

BUSINESS THAILAND

Can you tell if your broker is a Snake Oil Salesman, or one who works in your best interest?

When it comes to investing your savings to take an income throughout retirement or indeed for any of the myriad reasons people invest money one thing is for sure, everyone wants to maximize their income while taking no risk.

If your broker tells you this is possible drop him like a brick. There are ways of course to maximize income but it will always involve some risk.

So this drives me this month to have a look at the general quality of expatriate brokers in Asia. There are many good quality qualified brokers with integrity but how can you tell you are dealing with one?

Many people retiring here having sold a property abroad may for the first time in their life have a substantial sum of money and may have never had dealings with any financial institution other than their High Street bank. So it's important to have a few guidelines for your own protection.

Most of the articles I read always emphasise that you must make sure the person you are dealing with has a professional qualification. I can speak as a certified Financial Planner from the British CII and an MBA in Financial Risk Management from a British University when I say that for me this is the least of the concerns you should have.

Obviously your broker need to know more about financial planning than about double glazing but the biggest scams pulled on innocent investors are usually by the super qualified.

Don't you think that the accountants who were scamming investor's money for James Anderson while cooking Enron's books had qualifications from Harvard?

Merrill Lynch who has a track record of cheating investors and fines of many millions of dollars bear testament to that, would not recruit a non qualified adviser.

I doubt very much if any of the scams on Wall Street, exposed by Elliott Spitzer the New York Attorney General ever involved non qualified people. Be careful

If I arrive to meet you for our first appointment in a Ferrari wearing a designer suit and Gucci loafers, how comfortable will you feel? - maybe very comfortable if our meeting is aboard your 10 Million dollar yacht. If that's the case I would probably be working for Merrill.

For most brokers this is fantasy investing. Real people are not like that.

I arrived on a motorcycle once and left the headlights on so on departure my prospect had to give me a push. Did he do business with me? The answer is yes- to the tune of Stg200,000

You may wonder why. My wife had the car and it was a beautiful day for the bike.

I know that Gucci loafers and an Italian designer suit would not have impressed someone who had worked and saved hard to amass a retirement nest egg. What impressed him was the basic steps I told him to take to protect himself.

First ring the financial institution recommended by me and ask them if they had ever met David Thrifty. Did they feel I was trustworthy for him do business with. Most institutions don't like these calls. They normally insist that brokers are acting for you the investor and not them the institution. Of course they are right but if the broker has a good track record with them they will not hesitate to say what they think.

Second make sure the financial institution recommended to you has a track record of at least 100 years and has at least 100 Billion dollars under management.

If they don't, why take the risk?

Thirdly, you will receive a bank account

number to transfer money to from the bank currently holding your assets. Look this bank up in an international phone directory. Ring and ask them the account number for the financial institution recommended as you want to transfer money to them. If they give you the account number it should match the number given by your broker. If they do not give it ring the institution and they will.

If it doesn't match-run

Fourth-If you're investing in a hedge fund make sure it is guaranteed by an international well known bank. Forget anything guaranteed by a non mainstream bank. If it is not guaranteed, forget about investing in it.

If you feel this is all too much and leave it to your offshore bank, then you will get a visit from a "Marks & Spencer" suited youth with little life experience and selling from a limited menu.

And finally make sure your broker has a financial stake in the country where you're living. I personally would not invest with a broker who had not lived in Thailand for at least ten years, owns at least one property here and has a long term commitment to the country-i.e. a Thai wife and family. What are the chances he will have any commitment to you if he has no commitment to the country where you are living?

If you follow all these simple guidelines the chances are that your money will not be ripped off. Asset allocation, the main ingredient in successful portfolio selection is a whole different ballgame which we will look at in future articles.

*Your comments appreciated to
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