

LETTERS TO THE EDITOR

Dear Editors:

Thank you for the publication. It often is a wealth of industry information. And I look forward to reading the mailed issue weekly.

Lately, it seems there is a political agenda the publication is trying to push.

There is much emphasis on women, on “diversity”, on SRI and ESGs, on “giving back,” and on anything else PC. All of which is debatable in customer value, and at best, beside the point.

Rather, one wishes to see more on advisers, brokers, reps, and agents who have saved or made money for clients, on diversification, on use of noncapital markets such as insurance products, on planning, on delivering great value to customers even if it means lower income for the sales agents/brokers, and so much more.

Let’s have more debate on the fiduciary standard vs. commission, on active vs. passive, on individual securities vs. funds, on planning vs. investment management only, on “alternatives” vs. “plain vanilla” portfolios, etc.

The industry also could use a little more help in the trenches. There seemingly now is too little on how to identify, evaluate and select good custodians, software, deliverables to customers, communication skills and media, practice management, marketing and sales, M&A and business

finance, as well as other “back office” support products and services — in short what it takes to be a good customer and employee advocate.

One hopes it is not due to excess pressure from leftist CEOs of major fund firms whose advertising pays for the publication. Surely, the startup platforms, compliance, consultants, and technologies would like to have a seat at the table.

Always, all the best!

Mitch Levin
Former CEO, Managing Partner
Summit Wealth Partners

Dear Editors:

In Mark Schoeff Jr.’s article published Sept. 11, “Brokerages push to extend delay of on-site inspections,” one of the compliance experts quoted notes that compliance oversight is not necessarily dependent on having in-person inspections of adviser offices.

As a compliance professional with more than three decades of experience in compliance and supervisory roles at broker-dealers who has done over 1,000 in-person inspections, I believe that nothing could be further from the truth.

The quoted compliance expert’s argument would hold water if the main purpose of in-person examinations was simply to confirm proper documentation of transactions and other more perfunctory tasks, as was the case when Finra’s rules on in-person inspections were written decades ago.

Now modern technology has rendered that purpose ... obsolete; transaction documentation is held electronically, and the somewhat mechanical task of checking that they are in order can easily be done remotely.

What is not obsolete, however, is fraud. Advisers unfortunately still engage in selling away ... Evidence of selling away and other nefarious activities ... are impossible to be detected in a remote inspection. Violations of this sort can only be uncovered in an in-person inspection by a trained professional who knows what such evidence looks like.

What’s more, any suggestion by Finra that remote audits can replace in-person inspections wholesale would send the wrong message to potential fraudsters. Imagine what these bad actors would be emboldened to do if they knew that no inspector would be knocking on their doors any time soon. The possibility of an in-person inspection is certainly a factor in keeping them honest.

To be clear, I’m not suggesting that there should not be allowances for remote inspection during the pandemic. Safety of all parties in an inspection is crucial. Yet, Finra should be wary of making wholesale changes to current inspection requirements. In-person visits are there for a reason: They root out fraud in ways that remote inspections simply cannot, thus providing investors with a significant layer of protection.

Sincerely,
Sander J. Ressler
Co-Owner/Managing Director
Essential Edge Compliance
Outsourcing Services



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