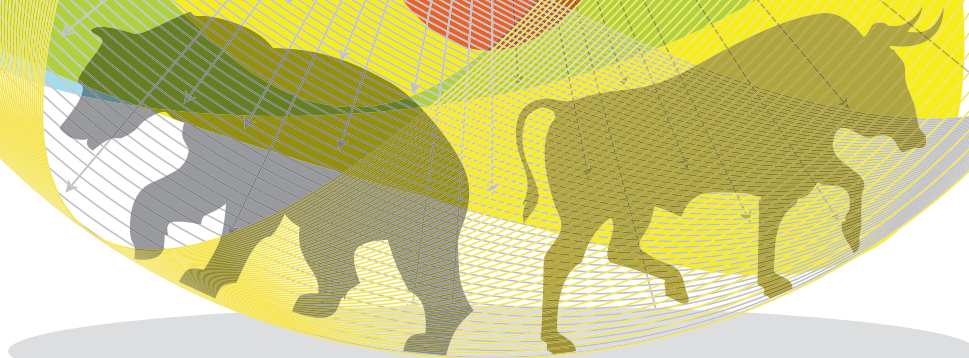
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## LLBH Private Wealth Management LLC

Kevin Burns, Partner; Bill Loftus, Partner; Bill Lomas, CFP®, CIMA®, CRPC®, Partner; Jim Pratt-Heaney, CIMA®, Partner; Michael Kazakewich, CFP®, CRPC®, Partner

# “What security measures does your advisor use to protect against fraud?”

By Jim Pratt-Heaney

**Globalization has driven dramatic economic, political and technological advances.** At the same time, our interconnected world has contributed to a notable increase in the frequency and sophistication of financial fraud. Never have such threats been more significant. As the steward of your financial well-being, your advisor should be in a position to best protect your money from such risks. This requires a combination of personalized care, a strong institution in which to hold your assets and disciplined operational procedures. At LLBH, protecting the security of your assets is of paramount concern, and we're constantly evaluating our procedures to be sure yours are in safekeeping.

Unfortunately, fraud committed to gain access to an investor's assets has become more common than ever. Email, in particular, has been utilized by criminals looking to present themselves as clients asking to receive money from “their” account. As a financial gatekeeper, the advisor must be diligent about such requests. If he or she works for one of the larger publicly held financial companies, sometimes referred to as “wirehouses,” hundreds of clients may be involved. In contrast, boutique registered investment advisors (RIAs) such as LLBH may provide a low client-to-advisor ratio, which translates into a

more intimate knowledge of clients and their financial needs.

Furthermore, unlike the wirehouse advisors, RIAs are required by law to act as fiduciaries. In other words, legally, the firm and its advisors must always put the interests of the client ahead of their own.

Another great benefit of the RIA is that firm's ability to choose a custodian based on its proficiency at protecting assets. *The Merriam-Webster Dictionary* defines a “custodian” as “someone who keeps and protects something valuable for another person.” In the financial world, that someone is an institution that holds the securities and other assets for safekeeping. When vetting a custodian, your advisor should be in a position to choose an institution which meets some essential criteria: a well-capitalized, highly liquid bank with strong capital ratios; a member of the Securities Investor Protection Corporation (SIPC®), insured by the Federal Deposit Insurance Corporation (FDIC); and a reputation for employing best business practices across the organization.

From a procedural perspective, LLBH requires that any request to transfer funds be confirmed verbally so as to diminish the threat of fraudulent emails alone. Once confirmed, a Federal Funds Wire Request form is completed and an encrypted version

is uploaded and transferred to the custodian. Our custodian demands added protection by requiring an approved LLBH signature before executing the transaction. Additionally, we provide an online customized reporting service, so that at any time, day or night, clients can see the state of their portfolio, with all holdings and transactions kept entirely transparent. This adds yet another layer of protection to their assets and keeps them safe.

With all the potential for wire fraud, multiple layers of protection are necessary to fully protect a client's assets. Make sure the advisor you're working with knows you well, has procedures in place that provide adequate security and employs a custodian that provides ample safety. ☺

### IN SAFEKEEPING

Our clients' assets are held primarily at Pershing, a subsidiary of BNY Mellon, which has more than \$28.5 trillion in assets under custody and/or administration, with capital ratios that remain above the highest level of regulatory capital requirements for a well-capitalized bank and are among the best in the financial services industry. Pershing was ranked as the safest bank in the United States and the 31st strongest bank in the world, in Global Finance's 2013 list of the World's 50 Safest Banks.

*The information contained herein should not be construed as personalized investment advice, and should not be considered as a solicitation to buy or sell any security or engage in a particular investment strategy. Past performance is no guarantee of future results, and there is no guarantee that the views and opinions expressed in this newsletter will come to pass. Investing in the stock market involves gains and losses and may not be suitable for all investors. While the above represents the firm's approach to unique client-specific circumstances, nothing stated should be understood as a direct or indirect past specific recommendation.*



*“Protecting the security of your assets is of paramount concern, and we’re constantly evaluating our policies and procedures to be sure yours are in safekeeping.”*

—Jim Pratt-Heaney

#### How to reach **Jim Pratt-Heaney**

*I look forward to discussing how LLBH can help you reach your financial goals. I can be reached directly at 203.683.1527.*

Left to right: Jim Pratt-Heaney, Bill Lomas, Kevin Burns, Bill Loftus



#### About LLBH Private Wealth Management LLC

LLBH Private Wealth Management LLC is an independent registered investment advisor offering a full range of wealth management and family office services including financial planning, asset management, concentrated stock hedging, lending, cash management and alternative investment due diligence. Often referred to as a virtual family office, LLBH delivers these myriad solutions to its clientele to help bring clarity and control to their financial lives. From its base in Westport, CT, LLBH provides these services to wealthy families across the country and has a significant West Coast presence focused on the entertainment industry. LLBH works with approximately 140 families approaching \$1.6 billion in assets under advisory.

Assets Under Management  
**\$1.6 billion (as of 7/31/2014)**

Minimum Fee for Initial Meeting  
**None required**

Minimum Net Worth Requirement  
**\$10 million (investment services)**

Largest Client Net Worth  
**\$1 billion**

Financial Services Experience  
**200 years (combined)**

Compensation Method **Asset-based**

Primary Custodian for Investor Assets **Pershing, A BNY Mellon Company**

Professional Services Provided

**Financial planning, asset management, concentrated stock hedging, lending, cash management, alternative investment due diligence and family office services**

Association Membership **Financial Planning Association, Investment Management Consultants Association**

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