PRESERVING PROFESSIONALISM

Don't take a wrong turn. Adopting a culture of compliance will drive your practice steadily to success. By Ellen J. Bessner

I have written this column and provided training to advisors for years, and I hope I have conveyed how and why you must comply with your regulatory and legal obligations.

Why value compliance? In short, compliance leads to successful and lucrative businesses, while non-compliance leads to no business at all. If advisors value compliance instead of treating it as a necessary evil, they may be pleasantly surprised with what transpires.

If you want to be treated like a professional, it's mandatory you comply with your legal and regulatory obligations. With a culture of compliance, you and your team will spend less time and money on lawyers defending you and more time with your clients. Adopting this culture will also lead to less time spent responding to trade inquiries and more time building your book of business. Having no record of regulatory breaches will allow you to feel confident and proud of your professionalism and squeaky clean reputation.

The three most valued aspects of an advisor's business are reputation, licence and money. Neglecting to nurture a culture of compliance will dampen your reputation, hamper your licence preservation and set you off-course from an otherwise lucrative career as an advisor.

Let me be perfectly clear: Your reputation will be at risk even if you're the subject of a *single* client complaint to a regulator, or if an action is commenced against you. Local and national newspapers as well as industry publications have access to the information filed in courts, and regulators' Web site bulletins publicize in detail the names of the advisors and corresponding allegations, keeping it posted for several years.

Those of you who are MFDA registrants should routinely check these sites—particularly the IDA's, which you'll find instructive. It's similar to the MFDA's own enforcement group which is presently in full Web gear, with regularly posted disciplinary bulletins.

Thus, you have been warned: The smearing of your reputation online and in the media isn't the only threat to your practice. With any client complaint you risk losing your licence, and, if the allegations are serious, you may also be placed under close supervision whereby compliance will be obliged to scrutinize your every move.

Moreover, one negative incident can invoke the violation of several regulations which, in turn, can result in severe penalties—upward of $1 million per violation (See my article "Sky is the limit," *Advisor's Edge*, November 2002).

So, if you are not yet clear on your compliance obligations, learn them, comply with them and keep yourself updated. After all, the regulations only set out the minimum requirements. To protect your reputation and licence, you must do more. AE

Ellen J. Bessner is a lawyer at Gowling, Lafleur, Henderson. She practises in the area of brokers' liability and offers compliance training to brokerage firms. The above is intended for a general audience and should not be considered legal advice. "Compliance Check" appears every other issue.

ANNOUNCEMENT

John Milne, Senior Vice-President of Rogers Publishing, is pleased to announce the appointment of Ann McDonagh to the position of Group Publisher, The ADVISOR Group. Ann comes to Rogers from Brunico Publishing, where as group publisher and vice-president, she was responsible for Strategy and Playback magazines, their Web sites and their conferences. Her career also includes experience with the Globe and Mail, Standard Broadcasting, SMW, Ian Roberts Advertising and Needham, Harper and Steers Worldwide.

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