1031 Exchange Services

Security of exchange proceeds

The 1031 Exchange industry has recently experienced several high profile cases in which qualified intermediaries have failed to provide exchange proceeds for their clients to purchase replacement property. In each of these circumstances, the qualified intermediaries had pooled the exchange funds received from many taxpayers into a single commingled account for investment, over which the qualified intermediaries had complete control. Unfortunately, the qualified intermediaries either misappropriated or lost exchange funds or failed to adequately secure the funds entrusted to them.

These events have naturally caused a great deal of concern among taxpayers as the security of the exchange funds deposited with a qualified intermediary. In order to assist you, along with your tax advisor, when selecting a qualified intermediary, please see **QI Scorecard: Six questions a tax advisor should ask.**

Wells Fargo Bank has a dedicated team of professionals to provide you with 1031 exchange services, and has served in the 1031 exchange industry for more than 25 years through Wachovia Bank, acquired by Wells Fargo on December 31, 2008. In addition, Wells Fargo takes steps to preserve the security of the exchange proceeds, including

- ☐ Fargo Bank, N,.A. is a regulated financial institution subject to federal regulations designed to insure the security and safety of deposits

- ☐ Fargo & Co. has the largest market capitalization among U.S. banks*

- ☐ exchange proceeds are held in a segregated exchange account for each exchange

- ☐ many institutional qualified intermediaries operate their deferred exchange services as a subsidiary that isolates that function in an affiliate entity outside of a parent corporation, Wells Fargo Bank, N.A. serves as the qualified intermediary and the exchange proceeds are held as a direct deposit of Wells Fargo Bank, N.A.

- ☐ in the exchange account may be released from the account only with the approval of the taxpayer

Together we'll go far

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