

Trust Algorithm

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Written by [investor.com](#)

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500,000+ data points. 100% consumer advocacy. Helping Americans find a financial advisor that they can trust.

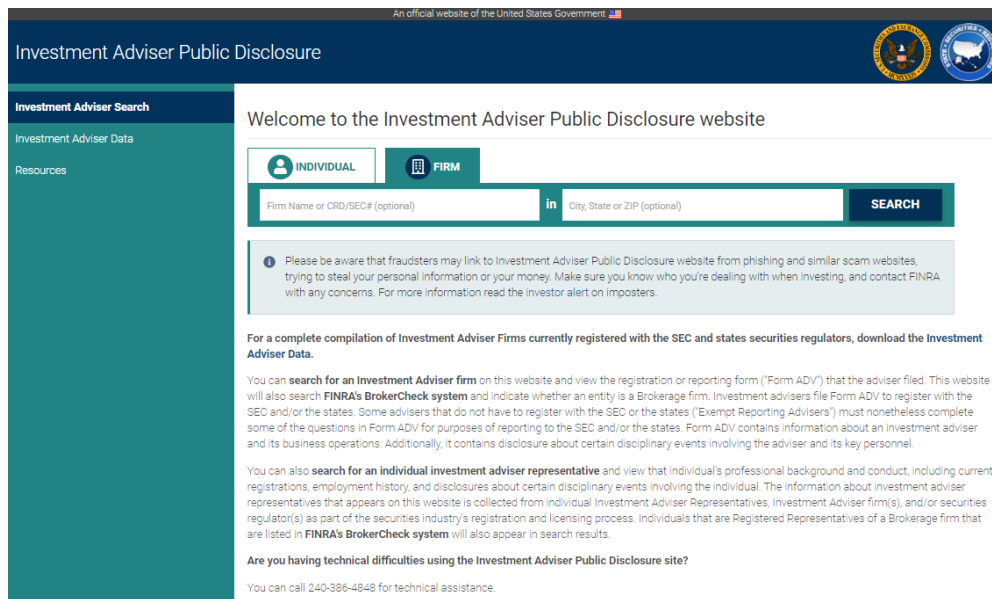
Our searchable database of U.S.-based financial advisors includes more than 17,000 firms across the country. Each month, investor.com downloads the latest regulatory data from the SEC IAPD database. This

data is then run through our proprietary Trust Algorithm to generate a star rating for each firm based on a variety of measures, including disciplinary history and conflicts of interest.

As a Certified B Corporation™, our focus is simple: people before profits. Each month, investor.com serves as a trusted resource to help thousands of Americans research and compare financial advisors.

What data is used?

Our primary data source is the [Securities and Exchange Commission \(SEC\) IAPD Database](#).



The screenshot shows the 'Investment Adviser Public Disclosure' website. At the top, it says 'An official website of the United States Government' and features the SEC and FINRA logos. The main heading is 'Investment Adviser Search'. Below this, there are two tabs: 'INDIVIDUAL' and 'FIRM'. A search bar contains the text 'Firm Name or CRD/SEC# (optional)' followed by 'in' and 'City, State or ZIP (optional)'. A 'SEARCH' button is to the right. Below the search bar, there is a warning message: 'Please be aware that fraudsters may link to Investment Adviser Public Disclosure website from phishing and similar scam websites, trying to steal your personal information or your money. Make sure you know who you're dealing with when investing, and contact FINRA with any concerns. For more information read the investor alert on imposters.' Below the warning, there is a link to 'download the Investment Adviser Data'. The page also contains text explaining how to search for an investment adviser firm and an individual investment adviser representative, and provides technical assistance information.

Here's a summary of the regulatory and proprietary data* we collect to rate and review Registered Investment Advisor (RIA) firms.

Background

- **Years Registered** (SEC IAPD)

Conflicts of interest

- **Attorney Conflict** (ADV Part 1 Items 6.A.13, 7.A.11)
- **Broker/Dealer Conflict** (ADV Part 1 Items 6.A.1, 7.A.1)
- **Commissions Compensation Conflict** (ADV Part 1 Item 5.E.5)
- **Insurance Agency Conflict** (ADV Part 1 Item 6.A.6)
- **Insurance Affiliation Conflict** (ADV Part 1 Item 7.A.12)
- **Private Investment Management** (ADV Part 1 Item 8.B.2)
- **Proprietary Investments** (ADV Part 1 Item 8.A.3)
- **Soft-Dollar Benefit Conflict** (ADV Part 1 Item 8.G.1)
- **Trades Recommended Securities** (ADV Part 1 Item 8.A.2)

Disciplinary history**

- **Activity Restriction** (ADV Part 1 Item 11.E.4)
- **Attorney/Accountant Authorization Revocation** (ADV Part 1 Item 11.F)
- **Business License Revocation** (ADV Part 1 Items 11.C.3, 11.D.3, 11.E.3)

- **Court-Ordered Investment-Related Prohibition** (ADV Part 1 Item 11.H.1.A)
- **False Statements or Omissions** (ADV Part 1 Items 11.C.1 11.D.1, 11.E.1)
- **Felony Convictions or No Contest Pleas** (ADV Part 1 Item 11.A.1)
- **Investment Related Dismissal upon Settlement** (ADV Part 1 Item 11.H.1.C)
- **Misdemeanor Conviction** (ADV Part 1 Item 11.B.1)
- **Monetary Penalty** (ADV Part 1 Item 11.C.5)
- **Orders Entered** (ADV Part 1 Items 11.C.4, 11.D.4)
- **Registration/License Revocation** (ADV Part 1 Items 11.D.5)
- **Regulation Violations** (ADV Part 1 Items 11.C.2, 11.D.2, 11.E.2, 11.H.1.B)

** Proprietary data varies. For example, our system checks each firm's website to ensure it is secured with an up to date SSL-certificate.*

*** Disciplinary actions may have been brought by the SEC, CFTC, a self-regulatory organization (SRO), a commodities exchange, other regulatory agencies, or a domestic, foreign or military court.*

Frequently asked questions

Which firms are included on investor.com?

Our searchable database of U.S. financial advisors represents more than 17,000 firms across the country. To qualify for inclusion in our database, firms must meet the following criteria:

- Actively registered with the SEC or a state, per their [SEC IAPD](#) page

- Located in the U.S.
- Conducts financial planning and/or portfolio management
- Charges compensation that is fee, hourly, or commission-based

We have submitted an updated SEC ADV filing. When will the changes be reflected on investor.com?

Data checks take place at the beginning of each month and most [firm pages](#) are updated within the first week.

Research findings

"99.2% of all financial advisors barred from the industry have been either a broker or dually registered advisor." (investor.com, dataset source: FINRA, June 2020)

"In a study assessing 7,079 SEC-regulated Registered Investment Advisors (RIAs) over a 12 month period, 24.8% of firms offered funds with 12b-1 fees." (investor.com, dataset source: SEC, July 2019 to June 2020)

"In an assessment of 16,500 federal and state Registered Investment Advisor (RIA) firms, 2,157 (13.1%) have a broker-dealer conflict." (investor.com, dataset source: SEC, July 2020)

"In a study assessing 16,411 Registered Investment Advisors (RIAs), total AUM was \$51.4 trillion, of which 99.5% is managed by SEC-registered firms." (investor.com, dataset source: SEC, July 2020)

Trust Algorithm summary

1. First, we collect all publicly accessible data made available by the [Securities and Exchange Commission \(SEC\) IAPD Database](#).
2. Then we filter for data points that are incorporated into the Trust Algorithm.
3. Firm data is then sorted and weighted individually based on its significance and the net impact on Americans.
4. Once all the data is collected, sorted, and weighted, the Trust Algorithm goes to work to determine an Overall star rating for each firm.