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Contact Us

If you have questions, send us an
email or give us a call.

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Connect with DFI on Social Media

Visit the DFI's social media profiles on [Facebook](#), [LinkedIn](#) and [X \(formally Twitter\)](#), for information on the department's activities, personal finance tips, investor education, scam warnings, and other timely news to help protect investors. Please feel free to share any content that you find useful, and "like" or "follow" our social media profiles so that you can receive future posts in your social media newsfeeds.

New NASAA Investment Adviser Representative Continuing Education Course Catalog is Available

If you haven't been to the Investment Adviser Representative (IAR) Continuing Education (CE) [course provider listing on the NASAA website](#) for a while, you might want to check out the major upgrade that launched in early March.

The never-ending clickable course provider list has been updated into an interactive, user-friendly course catalog that you can browse, search and filter. Looking for a course covering a specific subject matter? There's a filter for that. Need a course that awards both IAR CE and CFP credits? There's a filter for that. And each course that displays in your filtered list will give you a description and details about the course, making it easier for you to find the courses you're looking for. The catalog will then link you to the provider's website to register for the course.

This new catalog provides a centralized platform where you can browse every NASAA-approved IAR CE course in one location. You can filter offerings by subject matter, course format, provider, number of credits, level of complexity, and whether the course awards credit for other professional designations. Check it out!



New Wisconsin IAR CE Course is Available

We are excited to announce the newest Division of Securities IAR CE course for investment advisers — Recordkeeping: Apparently It's Important.

This course satisfies one (1) credit of the Ethics and Professional Responsibility requirement. It covers Wisconsin administrative rule sections DFI-Sec 5.03 (recordkeeping and retention requirements), 5.04 (what events need to be reported), and 5.05 (business practice and advisory contract rules).

Course: Recordkeeping: Apparently It's Important
IAR CE: 1 credit, Ethics and Professional Responsibility
Where: Access [Wisconsin's recordkeeping course on NASAA's website](#)
Cost: \$3 FINRA reporting fee

Please be aware this course was also presented at our live seminar on October 9, 2025; if you attended this in-person seminar, you cannot retake the course for additional CE credit. However, you are always free to review the course for a refresher on recordkeeping requirements.

Have an idea for a Wisconsin IAR CE course? As we continue to develop additional CE courses, we are always interested and open to hearing from you. Feel free to contact Lily (Lily.Castonguay@dfi.wisconsin.gov) with any CE course topic ideas.

Securities Administrative Code is Updated

The Division of Securities has updated its administrative code applicable to the registration and conduct of investment advisers and broker dealers. For this newsletter, we will focus on a few important updates for investment advisers and investment adviser representatives.

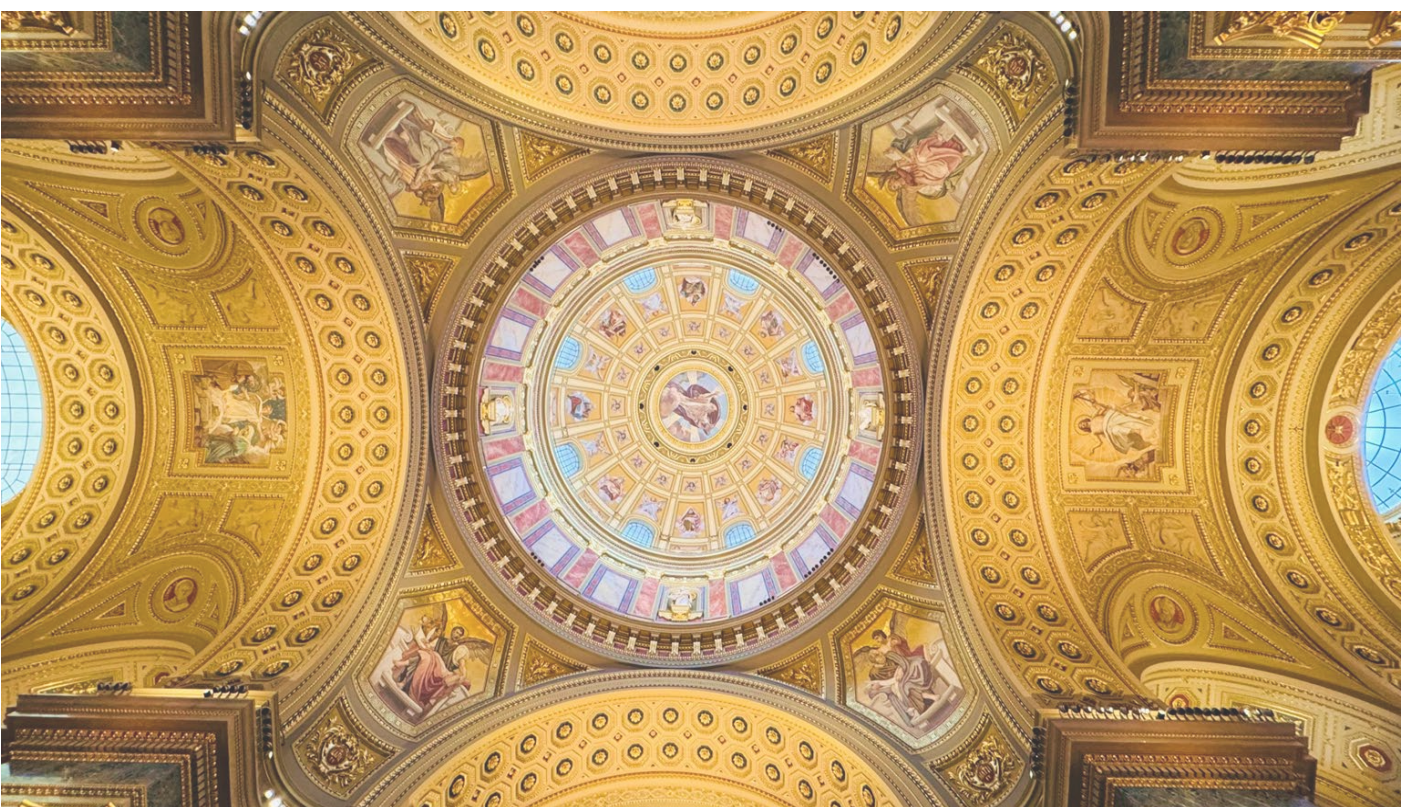
Under [DFI-Sec 5.06\(25\)](#), it is now prohibited conduct to access a client's account using the client's own unique identifying information, such as their username and password. Prior to the adoption of the rule, when examiners encountered this activity on exams, we encouraged firms to move away from the practice. Now that the rule has been adopted, firms may no longer use their client's username and password.

Additionally, the prohibited conduct rule, [DFI-Sec 5.06\(26\)](#), now specifically condemns the failure to act as a fiduciary.

The "written supervisory procedures" rule, [DFI-Sec 5.05\(1\)](#), has been updated to reflect certain best practices. Advisers should review the full rule text to ensure that they have adequate written supervisory procedures that are tailored to their business model, and an effective system for applying the procedures.

The NASAA Exam Validity Extension Program model rule, [DFI-Sec 5.01\(4\)\(f\)](#), has been formally adopted by Wisconsin. This means that investment adviser representatives who terminate their registration can extend the validity of their professional qualification exams (such as the Series 63 and 65) by up to 5 years by opting into the program, paying an annual fee, and maintaining certain continuing education requirements.

These are some of the more significant changes made in the latest securities rules update. If you have questions regarding these changes, please contact Carlo (carlo.reiter@dfi.wisconsin.gov).



Succession Planning Q & A Presented by Examiner Joe Friesen and Adviser Larry Brunette



Last April, Larry Brunette received notice that his business partner had unexpectedly passed away, leaving him as the sole investment adviser representative of a firm built for two. This news brought a litany of to-dos, logistical challenges, and difficult conversations. Luckily, Larry and his partner had the foresight to implement a succession plan that helped Larry pick up the pieces and continue to serve their clients in the aftermath of a personal and professional tragedy.

Recently, Larry was gracious enough to answer some questions from the Division of Securities about his situation so that other firms can learn from the experience.

Joe's Questions

How was the firm structured before the transition?

What were the factors that encouraged you to set up a succession plan at your firm?

Did your clients know about the succession plan? If so, what was their reaction?

How was your succession plan structured?

Larry's Responses

Our firm was structured as an LLC with an operating agreement that had my business partner and I listed as decision makers. The operating agreement was also written in a manner that stated the death of one member would not constitute the dissolution of the firm, but the remaining member would become 100% owner of the firm.

Some of the factors that made us have a succession plan were business planning, family security, and career security. We wanted to make sure that the other party would not be in a position where we were suddenly unemployed because of an unexpected death. We always discussed what is the worst-case scenario and then took actions to avoid it.

Unfortunately, my partner's group of clients were unaware of the succession plan. This made for some tough conversations when he passed away unexpectedly last year. I was able to retain all of his former clients, but it could have gone much smoother had he informed them of our succession plan.

Our succession plan was structured through our LLC's operating agreement. It was established in this way to create a plan for business continuity as my business partner was uninsurable due to preexisting medical issues. This prevented us from putting key insurance policies in place to provide funding to buy out the other partner. The operating agreement allowed us to get the desired outcome in case of an unexpected death.



Succession Planning Q & A Continued

Joe's Questions

Can you speak a little about the challenges of running an advisory firm suddenly without your business partner?

What were the advantages of having a plan in place when succession was necessary?

From a client perspective, how did having a plan in place help with the transition?

Do you have any advice for other advisers that haven't yet formalized their succession plans?

Larry's Responses

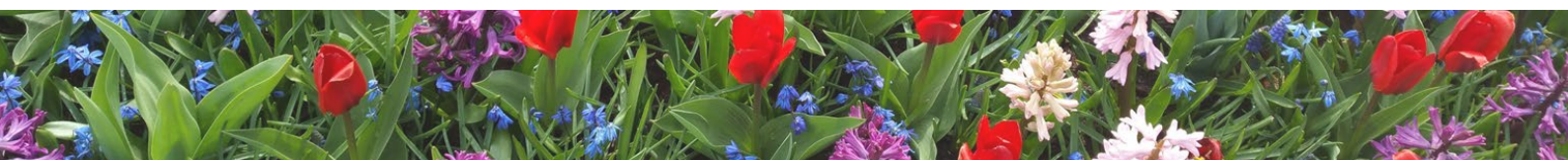
There are many challenges that arise from the sudden passing of a business partner. I needed to assume all of the roles and responsibilities of running the firm, which was a little overwhelming. I worked with my compliance group and the Division of Securities for help and guidance, which helped me stay focused and make the appropriate decisions. It is hard emotionally as well because you have zero time to grieve as clients are depending on you to continue to manage their assets. Having other advisers in a peer group to talk to is extremely helpful in getting you through the emotional hardship.

Having a succession plan in place was key to keeping the business open without any disruption. It allowed me to take care of updating the Form ADV to reflect the change in ownership and update the vendor contracts smoothly. Having a succession plan in place provides peace of mind when the unexpected happens. Life happens and a succession plan helps take one major stress off the table when a colleague and friend dies unexpectedly.

When I met with my partner's clients for the first time and explained our succession plan to them, it was a bit difficult because he had not shared the plan with them prior to his death. I explained that I had known him for over 27 years and been a part of the business since 2019. They were saddened by his passing but stayed with me as a result of my business relationship with him. My best advice would be to make sure every client understands what the plan is before the unexpected takes place. It will make the client transition go smoothly.

If you haven't formalized a succession plan at this point, you should start the process right away. You owe it to your clients to be a good steward of their relationships in case the unexpected happens. Think of it this way - you worked hard to build a business and you should make sure that asset is protected, set up for potential sale, or set up to merge into another adviser's business. There are many ways to create a succession plan, so consult your attorney and talk to other advisers to learn about what they have in place.

The Division of Securities would like to thank Larry Brunette for sharing and providing insight into his situation. Additionally, we believe in the value of advisers learning from their peers, so if you have an experience you'd like to share with others in a future newsletter article, please reach out to Joe (joseph.friesen@dfi.wisconsin.gov).



Help! I Need to Hire Staff, But Should They be Registered?

Let's say you are the principal of a fast-growing investment advisory (IA) firm. Client meetings fill your calendar, your list of backlogged tasks is increasing daily, and you wonder, "Is it time to hire some help?" However, another thought follows, "If I hired someone, would they need to register as an Investment Adviser Representative (IAR)?" For administrative staff, the answer might not be entirely clear.



At a high level, the Wisconsin Administrative Code in [DFI-Sec 1.02\(10\)](#) helps define the investment advisory business regulated by [Wis. Stat. s. 551](#). Specifically, this rule states that "transacting business" – which therefore triggers an IAR's registration requirement - includes the following:

Effecting or attempting to effect transactions in securities for the account of any person in this state...advising any person in this state...as to the value of securities, the advisability of investing in, purchasing or selling securities, or issuing analyses or reports concerning securities to any person in this state...and soliciting any person in this state...to become a customer, client or subscriber of the person on whose behalf the soliciting is performed.

This rule raises key considerations: Would a prospective new hire be effecting securities transactions? Would they advise on the value of securities? Would they solicit new clients for the firm or to refer to another firm? If the answer is "yes" to any of the above, the individual will require registration as an IAR.

Wisconsin's statute [Wis. Stat. s. 551.102\(16\)](#) generally states that an IAR is anyone who is employed by or associated with an IA and either makes recommendations or gives advice on securities, manages accounts of clients, holds themselves out to the public as providing investment advice, or is compensated for soliciting clients for an investment adviser.

An IAR would therefore include any person providing advice on a specific client's portfolio, whether directly or indirectly, or who discusses the performance of the portfolio or the investment adviser's recommendations. The employee need not be client-facing to trigger the IAR registration requirement; merely handling client portfolio composition may do so.

Hiring Staff Continued

Clerical staff would generally not require registration as an IAR. The definition of an IAR does not include an individual who performs only clerical or ministerial (i.e. routine) acts. For example, duties performed by a non-registered versus a registered assistant at an IA firm include:

Non-registered Assistant Duties

- Scheduling meetings
- Sending appointment reminders
- Client meeting preparation of a clerical nature, such as printing performance reports
- Quality checking client paperwork for completeness
- Conducting the offer and delivery of the Form ADV
- Making revisions to workplace policies
- Performing human resources, accounts payable and accounts receivable functions

Registered Assistant Duties

- Executing trades, including unsolicited client orders
- Working with clients to complete suitability or contractual documentation
- Logging in to custodian portals using an IAR's credentials
- Making recommendations about client portfolio composition

If in doubt, consider reviewing [Wis. Stat. s. 551.102\(16\)](#), checking out the [Division of Securities IAR registration requirements](#), [emailing a DOS securities examiner](#), or connecting with your compliance consultant. To pursue registration of new staff as an IAR, take a look at our [Investment Adviser Representative webpage](#).

Adviser Use of ChatGPT Carries Risk

While it is not mandatory to use compliance firms to set up, maintain or amend your client agreements, written supervisory procedures, business continuity plans, or other important documents, you are free to draft your own; however, the Division of Securities has seen and heard of advisers using ChatGPT and other artificial intelligence tools to assist with drafting their required documents.

We want to caution you that ChatGPT and other artificial intelligence tools are not reliable sources when compiling crucial details that outline the activities and requirements of your advisory firm. While artificial intelligence can help to increase productivity and creativity, it comes with significant risks, including the following:

- **Hallucinations** – Artificial intelligence tools can generate false information and use data from unreliable sources.
- **Data Privacy Violations** – Inputting sensitive information can be subject to data leaks.
- **Malicious Use** – Attackers can use artificial intelligence for creating malware and writing malicious code from the inputs and outputs.
- **Intellectual Property Concerns** – The output could contain legally protected data sources or copyrighted property.

Lastly, advisers should disclose any usage of ChatGPT and other artificial intelligence tools in their investment process to clients on their ADV Part 2A brochure.

How Do Your Clients Compare to a National Financial Capability Study?

The Division of Securities Program & Policy Analyst Joanna Kahvedjian recently attended NASAA's Investor Education Training. This training helps state securities regulators develop their programs for investor education and outreach. While there, Joanna learned about The FINRA Foundation's [National Financial Capability Study \(NFCS\)](#) and the [Investor Survey](#).

The NFCS provides data on multiple indicators of the financial capability of U.S. adults—including financial behaviors, attitudes, knowledge, and access to financial products and services—to help decision makers at all levels understand the financial circumstances and needs of households in communities around the country. The Investor Survey of U.S. adults covers investor characteristics, investing practices and attitudes, and investment knowledge.

The NFCS and Investor Survey are updated on a regular basis. Here are a few of the highlights and takeaways from the study:

34% of the U.S. adult population have investments in stocks, bonds, mutual funds or other securities outside of retirement accounts. Younger investors are much more likely to own individual stocks (82%) than mutual funds (47%).

Unsurprisingly, younger survey respondents are much more likely than older investors to trade on a mobile app (80% among investors under 35, compared to 61% among those ages 35 to 54, and 19% among those 55 and older).

Among those who trade through a financial professional (specific person), 56% also trade on a website.

Younger investors and those without college degrees are more worried about internet security than older and college educated investors.

Analyses suggest that it is unclear to investors what types of fees they pay for their non-retirement accounts with 38% not knowing if or how much they pay.

Trends indicate a decline in risk-taking among investors under 35, compared to little or no change among older investor groups.

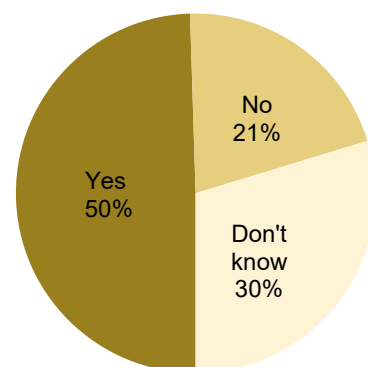
Younger investors are somewhat less likely than older investors to rely on financial professionals, and much more likely to use information from friends, family and colleagues. Among young investors, word of mouth from friends, family and colleagues is the most frequently mentioned, used by 85% of investors under 35.

As expected, use of all social media channels correlates inversely with age. More than three out of five investors under 35 report using YouTube, and 36% say they use Reddit for investment information.

If you heard about an investment opportunity that promises a guaranteed, risk-free 25% annual return every year for the next 5 years, would you invest in it?

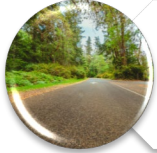


The majority of investors under 55, those with less than 10 years of experience, and those without a college degree do not appear to recognize the hallmarks of investment fraud and are more likely to fall for fraudulent investment offers. In response to a new survey question, half of the investors appear to be unaware that a promise of a “guaranteed risk-free 25% annual return” should be a red flag indicating fraud.



NASAA Identifies Top Investor Threats

The North American Securities Administrators Association (NASAA) has identified a long list of current threats to investors. Investment advisers should maintain their awareness of the following potential scams and threats facing their clients:



Affinity or “Pig Butchering” Scheme. A major focus of recent enforcement, this long-con combines romance and finance. Scammers befriend victims online, build trust over time, and convince them to invest heavily in fake platforms before disappearing with the funds.



Deepfake Impersonations. Regulators warn that many bad actors are now using AI to generate deepfake videos and cloned voices of celebrities or trusted friends to solicit money or endorse fake products.



Phantom Artificial Intelligence (AI) Trading Bots. Criminals sell AI-powered “trading bots” that promise guaranteed returns. These are often black-box scams where the algorithm and the profits do not exist.



Digital Asset and Crypto Fraud. Consistently a top threat, digital asset scams accounted for hundreds of investigations in recent years. These often involve unregistered securities and vague promises of high returns in the crypto space.



Fake AI Equity Pitches. Scammers are selling stock in companies that purportedly develop breakthrough AI models. These are often “pump and dump” schemes or sales of equity in companies that are entirely fictitious.



Social Media Lures. Regulators report that nearly one-third of investigations opened involved scams originating on platforms like Facebook and X as an investment opportunity appearing in the newsfeed.



Short-Form Video Hype. Scammers are increasingly using TikTok and Instagram Reels to post slick, professional-looking videos that tout “get rich quick” schemes to younger demographics.



Text and WhatsApp Traps. Unsolicited messages on Telegram and WhatsApp are a growing threat. These often start as a “wrong number” text that later pivots into a conversation about an exclusive investment opportunity.

NASAA Identifies Top Investor Threats Continued



Targeting Older Investors. Many cases investigated by state securities regulators involve senior victims. Older investors are specifically targeted with traditional scams involving promissory notes and equities, as well as newer digital frauds.



Account Takeovers. Using AI and phishing, fraudsters are seizing control of existing financial or social media accounts to steal funds or solicit money from the victim's contact list under the guise of an emergency.



Website and App Spoofing. Using AI to generate professional graphics, scammers create clone websites that look identical to legitimate financial institutions to trick users into handing over login credentials and funds.



Unregistered Solicitors. Despite professional-looking websites and pitches, many sellers are not registered. Regulators continue to open many investigations involving unregistered individuals.

Examples of scams reported to the Division of Securities, including the reported loss amount, can be found on the [DFI Investment Scam Tracker](#) webpage. Additional information about protecting investors and how to contact authorities is available at [NASAA's Fraud Center](#).

DFI Division of Securities Enforcement News

Investment Scam Tracker

The Division of Securities continues to see a significant increase in scams and fraud involving cryptocurrencies. Unfortunately, many of these cases involve victims exchanging their hard-earned money into cryptocurrency, which is sent to wallets controlled by scammers in foreign jurisdictions. The victims are rarely able to recoup any of their losses.

To better inform the public about these scams, the Division of Securities maintains an investment scam tracker on DFI's website. The factual details and losses reported by complainants have not been verified by the DFI, but they are being shared in the tracker to alert the public to potential threats. As new investment scams emerge, the Division of Securities will update the tracker on an ongoing basis.

Full details are available on the [DFI Investment Scam Tracker](#) webpage.

DFI Division of Securities Enforcement News Continued

Crypto Kiosk Roundtable

Last November, the Division of Securities Bureau of Enforcement held its second annual Securities Enforcement Roundtable, which focused on crypto kiosk frauds. It was well attended, and featured a panel moderated by Securities Enforcement Bureau Director and Attorney Supervisor Robin Jacobs with Wisconsin residents who had lost money in scams involving crypto kiosks, as well as employees of retail companies who intervened in ongoing frauds in progress using the crypto ATMs that had been placed in their stores. There were small group discussions, and then DFI Attorney Michael Gavigan moderated a second panel of law enforcement partners and an industry representative that discussed ways we can all work together to prevent or attempt to recover losses in these crimes. The audience was very engaged and significant networking took place during and after the event. Securities Administrator Leslie Van Buskirk hopes we can host a third annual event in 2026!

Recent Administrative Actions

Here is a summary of select recent actions issued by the DFI's Division of Securities Enforcement Bureau.

Matthew McGonigle and RetireCo Solutions, LLC entered into a consent order to cease and desist including restitution with the Division of Securities. An Ohio resident was approached by McGonigle who promised to help her invest her pension and 401(K) in annuities and promissory notes. The resident transferred her pension and a portion of her 401(K) to McGonigle. Some of the proceeds were put into annuities and life insurance policies; but \$133,787.95 of the balance was invested in unsecured promissory notes and the purchase of gold for a self-directed IRA. Upon asking for a statement and the promissory notes to be paid back upon expiration of the agreements, she found that the funds had not been invested as promised, and the notes had not been paid back with interest per the agreement. An investigation disclosed the monies had been used by McGonigle and two of his business entities for personal expenses, including vacations, mortgage payments, credit card payments and personal investments.

The Division of Securities finalized settlement agreements with Stifel, Nicolaus & Company, TD Ameritrade, LPL Financial, and Edward Jones regarding charging unreasonable commissions on small principal equity transactions and the failure to reasonably supervise these transactions. As part of the settlement, these firms are required to provide restitution to affected Wisconsin customers.

To view and search all enforcement actions, please visit the [DFI Enforcement Administrative Orders](#) webpage.

If you wish to contact the Division of Securities Enforcement Bureau, please email DFIDLSecuritiesEnforcement@dfi.wisconsin.gov.