

## 3 Steps to Learning Your Investment Manager's True Identity

THE INTERNET HAS MADE REAL ESTATE INVESTING MORE ACCESSIBLE THAN EVER.

BE AWARE AND BEWARE.

by Charles Sells

**T**he internet has truly opened up a “brave new world” for real estate investors. However, with this blessing that enables us to put our money in markets that make sense rather than just in our own backyards comes an identity crisis of sorts because the people who would like to manage our investment capital can actually be whomever they want to be, at least online.

In today's world of fly-by-night real-estate-investor-gurus, success is often determined by how well an individual or company can stage themselves online. We all know that we stage a house in order to put its best face forward for a potential buyer. However, at the end of the day, a physical property can only be cleaned to a certain extent with improved curb appeal, fresh paint, and the aroma of freshly-baked cookies. It's still a physical property.

For the online investment manager or self-proclaimed guru, however, the internet permits personal staging to the point of pure fabrication. Success and experience can be counterfeited with the implication of an institution of vast resources and staff even if the entire operation consists of nothing more than one guy promoting himself out of his mother's basement. A photo of said individual standing next to a fancy car or of a crowd throwing money at these gurus has become the norm (and a great red flag, by the way).

Do you have a talent for online marketing? Boom! You, too, can be an overnight hit. Perhaps more troubling, however, is that using that same talent for marketing, you can malign, slander, and demolish a competitor's business with very little regard for facts and reality. Real estate investors struggle with their own investment decisions as it becomes increasingly difficult to separate fact from fiction, legitimate company from a guy posing next to someone else's car, and large-scale operation from big-talking game.

When you are evaluating a company's ability to add value to your portfolio and cultivate your investment capital responsibly, ask yourself the following three questions. The answers are easily found (online!) and will help you clarify the situation so you can invest in something real rather than in a

hologram with a catchy slogan, plenty of internet marketing savvy, and absolutely no substance or investing experience.

### 1 HOW BIG IS THEIR ONLINE PRESENCE?

It's great to dominate search engine rankings, but too much domination can indicate that resources are going to IT and sales rather than customer service and investor care. In the interest of full disclosure, I'll use my own business as an example. Sure, we dominate the search terms for our niche, but we're not spread out across the entire industry when it comes to our online presence. We're seeking investors who want and need our services, not access to every single dollar in the real estate space.

### 2 WHAT KIND OF TEAM OPERATION ARE THEY RUNNING?

In this type of detective work, pronouns can mean everything. If the verbiage on a company's website indicates a singular presence running the daily operations, take a step back. Are they honest about their lone-wolf status, or trying to imply there is a big operation backing up their investing? If the former, then fine: They're being honest about what they're doing. If the latter, then be aware that there is a bit of deception going on right from the start.

This does not mean the company cannot have a founder or a face. I often receive awards and accolades as the leader of my company, but I make it a point to include my team in the recognition every chance I get. I speak in terms of “we,” not “me.” If you run into an investor, servicer, or guru who appears to be more in love with themselves than the opportunity they claim to offer, they may be more interested in their own promotional efforts than in your investments.

### 3 HOW MUCH TIME IS SPENT TRASHING THEIR COMPETITORS?

The amount of manpower devoted to trashing the competition speaks volumes about a business' priorities. I'm not talking about dissatisfied clients posting about a business online. Those reviews, while they should be taken with a grain



of salt, can be legitimate because those investors, for whatever reason, didn't feel they had a good experience. However, if the company with which you are considering investing is dedicating time, resources, and effort to bashing others in the industry rather than caring for its own clients, its priorities may lie more with industry-bashing than creating good returns.

This nasty industry-bashing habit is easy to identify. Does the company in question appear to seek out people who had bad experiences elsewhere, then use those people to make the competition look bad? Look at the whole picture: Has that company improved the situation for the allegedly injured party, or just given them a microphone and some effective internet marketing exposure? Is the CEO of the company spending his or her time on this vendetta? If so, then I would suggest they may have too much time on their hands.

I can tell you with a high degree of certainty my investors and my team would have my head if I wasted my time trying to make every individual competitor out there look bad rather than spending that time finding new ways to optimize their returns.

If you've asked yourself these three questions and you are still a little mystified about a company to which you are considering consigning some of your investment capital, there is one last question you can ask to get some clarity on the matter: Are they physically available to you? To be as successful as some of these “ghosts” claim to be, you need infrastructure, which means a physical address and a way to meet them in person on their own turf.

Here's what you do: Google the address on record. If the business runs out of a post office box, that does not necessarily mean it is not legitimate. However, if the business is

presenting itself as a large corporate operation, it can indicate a discrepancy between online image and reality. Still want to work with them? Set up a meeting in person. The cost of a round-trip ticket will be well worth the peace of mind you gain from getting a feel for the individual and the operation up close and personal, so to speak.

The key here is in what is implied to be true versus reality. I'll use my own business as an example once again. We are members of the Regus office family, which means I can rent an office in a large, professional building anywhere the Regus company has space available for me on any given day. That membership affords me a great place to meet clients in cities around the country where I do not have a physical home base. However, I would never pretend that the Regus facilities were all my personal facilities, and if I meet you in such an office I will never pretend that building is anything it's not.

Remember, having a P.O. box is not inherently a sign someone is up to no good. In fact, my company has a P.O. box that it uses for working with the distressed and often disgruntled property owners who come with the tax liens we buy for our investors. However, at the end of the day, if you want to see my office or me in person, I'm accessible to my investors and clients at 17 Executive Park Dr., Bldg. 1, Hilton Head Island, South Carolina, 29928. •



Charles Sells is the founder and CEO of the Pip Group, a provider of truly turnkey, passive, conservative, high-yield investment opportunities to qualified clients. Charles and his team have been investing in distressed assets such as tax liens, tax deeds, traditional bank foreclosures, fix-and-flips, and long-term buy/hold cash-flowing investments since 1996. Reach him personally at [charles@pipgroup.com](mailto:charles@pipgroup.com). His physical address is above.