MANAGING YOUR MONEY $

How To Avoid Falling Victim To A Financial Scam Artist

Spot The Red Flags And Learn The Simple Steps To Keep Your Wallet Safe

(NAPSA)—According to a recent survey by Gartner, 7.5 percent of U.S. adults lost money as a result of some sort of financial fraud in 2008.* Choosing the right financial adviser can be crucial to your overall financial well-being. Investing and personal finance expert Pam Krueger is the co-host, executive producer and creator of the award-winning investing series “MoneyTrack” on PBS and author of “The MoneyTrack Method.” She offers the following advice to help you avoid being victimized:

Pam Krueger

• Check your broker’s background. Unfortunately, you can’t always trust word of mouth—you need to do the research. Every registered or licensed broker or investment adviser has a rap sheet. Go to your state regulator’s online database to find out important information such as the broker’s former firms, any prior complaints or involvement in lawsuits. It’s okay to trust a broker or adviser, but be sure to verify if all the information you know is true. In almost all cases, fraud could be avoided if investors took the time to check their broker’s background.

• Make sure the brokerage firm is covered by the Securities Investor Protection Corp. (SIPC). There is no insurance for bad investment decisions. However, if your brokerage service goes out of business, SIPC acts like FDIC insurance and will cover up to $250,000.

• Review your portfolio regularly. You and your adviser or broker should walk through your statement and revisit investment strategies at least once every three to six months to ensure that you’re staying on track. Market conditions are constantly changing, and if they’re significant enough, you’ll probably want to shift your money around to adjust.

• Ask questions. Treat your advisers as consultants. Remember, they are working on your behalf and you have the right to know what they are recommending you do with your money. Make sure you feel comfortable with your investment strategy—if it doesn’t feel right, it might not be.

• Avoid signing up for discretionary accounts. By definition, if your adviser can buy or sell investments without your knowledge—also called limited power of attorney—you remain in the dark about your financial status.

• Never write checks directly to the adviser. Checks should be made out to the brokerage firm and be insured by the SIPC. This is important because if you write checks to brokers directly, they can deposit it for their own personal use. Consider it a red flag or big warning sign if advisers ask you to write the check out in their name. The only time you should write checks to brokers directly is to pay their fee.

For more helpful financial tips and tricks from Pam Krueger, please visit www.money.msn.com or www.moneytrack.org.

* Gartner, Inc. “Gartner Says 7.5 Percent of U.S. Adults Lost Money as a Result of Some Sort of Financial Fraud in 2008”, March 4, 2009.