

Adviser Facing Legal Trouble Over Radio Show

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Advisers ready for the limelight, beware! The SEC recently announced charges against a nationally syndicated radio personality/[investment adviser](#) for spreading misleading information about a recommended investment strategy.

The charges stem from claims by Ray Lucia, Sr. that the wealth management strategy he promoted at radio investment seminars had been empirically “backtested.” The term “backtested” refers to the process of evaluating an investment strategy by applying it to historical data and calculating how the investments would have performed. In this case, Lucia reportedly performed little, if any, actual testing of his “Buckets of Money” strategy, which the slideshow he presented failed to disclose.

Although Lucia claimed to have performed some testing back in the 1990s, he could only provide scarce documentation to support his numbers. As a result, he and his firm are facing a host of serious securities violations. The SEC’s Division of Enforcement is seeking financial penalties and other remedial action in the proceedings.

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