How Do You Know That Your Exchange Funds are Really in the Bank?

In recent months we’ve learned of Bernie Madoff and others who perpetrated frauds upon their clients, most recently, Russell Wasendorf, Sr. of Peregrine Financial Group (PFGBest). These trusted investment brokers created fake statements to cover up their theft of client funds. Wasendorf has admitted that he forged actual bank statements using scanners, Photoshop, and desktop printers. He fooled auditors, regulators and clients into thinking that there was proof from the bank that client funds were all there.

We at Investment Property Exchange Services, Inc. (IPX1031®) take security of client funds seriously. We have multiple safety and security features in place, but stories like this make us all wonder, “Is my money really safe?”

At IPX1031® the answer is decidedly, “YES.”

1. As a large company, we are able to protect our clients through a separate banking staff that handles everything related to client funds. Neither coordinators, sales executives, nor the President or other senior management of IPX1031® have any rights or abilities to open or close bank accounts or to transfer funds. Control over our bank accounts is strictly limited to our multiple person banking staff. Separation of duties is a critical audit control, and having dedicated staff in which no single person has unfettered control or access over bank accounts eliminates opportunities for embezzlement of our client funds.

2. All of our clients receive monthly statements directly from the bank, not from the Qualified Intermediary. IPX1031® is never in possession or control of the statements sent by the bank to our clients. This separation eliminates any opportunity for any fake statements and allows our clients to see all transactions and balances affecting their accounts.

3. All of our clients’ exchange funds are held in segregated accounts for the benefit of the named Exchanger, using the Exchanger’s taxpayer identification number. This structure makes clear that the funds are not “owned” by IPX1031® and preserves the integrity of all transfers related to a specific exchange, making all transactions easily traceable back to the specific exchange.

4. All disbursements of exchange funds require written authorization of our client.

5. All disbursements of exchange funds require dual authorization internally. No employee, acting alone, has ability to disburse any funds from an exchange account.

6. IPX1031® further protects our clients with a $100 million fidelity bond, a $50 million written performance guarantee, and $30 million in errors & omissions insurance.

7. As a wholly owned subsidiary of Fidelity National Financial (NYSE:FNF), IPX1031® is subject to audits, controls and a level of financial transparency about the entire organization that is not required of privately held businesses.

When selecting a Qualified Intermediary, pay close attention to the security features in place to protect client funds. When you choose IPX1031® as your Qualified Intermediary, you can be confident that your exchange will be handled expertly and that your funds will be safe, secure, and available when needed. Please call us when you are in need of exchange services.