Advisor Connect

Operations Newsletter

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Cybercrime and Fraud Prevention

Would you be able to spot a scam before it happens? The most common types of attacks are sent through email, text messages, and phone calls that appear at first glance to be legitimate.

Most recently scammers are impersonating custodian or regulatory employees. The Financial Industry Regulatory Authority (FINRA) issued an alert regarding an active email phishing campaign in which individuals are impersonating FINRA personnel.

Signs of a possible phishing scam:

• **Urgent or threatening language:**
Cybercriminals often prey on a client's emotions and use urgent or even aggressive language to force decision making without thinking.

• **Specific payment methods**:
Cybercriminals often ask clients to use unusual payment methods like gift cards, wire transfers, or digital currency such as bitcoin.

• **Unexpected security alerts:**
Cybercriminals will ask clients to confirm text verification codes, date of birth, or social security numbers to move forward with a fraud case.

Here are some tips to help protect your firm and clients:

• **Give all requests for funds a second look.** If an email looks strange, look up the sender or call the client to verbally verify the request.

• **Slow down** and do not feel pressured to respond to a call or an email right away. Verify the caller or senders' information independently.

• **Do not use phone numbers listed in emails or left on a voicemail.** Verify the number separately.

• **Hover over links** to reveal the website's URL to see where the link really leads.

• **Never click on links or download attachments** in texts or emails from unexpected people or companies.

Changes to Schwab DocuSign Authentication

Charles Schwab requires all signers to use multi-factor authentication when accessing a DocuSign envelope.

In the past, a code would be sent to the signer's cellphone to verify their identity. Beginning August 3rd , additional knowledge-based questions will become mandatory alongside the SMS authentication to increase security measures.

The client will receive an email alerting them of the DocuSign request. Upon accessing the envelope, they will be prompted to input their personal information. Clients will be required to provide their home address; SSN and birthdate fields are optional.

Although it is marked as being optional, it is best practice for clients to add the additional information. Clicking next will take the client to a page with multiple choice questions related to their identity such as past phone numbers, addresses, names, and people associated with them.

A few examples are:

1. Please select the address you have been associated with in the past

A. 555 Pelican Dive
B. 444 Seagull Lane
C. 333 Hummingbird Ct.
D. 222 Kiwi Blvd
E. None of these addresses

2. Please select the phone number you have been associated with in the past:

A. 925-123-4567
B. 555-555-8888
C. 131-131-1313
D. 222-222-2222
E. None of the above

3. Please select the current age range of (signer family member).

A. 13-18
B. 19-30

• **Verify the domain** by looking for subtle variations or spelling mistakes. For example, dave@gemmerllc.com vs david@gemmerll.com.

• **Enable Multi-Factor** Authentication (MFA) when given the option. It is an authentication method that requires the client to provide two or more verification factors to gain access to a secured platform.

• **Follow internal protocols** for escalating potential phishing attempts.

• **Engage in regular phishing simulations** with firm employees to strengthen your firm's response to potential threats.

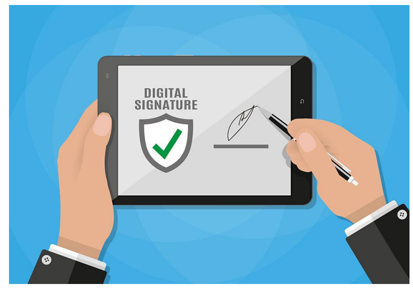
If your firm or a client experiences a possible phishing incident, please alert the custodian as soon as possible, as they may be able to assist with heightened security measures to help protect your clients' accounts, and their assets. A member on the Gemmer Operations Team can also assist in reaching out to custodians regarding stolen identity cases or phishing scams.

C. 39-50
D. 51-70
E. 71-100

After these questions are answered correctly, the code for the SMS confirmation will be sent to the signer. After putting in the code, they can then access the forms.

A signer can fail authentication 2 times. After the second failure, the forms will need to be wet signed.

We at Gemmer understand that this can be a difficult transition and we will be here to answer any questions for your clients.



Schwab Changes to Address Updates

In June of this year, Schwab changed the way they update a client’s legal and mailing addresses.

New Account Application & Change of Address Forms for New & Existing Clients:

If the mailing address is left blank, Schwab will update the mailing address to match the legal address and **remove** any existing mailing address the client may have had on **all** accounts. This includes all existing managed and non-managed accounts. It is best practice to confirm with the client if there is a mailing address on all of their existing Schwab accounts.

It is also best practice to fill in both the legal and mailing addresses (even if they are the same) on both the New Account Application & Change of Address forms. Please see the attached Address Change Chart for more details. If you are unsure if your clients have an existing mailing address on file with Schwab, please reach out to a member of the Gemmer Operations Team and we will assist you.

Updated Procedure For Schwab DocuSign

As a reminder, Schwab discourages non-Schwab forms in their DocuSign envelope for processing. This includes any of your own contracts along with any of the Gemmer paperwork (such as our Investment Advisory Agreement, Personal Financial Advisor Disclosure Statement, Portfolio Guidance, etc). Going forward, we will divide out the Schwab and Gemmer paperwork in separate envelopes.