

Navigating Contemporary Financial Challenges

We recently sold our home and purchased a much smaller one. We invested the money we needed for renovations with a reputable investment company and were promised that the money would be transferred into our account within four days of our giving instructions for the transfer.

The first time we needed part of that money, the money was transferred to our account two days after we gave notice. This last time, however, we gave notice on Monday and were told that the money would be transferred by Thursday at the latest. However, the woman at the investment company who takes care of this was sick, and the money was not transferred.

Meanwhile, we gave out many checks to our workers, and either they will bounce or we will have to pay interest to the bank on them. Can we demand compensation for the money we lost? And how do we make sure that such a thing does not happen again?

To give you a definitive answer, we require more information. We will, however, outline some of the basic principles governing investments and business transactions, in the hope that these principles will help you to determine the appropriate course of action.

You say that the investment company "promised" to transfer money within four days. How was this promise made? Over the telephone? By mail? By e-mail?

Business commitments are not made orally (except in certain industries where a handshake is considered a commitment). The rule is, unless you have written documentation of a business commitment, there is no commitment.

You also say that you gave "notice" when you wanted the money transferred. What kind of notice did you give? Do you have any way of showing exactly when you gave notice and to whom you gave notice? Is there a record of your request?

Any time you submit a request, lodge a complaint, or engage in any significant business correspondence, you should make sure that there is documentation of the correspondence. Always ask for written confirmation — by mail, fax, or at least e-mail.

In addition, when you speak to a company representative, make sure to record the full name of the person you dealt with. This makes it easier to follow up, since many companies record or otherwise monitor the conversations of their customer service agents.

You are concerned about the costs of the bounced checks or interest charges that you will incur, but we at Mesila are more concerned about the professionalism of the investment company you describe. What makes you so sure that this company is reputable? To us, it sounds highly suspect that a reputable company should be unable to transfer money due to the illness of one employee. We are talking about an investment company, not a convenience store.

We are also surprised that an investment company would promise to return your investment within four days. Did you have to pay a penalty for withdrawing your investment on such a short notice? If you did, you are probably in a good position to demand compensation.

But if you did not pay a penalty, you have to wonder how an investment company can commit to liquidating your investment in a matter of days. This is not the standard prac-

tice of investment companies.

Generally, the only investments that can be liquidated in such a short period are moneymarket-type investments. These investments yield minimal returns, due to the minimal risk involved, and are therefore not very lucrative.

If, indeed, the investment company is a reputable one, then all the terms of the investment should have been recorded in the literature you received at the time when you made the investment. If that is the case, you need only to refer back to that literature to confirm that there was an agreement to transfer money within four days and that a breach of contract has occurred.

Since we do not have all of the necessary information, we cannot give you a definitive answer as to whether you are entitled to compensation. If the financial loss you suffered is significant, we advise you to consult a lawyer to determine whether you have grounds for a lawsuit. Most likely, however, the amount of money in question is not large enough to warrant the ordeal and expense of a lawsuit.

The time for you to think about compensation, however, is *after* you get back your money. Right now, your focus should be on doing whatever you can to make sure that the money ends up back in your checking account. You can consider legal action later.

In the meantime, you can try to contact your workers and ask them to hold the checks until the funds are transferred. You might feel uncomfortable doing this, but it is certainly preferable to having the checks bounce or incurring interest charges on an overdrawn account

If you wish to avoid similar situations in the future, you would be wise to insist on receiving written documentation of any agreements you make. Verbal promises are easy to forget or deny, and either side can later claim that a misunderstanding took place.

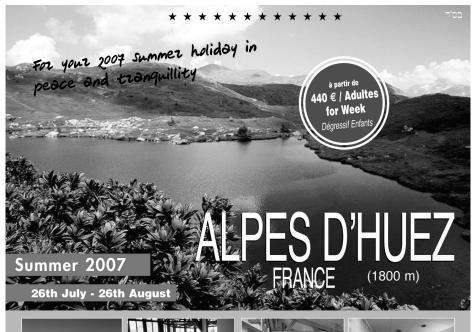
It is also a good policy never to write a check on funds you don't have. Just because you are expecting a bank transfer, you cannot assume that the money will be there; bank transfers are occasionally delayed by legal or bank holidays, or by technical issues, such as a disparity between the name on your bank account and the name on the bank transfer.

If you are relying on a bank transfer to cover post-dated checks, check your account balance and transactions regularly to ensure that the money arrives when it is supposed to, and make sure you have a contingency plan in case it does not.

With regard to the money you have invested, you would be wise to consult with a qualified financial adviser to determine if this investment is the optimal one for you.



Mesila is a nonprofit organization dedicated to helping families and businesses in Israel achieve financial stability and independence. With over 25 chapters across Israel, Mesila is rescuing hundreds of families and businesses from the cycle of poverty and debt through its three-pronged approach of education, counseling and financial assistance. Readers are invited to submit questions and feedback to hamodia@mesila.org. or by fax to (02) 500-0478.





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