

Paper offers strategies for coping with smaller budgets, larger responsibilities

Increase the chances of persuading your superiors to support your compliance initiatives by indicating how they would “lead to a quantifiable return on investment,” states a new [whitepaper](#) that probes the intersection of flat or falling compliance budgets and anticipated greater regulatory requirements.

The paper, pinned to a new study by **Complinet**, encourages compliance officers to weave terms and business benefits, such as “time to market, improved operational efficiency, decreased employee turnover, improved client retention and even increased revenues,” into their reports to bosses and to produce follow-up benchmarks to demonstrate the success.

“Compliance officers who understand the rules and regulations, but are unable to communicate successfully in a tone and language familiar to their business counterparts will fail in identifying and effectively addressing risk,” according to the paper. “Successful organizations must balance economic downturn with their regulatory responsibilities to achieve their business requirements. Successful compliance professionals must weave their initiatives into the fabric of business.”

Results of a study indicate 56% of respondents believe their compliance budget will remain static or decrease over the next 12-18 months, while 64% feel they will be spending more time on regulations.

(Coping Skills, continued on page 6)

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New OIG report to look at why Madoff's RIA was never examined

As early as November the SEC's Inspector General expects to release another investigative report – this one peering into why OCIE examiners never visited **Bernard L. Madoff Investment Securities** after it registered as an adviser in 2006 ([IA Week](#), Jan. 12, 2009).

IG **David Kotz** announced the inquiry before a Senate Banking Committee hearing last week that took up the IG's recent report (see story below) and how the agency has responded to what Sen. **Christopher Dodd** (D-Conn.) called a “colossal failure.”

The SEC has [taken many steps](#) to prevent another Madoff, and Kotz previewed two other upcoming reports that will include more recommendations for changes within OCIE and the Commission's Enforcement Division.

“We've got to make sure this never happens again,” said Dodd.

(Hearing, continued on page 2)

Plenty of missteps fill SEC IG's history of agency's dealing with Madoff

Missed opportunities summarizes the SEC Office of Inspector General's investigation of the Madoff affair. **David Kotz's 477-page report** details failure after failure by staff to uncover the world's biggest known Ponzi scheme.

Perhaps no example stands out more than **Simona Suh's** discovery that Madoff's positions at the **Depository Trust Company** weren't segregated as **Bernie Madoff** had claimed; they were consolidated. Instead of triggering an alarm over a commingling of funds, the enforcement staff attorney at the SEC's New York regional office concluded the consolidation would make it impractical to use the records to verify Madoff's trades. Suh declined to comment to **IA Week**.

We now know Madoff didn't place trades; he stole billions of investors' funds.

Even Madoff was “astonished” when enforcement staff didn't dig deeper once he gave them 646, his account
(Burned By Bernie, continued on page 4)

Hearing (Continued from page 1)

We “failed in our fundamental mission to protect investors, and we must continue vigorously to reform the way we operate,” testified new Enforcement Division head **Robert Khuzami** . “We view the Madoff case as a terribly unfortunate example of what happens when we fail in our mission,” echoed acting OCIE Director **John Walsh**.

Among the recent reforms introduced under new SEC Chairman **Mary Schapiro** include:

- New multi-disciplinary sweep teams within OCIE to assist enforcement staff.
- The creation of a senior specialized examiner position with expertise in areas such as trading, portfolio management, valuation and compliance.
- Enrollment of examiners in certification programs.
- Teaming broker-dealer and IA examiners on firm visits.
- Setting up a hotline for examiners to quickly reach senior SEC attorneys when they encounter intimidation tactics and other exam issues during a visit.

Fraud examiner and now famous whistleblower **Harry Markopolos** praised Kotz’s Madoff investigation ([IA Week](#) , Feb. 23, 2009). “I find this report to be very accurate ... it’s hard hitting,” he told lawmakers. He also commended Schapiro for releasing the report and declared the SEC is “on the right path.”

The biggest mistake investigators made was failing to seek verification of Madoff assets from a third-party, conceded Walsh, who vowed to continue to make improvements to his division.

Markopolos suggested solutions include firing many SEC staffers and replacing attorneys with market experts. Walsh responded that lawyers make up only 13% of his division, which is stocked mostly with accountants.

More recommended changes within OCIE

Kotz provided the committee with a peek at an upcoming report by sharing [25 recommendations](#)  for OCIE to implement in response to Madoff, including:

- Mandating procedures for review of credible and compelling tips and complaints;
- Mandating timelines for the vetting of tips and complaints, as well as for the commencement of cause examinations;
- Establishing, reviewing and testing procedures for logging all OCIE examinations into an examination tracking system;
- The training of OCIE examiners in the mechanics of securities settlement, both in the U.S. and in major foreign markets; and
- Requiring OCIE examination staff to verify a test sample of trading or balance data with counterparties and other independent third parties.

Kotz added another 16 recommendations for the Enforcement Division, including:

- Establishing formal guidance for evaluating various types of complaints (e.g., Ponzi schemes) and training of appropriate staff on the use of such guidance; and
- Requiring annual review and testing of the effectiveness of Enforcement’s policies and procedures with regard to its tip and complaint handling system. ■

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Social networking's opportunities run headlong into regulatory restraints

Online meeting spots like [Facebook](#) and [LinkedIn](#) and [twitter](#) tantalizingly offer the chance to reach younger potential clients at a cheaper cost but worries of running afoul of advertising rules written long before the birth of the new media force many firms to shy away.

"I've had a firm full of people coming up to me and saying 'why can't we do this?'" says **Stephanie Brown**, CCO at **Merriman** in Seattle. The firm has dabbled in new media. For example, it posts educational videos to [Youtube](#), but disables the ability for folks to link to it. Brown approves any blog postings, staff may maintain LinkedIn accounts but are forbidden to have clients as their "connections," and Facebook and twitter are off-limits for firm business and clients can't be listed as their "friends."

Staff are actually encouraged to create a LinkedIn account at **SPC Financial** in Rockville, Md.

"We think it's a great prospecting and networking tool," says CCO/ Director of Operations **James Jones**. The firm and its broker-dealer support these accounts, including employees listing their business affiliations, but prohibits "recommendations" so as not to tangle with Advisers Act [rule 206\(4\)-1](#)'s prohibition against testimonials. He also subjects a profile to review "because it's advertising," he adds.

The line gets drawn with Facebook and similar media, where the firm doesn't permit any business affiliation. Jones will occasionally monitor the sites for compliance. Use of social networking e-mail addresses for work purposes is verboten.

Horizon Investments in Charlotte, N.C., welcomes the use of social networking to network. When people can communicate with others in other firms "it's just good all around," believes CCO **Tad Cook**. The firm doesn't restrict employees from using networks like **Yahoo** instant messaging but did revise its policy to

amend disclosures in e-mails "so that it's very clear that he's not giving individual advice."

Lack of current SEC guidance

Many advisers expressed regret that the SEC hasn't waded into this arena with more contemporary guidance. The rules haven't changed since the 1990s, notes **Bob Bagnall**, a partner with **WilmerHale** in Washington. Firms engaging in electronic communications must comply with advertising rules and maintain records of the correspondence.

"If they can't police written communications that relate to the business of the firm, then the only viable solution" is to prohibit employees from using the communications for business purposes, he says. Even with such prohibitions, it's wise he says for compliance staff to conduct spot checks to be sure staff aren't abusing social networking.

The SEC doesn't require advisers to pre-approve advertising but it's a smart move, says **Daniel Bernstein**, director of Professional Services at **MarketCounsel** in Englewood, N.J. Any public communication "should go through some filtering by the firm," he recommends.

Most firms do prohibit the use of social networking during business hours. Others block access to certain sites from company servers. Brown even went so far as to contact Facebook to inquire if it would permit her to monitor user accounts – only to be told laws don't permit it to grant unauthorized access to a non-account holder.

You could monitor staff's online behavior by signing up as a friend or by periodically searching the sites for employee names, suggests **Matthew Shepherd**, an associate at **Core Compliance & Legal Services** in San Diego.

If you regard social networking as too risky a forum to attract new clients, you could see the sites as an ideal way for reps to strengthen their relationships with existing clients, says Bernstein. But be careful. It's best to keep personal and professional lives separate online, he adds.

In another century, firms would use the Yellow Pages as a marketing tool. **John McGovern**, a securities consultant in New York, doubted then that the ads reeled in many new clients and he questions whether today's new media would be any more successful. "It's almost always referrals" that land a new client, he says.

Still, it seems safe to put a link to your firm's Web site on Facebook, while prohibiting reps from using social networking to solicit business, says McGovern.

(Social Networking, continued on page 4)

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Social Networking (Continued from page 3)

Many of the social networking sites permit you to sign up to receive copies of any information coming or going to an account, notes Bernstein. This is a good way to electronically receive copies for recordkeeping. He further suggests you set up your firm's e-mail filter so these messages go through your system.

You can turn off recommendations under LinkedIn, which will help to avoid risks over claims of testimonials, says **Harry Chaffee**, a consultant with **Renaissance Regulatory Services** in Boca Raton, Fla.

Shepherd suggests you consider setting up an account restricted to only firm advertising to make monitoring easier. ■

Burned by Bernie (Continued from page 1)

number at DTC. "I thought it was the end game, over. Monday morning they'll call DTC and this will be over ... and it never happened," Madoff told Kotz from his prison cell in North Carolina.

The IG launched an exhaustive investigation – requested by former SEC Chairman **Christopher Cox** – after Madoff surrendered to authorities last December. Kotz examined everything from family members of SEC staff investing with **Bernard L. Madoff Investments Securities** to the love life of former OCIE Assistant Director **Eric Swanson**, who married Madoff's niece Shana. Aided by a contractor, the IG discovered 68 hits for the word "Madoff" within 3.7 million SEC e-mails and interviewed more than 120 people, including Cox and current Commissioner **Elisse Walter**.

'A very well-connected, powerful person'

Even though examiners heard warnings within OCIE that Madoff was powerful and well-connected, the upshot of Kotz's investigation found no "financial or

A sample policy around Internet usage

A peer passes along an example of a compliance policy addressing social networking and other hot Internet topics (see story, p. 3):

Employees may not use the Internet for any form of I.M. (instant messaging), non-work-related chat rooms or blogs, social networking sites, day trading, or gambling. Employees may not make any reference to the firm on any social networking sites without prior written permission. Employees may not engage in blogging that may harm the firm's public image or viability, and may not reproduce the company's logo or trademark on a blog. If employees mention the firm by name in their blogs, they should make clear that the blog does not reflect the opinions of the company. ■

other inappropriate connection with Bernard Madoff or the Madoff family that influenced the conduct of their examination or investigatory work."

The SEC received seven complaints about Madoff between 1992 and March 2008. One, in 2003, came from a compliance officer at an investment adviser. The unidentified officer told the SEC he was familiar with Madoff's supposed split-strike conversion strategy and that it couldn't possibly generate the returns claimed.

Despite "three examinations and two investigations being conducted, a thorough and competent investigation or examination was never performed," the OIG ultimately determined. "Yet, at no time did the SEC ever verify Madoff's trading through an independent third-party, and in fact, never actually conducted a Ponzi scheme examination or investigation of Madoff. "

Many experts believe verifying trading via an independent third party is critical to spotting a Ponzi scheme but amazingly **Doria Bachenheimer**, a former assistant director in the SEC's Enforcement Division in New York, continued to insist as late as this June that such verification wasn't "essential" to a Ponzi scheme investigation, according to the IG report.

Bachenheimer worked with Suh and **Meaghan Cheung**, a former branch chief in New York, on the 2006 exam of Madoff ([IA Week](#) , Feb. 23, 2009). Kotz noted several instances that demonstrated the team's incompetence, including the inquiry being hampered because Cheung "took an instant dislike to [noted whistleblower **Harry**] **Markopolos** and declined to even pick up the 'several inch thick file folder on Madoff' that Markopolos offered." The discord apparently was prompted by Markopolos' questioning the SEC's ability to understand derivatives.

Swanson and Shana

The OIG found no evidence that Swanson's romance with Shana Madoff affected the agency's inquiries. But the report cited a couple of items that seem puzzling.

Shana, who declined to be interviewed by Kotz, worked in compliance at the firm. Her father, **Peter Madoff**, served as the firm's CCO. Swanson first contacted her in connection with an OCIE QQQ exam in April 2003. Swanson's supervision of the Madoff probe ended in 2004. He told the IG the couple began dating in March 2006. He left the agency in September 2006 – in part because his boss, OCIE Branch Chief **Mark Donohue**, didn't approve of the relationship. They married in September 2007.

(Burned By Bernie, continued on page 5)

Burned by Bernie (Continued from page 4)

One puzzling example involving Swanson concerned the drafting of a document request letter to Madoff in 2004. Six drafts of the letter contained a request for a “detailed audit trail data, including the date, time, and execution price for all of BMIS’s trades in 2003,” according to the IG.

For some reason, the seventh and final draft removed the language. Someone had crossed out the wording and written beside it “save for next letter.” Donohue told the IG he believed he had taken out the request but didn’t recall why, and “Swanson had no explanation for why the request for detailed audit trail data would be eliminated.”

The second puzzling example followed a meeting between Swanson and Shana Madoff at a conference in St. Louis in 2005. Later that day, Swanson e-mailed Donohue inquiring as to the status of the Madoff exam. Swanson insisted he never talked with Shana about SEC business until after he left the agency – that just seeing her at the conference prompted him to ask about the exam’s status.

SEC family members invested with Madoff

The IG also discovered family members of two SEC staffers had invested \$1.5 million and \$500,000 respectively with Madoff. But the IG found no evidence that the investments “played any role in any Madoff examination or investigation.”

The report lists a number of reasons for the missed opportunities, including inexperienced examiners, bureaucratic infighting and distrust, poor communications, inspectors being enamored of and intimidated by the powerful and influential Madoff and taken in by the swindler’s claim that his “gut feel” for the market explained the supposedly stunning results, case loads and a lack of resources. Kotz didn’t buy the last one.

“The fact is that the SEC could have discovered Madoff’s Ponzi scheme with far fewer resources than were actually spent on the Enforcement staff’s Madoff investigation,” the IG stated. ■

Advisers share thoughts on SEC’s proposed money market funds reforms

More than 70 comments, many from RIAs, came in response to the SEC’s [proposed reforms](#) to money market funds after last fall’s debacle. Some expressed pleasure with the proposal; others pain.

“These rules will help to ensure that Money Market funds do not operate in a manner that exceeds their

fundamental objectives to provide liquidity and security of principal to their investors,” wrote [Sean Gautam](#), president of state-registered **Integrity Capital Management** in North Carolina, in commenting on the agency’s plan to amend Investment Company Act rule 2a-7.

Some of the proposed changes would “have the unintended consequences of actually imposing more risk on investors,” warned **Georgetown University** professor [James Angel](#). However, if the goal is to prevent a fund from breaking the buck, the SEC need only make sure a “fund never holds more than ½ of one percent of its assets in any paper issued by any one issuer, then even a complete loss from that one issuer would not result in that fund breaking the buck.”

Many wrote in to trash the idea of allowing floating NAVs. “This would likely lead to a significant outflow of assets from the money market funds into traditional banks,” offered [Matthew Simpson](#), executive VP & general counsel at RIA **GE Asset Management** in Stamford, Conn. A “shift to a floating NAV would impose a variety of burdens on funds and investors, including significant and expensive changes to the operational and recordkeeping systems.”

RIA **Deutsche Asset Management** in New York took a contrarian view. Managing Director [Joe Benevento](#) stated investors should be given the choice of choosing between a fund offering a stable or a floating NAV. Deutsche believes investors “will be adequately protected by either the newly proposed tighter restrictions in a Stable NAV fund or the added pricing transparency and risk mitigation of a Floating NAV fund.”

[Koji Felton](#), senior VP and general counsel at **Charles Schwab Investment Management** in San Francisco, commended the proposal to allow funds to suspend redemptions during liquidation.

The idea to mandate stress tests for funds makes sense, wrote [Scott Goebel](#), senior VP and general counsel at **Fidelity Investments** in Boston, but “we believe, however, that the fund’s adviser, not the fund’s board, is best positioned to determine the frequency of and criteria involved in stress testing.”

The SEC’s proposal to lower the threshold of illiquid securities from 10% to 5% of a fund drew a thumbs down from [F. William McNabb III](#), president/CEO of **The Vanguard Group**. “A five percent or similar limit would reduce the risk posed to funds by illiquid securities, while at the same time provide capacity for funds to purchase and help create a market for new and innovative money-

(Sharing Thoughts, continued on page 6)

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9:00 a.m. – 9:30 a.m.

Keynote Address:

SEC Regional Director Daniel Hawke

A year of momentous change didn't leave out the SEC – a revamped Enforcement Division, new exam priorities and cases as diverse as insider trading, subprime mortgages and Ponzi schemes. Discover how it's all shaking out and affecting firms by hearing first-hand from Daniel Hawke, regional director of the SEC's Philadelphia office. He describes the challenges the SEC faces, how exams have changed, what firms can do to boost compliance and provides a peek at changes yet to come.

Speaker: **Daniel Hawke**, director of the Philadelphia Regional Office, SEC

9:30 a.m. – 10:30 a.m.

Red-Hot Compliance Update: New Regulation, Heightened Exams, SEC Expectations, SROs and More

The changes keep coming. Congress espouses the need for new rules. Lobbying heats up over calls for an SRO for IAs, even as the SEC issues the stern expectation that firms be exam-ready at all times. Against this backdrop, get spot-on expertise and cutting-edge guidance from a panel of knowledgeable veteran insiders who analyze how today's hot compliance topics affect you and your firm and what you can do to be ready for all of the coming changes.

Speakers: **Tom Biolsi**, associate regional director of the New York Regional Office, SEC; **David Blass**, attorney, Willkie Farr & Gallagher, LLP; **Michael Butowsky**, partner, Mayer Brown; **J. Christopher Jackson**, director and head of U.S. Retail Legal, Deutsche Asset Management

10:30 a.m. – 11:00 a.m.

Refreshment Break

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— Vincent Rossi, Inspired Capitalworks

11:00 a.m. – 12:00 p.m.

Lessons from Recently Examined Firms: Be Ready for More Rigorous SEC Exams

The SEC exam process continues to evolve, driven by pressure from Congress and the discovery of Ponzi schemes like Bernie Madoff's. This session reveals the current hot topics being pursued during exams. It'll be like you're sitting in on an exam – only the scrutiny falls to another firm – as you hear first-hand from CCOs who recount their recent experience with examiners. The panel also discusses the SEC's reinvigorated SEC exam activities, including new sweep exams, RAVE surveys, telephone exams, client inquiries and more.

Speakers: **John Walsh**, chief counsel, Office of Compliance Inspections and Examinations, SEC; **David Lui**, CCO, First American Funds; **Chris Marzullo**, senior counsel & CCO, Brandywine Global Investment Management; **Karen Huey**, owner, Professional Compliance Assistance

12:00 p.m. – 1:15 p.m.

Luncheon Speaker

1:15 p.m. – 2:15 p.m.

Innovative Ideas to Improve Your Code of Ethics and Train Staff Toward Better Compliance

A code of ethics that fails to reflect shifting risks amounts to a recipe for regulatory trouble. Keep your code current and accessible with practical, hands-on guidance from peers who have successfully revised theirs. Discover the pros and cons of precise legal writing versus easily readable plain English. Find out how to identify best practices in codes of other firms and how to adapt those practices to yours. Plus, see before-and-after examples that demonstrate how to take a bureaucratic policy and transform it into an attractive, clearly written document that increases employee awareness and reduces “junk” violations. Other topics covered include online staff training, gifts and entertainment and re-jiggering sanctions.

Speakers: **Dan Kahl**, branch chief, Division of Investment Management, SEC; **Jennifer Lammers**, CCO, Ameriprise Financial; **Richard Manoogian**, CCO, Northeast Investment Management; **Josiah Fisk**, owner, Firehouse Financial Communications

2:15 p.m. – 3:15 p.m.

Staying on the Right Side of the Compliance Line with Performance Advertising and Marketing

Discover the SEC's perspective on what firms are doing right and wrong when it comes to performance advertising. Also, know the latest on a new way to demonstrate past-specific recommendations, pointers for rolling up performance data from underlying funds, how to account for fees and what tests you can deploy to spot advertising that strays from the

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rules. The panel also looks at the challenges of maintaining GIPS compliance and how to establish a program set up in a way to keep it compliant. You'll also hear about the next generation of GIPs standards, as well as the pros and cons of gaining the certification.

Speakers: **Sarah Bessin**, assistant director, Division of Investment Management, SEC; **Kim Paschall**, CCO, Ameritas Investment Corporation; **Michelle Jacko**, CEO, Core Compliance & Legal Services

3:15 p.m. – 3:30 p.m.

Refreshment Break

Network with your peers in the exhibit hall

3:30 p.m. – 4:30 p.m.

Solutions for Your Trickiest Compliance Problems

Your boss calls you into his office and describes a new business idea and you recognize immediately the concept is chock full of compliance risks. What do you do – especially in these challenging times? This panel welcomes your most difficult on-the-job scenarios – and you get answers to help resolve them. This interactive session seeks to hear your most vexing real-life cases. Your challenge could be summoning the muster to ask for a larger compliance budget in lean times. Perhaps it's when you discover evidence your boss may have crossed the compliance line. Or how to take on that top trader who constantly cuts corners. Whatever the dilemma, this panel offers you solutions.

Speakers: **Veronica Stork**, CCO, Trilogy Global Advisors; **Lee Unterman**, attorney, Kurzman Karelsen & Frank

4:30 p.m. – 5:30 p.m.

Real-World Guidance on How to Conduct and Document Compliance Tests and Institute Solutions

Every exemplary compliance program includes robust testing. As the SEC has stated, how else could you assess how you're doing? We close our conference by giving you a treasure trove of tests you can try in your shop, including for best execution, back-testing, trade errors, code of ethics, marketing and more. Your handout includes some sample policies, too. You also get suggestions for analyzing and reporting results, preparing documentation for SEC examiners and using the power of the data to compel your firm to change.

Speakers: **Gene Gohlke**, associate director of the Office of Compliance Inspections and Examinations, SEC (invited); **Marianne O'Doherty**, CCO, Smith Breeden Associates; **Robert Tull**, vice president, compliance officer, ING Clarion Real Estate Securities; **John Schrier**, investment management and tax attorney

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To make your room reservation at the conference discounted price of \$189 per night, please call the hotel at (215) 627 – 1200. Be sure to mention you are with the Fall IA Compliance Conference in order to take advantage of our special room rate. Please be sure to make your hotel reservation as soon as possible, as the cut-off date for our special rate is August 22, 2009. After that date, the rate will be based on availability and cannot be guaranteed.

Airline Discount:

We have negotiated special discounted meeting fares with United Airlines. To take advantage of savings up to 10% off published domestic fares, please call World Travel at 1-888-602-6534, or call United Airlines directly at 800-521-4041 and refer to File # 582PV.

Car Rental Discount:

Avis Car Rental is offering conference attendees a special discounted rate. To take advantage of this rate, please call Avis directly at (800) 331-1600 and refer to AWD # T706699.

Cancellation Policy:

If you are unable to attend, you are welcome to send a substitute. Or if you cancel in writing by August 14, 2009, you can get a full refund. After that date, there is a \$500 fee, provided we receive a written cancellation before the conference. Registrants who do not cancel and who do not attend are liable for the full conference fee.

100% Money-Back Guarantee:

If the 9th Annual IA Compliance Fall Conference does not give you the guidance you need to manage compliance effectively, we'll refund your entire registration fee. No questions asked.

General Conference Information:

Program Level: Intermediate
Prerequisites: None
Recommended CPE Credits: 7.5
Type of Delivery Method: Group-Live

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Sharing Thoughts (Continued from page 5)
market-eligible securities,” he added.

Barbara Palk , the president of **TD Asset Management**, an RIA based in Toronto, cut up the agency’s plan to reduce the maximum maturity of non-government securities from 397 days to 270 days. This would “cause more harm than good” as debt issuers “would need to refinance more often and would be exposed more frequently to market risk, further threatening market stability.” ■

Coping Skills (Continued from page 1)

Another study, by ITPolicycompliance.com , finds that firms that embrace business automation in compliance enjoy 17% higher revenues, 14% higher profits, 18% higher customer satisfaction rates, 17% higher customer retention levels and spend 50% less on compliance annually. ■

Read the FINRA exam letter that probed business with IAs

Good things are worth waiting for. Back in February we told you about a [FINRA sweep exam letter](#)  that asked broker-dealers about the business they conduct with investment advisers ([IA Week](#) , Feb. 2, 2009). The **Bernie Madoff** scandal prompted the emergency exam. Although someone shared a copy of the letter with us, the source declined to permit us to share it with you. Well, a new source clings to no such restriction, and so you can now view the exam letter at www.iawatch.com . ■

Changes to SARs system bring new feedback

Last week ushered in a tweak to **FinCEN’s** suspicious activity reports reporting system. Beginning Sept. 12, when you file a SAR, you will receive an acknowledgement via e-mail that your filing has been received ([IA Week](#) , June 16, 2008). If you use the batch option, you will have to enroll to receive the acknowledgements. In December, FinCEN expects to enhance the system with data validations. ■

SEC finds accused fraudster tied to investment adviser

It appears the **SEC** has tracked down accused

fraudster **Glenn Manterfield** ([IA Week](#) , Aug. 24, 2009). The agency had found it somewhat difficult to serve papers to Manterfield, who lives in England. The papers relate to disciplinary action sought in response to the case around RIA **Lydia Capital**. A new [order](#) indicates the SEC has served Manterfield, even as it reminds the accused “that he must identify his current address and provide a telephone number where he can be reached during the Commission’s business hours.” ■

What's your toughest challenge?

Let us know; we'll find solutions. Underwent a recent exam? Confidentially tell us how it went. Call Carl Ayers at 301-287-2435 or e-mail cayers@iaweek.com . ■

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