



## *Loss Scenario—ForeFront for Investment Advisers*

In today's dynamic market, the slightest market adjustment can spawn litigation. Even the most diligent and respected asset managers are susceptible to claims from a wide variety of sources, including dissatisfied clients and stockholders, state and federal agencies, and even their own employees.

### Unauthorized Trade

**Cause of action:** Negligence

**Number of employees:** Under 50

**Assets under management:** Approximately \$7 billion

#### **DESCRIPTION OF EVENT**

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A claimant alleged that several unauthorized trades were processed from his accounts through the adviser totaling over \$250,000. The claimant sought to have his accounts reinstated as if the unauthorized transactions did not occur. Additionally, the claimant sought the increase that his stocks would have earned during the rise in the market during that period.

#### **RESOLUTION**

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The claim settled out of court for over \$200,000.



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Loss scenarios are hypothetical in nature and for illustrative purposes only. Whether or not or to what extent a particular loss is covered depends on the facts and circumstances of the loss and the terms, conditions, and endorsements of the policy as issued. It is impossible to state in the abstract whether the policy would necessarily provide coverage in any given situation. Consult your agent, broker, or other expert.

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