

SEC, NASAA warn investors to be wary of financial planning titles

Bulletin echoes April report on licenses vs. designations

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The alphabet soup confusion faced by investors has led the **Securities and Exchange Commission** and the North American Securities Administrators Association to issue a note about the plethora of designations used by financial advisers.

The SEC and **NASAA** make two key points in the joint bulletin issued today: that financial professional designations and licenses are not the same, and that investors should not rely solely on a title to determine whether a financial adviser has the expertise they need.

“We know there are a number of titles and designations out there, some legitimate and some not so,” said Bob Webster, NASAA’s director of communications. “We wanted to send out this notice out just to give investors a quick resource to help them distinguish between the legitimate and illegitimate titles.”

In April, the Consumer Financial Protection Bureau submitted a report to the SEC and Congress that highlighted the dangers endemic in the proliferation of “senior designations.” The report noted that some unscrupulous operators have taken advantage of elderly consumers by touting their qualifications and selling “inappropriate and sometimes fraudulent financial products and services.”

The SEC-NASAA bulletin also recommended that investors avoid relying on titles to determine whether an adviser has the requisite expertise to manage their money because many labels accredited by outside organizations are neither earned by merit nor provide a means of recourse in the event of problematic activity.

“While some private groups that grant titles may provide a method for you to complain about one of their members and can discipline a member for conduct, there are other groups that do not take complaints or discipline their members,” the report said.

The report concludes with a number of resources for investors to consult when judging the expertise of an adviser, including links to the **Financial Industry Regulatory Authority** Inc.'s descriptions of the education and experience requirements for certain titles and databases investors can use to confirm the legitimacy of designations used by advisers.

“We want to help investors know who they're dealing with exactly and what they've done to earn their titles,” Mr. Webster said.