



A fund sponsor investing in private mortgages, with five hundred investors, experienced problems with a number of operational issues. The sponsor was handling operations in-house using an antiquated system they had developed themselves but which could no longer keep up with their needs.

***Systems specialized and audited for alternative investments ensure compliance and reliability.***

### THE SPONSOR'S BACK OFFICE PAIN POINTS

- The sponsor's system was producing a variety of errors.
- The system's limited functionality was causing considerable frustration and wasted time in the sponsor's office.
- The fund's investors complained of the lack of any means of checking on the status of their investments except from quarterly statements or by calling the sponsor.
- The investors' financial advisors also lacked any means of tracking their clients' investments.
- K-1 issuance by the sponsor was routinely late. K-1 processing was a time-consuming nightmare with the system being used. Investors were forced each year to file an extension of their tax returns because the sponsor's K-1's never arrived by April 15.
- The sponsor's employees were harried by constant incoming investor calls throughout the day.
- The sponsor's system was of no use in sales reporting of any kind.
- The system's only procedure for processing a transfer was to change the investor name on the investment. Without closing out the transferor's investment and issuing a new one for the transferee, the system failed to record a potentially taxable event. This left the fund open to regulatory and legal liability.

### OUR SOLUTION

1. Phoenix American established a service team for the sponsor and organized a conversion of the investor data files from the old system to the STAR-XMS system. (For information on STAR-XMS, go to our website at [www.pafsi.com/star-xms](http://www.pafsi.com/star-xms).)

2. The sponsor's new service team at Phoenix American worked with the sponsor to develop a customized package of services that would most efficiently address the needs of the sponsor, the investors and the financial advisors.
3. STAR-XMS functionality and the sponsor's service team streamlined the new investment entry process dramatically reducing the error rate and speeding the admit date of investments to the benefit of the investors and advisors.
4. Phoenix American built a customized web portal for the sponsor, as an extension of their website, so that the investors could securely access real time account positions, tax documents and profile information without ever appearing to leave the sponsor's site. The portal could also be used for notifications and marketing of new products.
5. Financial advisors would also have access to the web portal to track the status of client investments.
6. K-1 processing was streamlined by the functionality of STAR-XMS so that future K-1's would be produced without difficulty and would always be delivered well in advance of April 15.
7. The sponsor was assigned a knowledgeable and friendly phone team to handle investor calls. They would be able to answer most common questions and refer any significant issues to the sponsor's service team as needed.
8. Transfers processed through STAR-XMS would achieve full regulatory and tax compliance.
9. Phoenix American also simplified the redemption process to ensure compliance and to limit the sponsor's required involvement to the approval of processed redemptions.

## **THE RESULT**

The sponsor is extremely happy with the smoothness and efficiency with which his operations now run. Investors and advisors are better informed, better served and have greater confidence in the sponsor's brand. The sponsor is now in full compliance with all regulations and prospectus commitments. No investor has had to file a tax extension because of a delayed K-1 from the sponsor. Sponsor employees are no longer distracted by incoming investor calls. The sponsor now represents stability and confidence in the minds of the investors and advisors. The sponsor is now free to focus on the fund's investment strategy and able to enhance sales using the robust sales reporting capabilities of STAR-XMS. The sponsor later asked his Phoenix service team if they could help maintain his broker relationships by contacting advisors periodically to check in and provide sales kits as needed. Phoenix told the sponsor they would be happy to add Advisor Maintenance and Fulfillment to the customized service package.