

Advisers warn clients to watch out for Haiti scams

Clients cautioned to avoid upstart charitable organizations

By **Lisa Shidler**
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Advisers are warning their clients to donate only to well-known organizations if they want to help victims of the Haiti earthquake.

Scams are always a concern, of course, and this time advisers are taking a proactive approach by sending out e-mails to clients that provide pointers about potential scams to avoid and guidelines on how to research charity groups.

Rand Spero, a principal at Street Smart Financial LLC, which manages \$23 million in assets, cautioned his clients not to contribute to a telemarketer. He has also urged them to be careful about e-mail solicitations from organizations they've never heard of.

Mr. Spero recommended instead that clients perform the same kind of due diligence they would when researching an investment.

"When people are responding to a crisis why not deal with established firms," he said. "No one's been able to make a convincing argument to me to donate to an organization that's not established. It's not like a speculative stock. This is not something you want to be speculative toward."

Mr. Spero said he has spoken with clients about donating to established organizations like Doctors Without Borders and the American Red Cross. He also encourages clients to go to the website of GuideStar, which is an organization that analyzes non-profit groups, including how they compensate executives and their annual fundraising efforts.

Because of the fear of scams, Lon Dolber, president and chief executive of American Portfolios, a broker-dealer with \$11 billion in assets, sent out a release on his firm's intranet to advisers encouraging them to donate to the American Red Cross. His firm donated \$2,500 to the Red Cross.

"We're steering all of our brokers to donate through the Red Cross," he said. "Haiti is a pretty corrupt country. They've got to be careful because there's going to be a lot of stealing and people being taken advantage of. It's best to go through the American Red Cross."

He suggested that clients or advisers turn to the Better Business Bureau to investigate charities.

Laura Scharr-Bykowsky, a certified financial planner with Ascend Financial Planning LLC, is sending an e-mail to her clients today outlining guidelines, including potential red flags, when looking for a charitable

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organization.

For example, Ms. Scharr-Bykowsky is reminding clients to get documentation of their contributions and keep copies for tax purposes. She's a member of the Garrett Network and is a fee-only adviser.

Ms. Scharr-Bykowsky said she has also been telling clients to look closely at the organizations they're thinking of funding. She and her husband decided to donate to World Vision, a non-profit group that offers help to children in foreign countries. She has donated to this organization for several years by sponsoring a child.

She called World Vision today and learned that it has doubled its staff to 800 since the earthquake, and is trying to help match children with relatives outside Haiti.

"I know exactly where my money is going," she said.

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