

News

David Kaleda Joins PLANADVISER To Discuss Why Plan Advisors Audits Are On The Rise

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PUBLISHED

04/01/2020

SOURCE

PLANADVISER

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Principal David Kaleda was quoted in a recent *PLANADVISER* article, “Staying Audit Ready in a Turbulent Time,” where he explained why retirement plan advisers need to be prepared for potential audits by the Securities and Exchange Commission (“SEC”), the Department of Labor (“DOL”) and the Financial Industry Regulatory Authority (“FINRA”), given their particular interest in how advisers are paid.

“I have been working in this industry since 1997, and 10 to 15 years ago, almost all of the DOL’s investigations into retirement plans were focused on plan sponsor fiduciaries,” Kaleda said. “It was pretty rare that advisers or service providers were the subject of their inquiries. Today, we see about half of their inquiries are into advisers.” The reason for this, Kaleda explained, is the DOL realizes it can impact and protect more plans by scrutinizing advisers, given their influence, compared with individually looking into single retirement plans. The DOL and the SEC are particularly interested in how advisers are paid, he added.

“They want to know if the compensation is level, if a firm obtains revenue sharing or if it collects service fees from mutual funds,” he continued. “They want to know if those fees comply with ERISA or if there are any prohibited transactions. They will also check to see if the adviser is recommending proprietary products from an affiliate.”

To read the article, click [here](#).