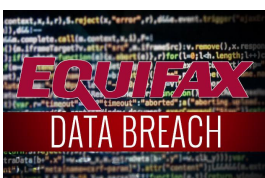




Credit Breach

If you are an adult and have a credit report, there's a good chance you were affected by the most recent massive data hack. For those who may have missed it, or don't know the full details, Equifax, one of the nation's three largest credit reporting bureaus, notified the public that they were hacked, and the personal information of over 143 Million Americans may have been exposed. The hackers accessed people's names, Social Security numbers, birth dates, addresses and, in some instances, driver's license numbers. They also stole credit card numbers for about 209,000 people and dispute documents with personal identifying information for about 182,000 people. Pretty scary stuff on the surface!

What does this mean for us? Maybe, and hopefully nothing. It seems that somewhere in the computer industry, critical information is lost quite frequently. I can remember quite a few similar large-scale breaches over the last few years at Target, Home Depot, Yahoo, etc.. In fact, I'd say the probability that information committed to computers will remain confidential has become pretty slim at best. Now, this doesn't mean that having your personal information stolen should be trivialized or on the other end of the spectrum, create paranoia. We live in a day and age where this has become something we all must think about and devote time to. So, let's start with what to do about the current Equifax debacle and put in place some good groundwork to help prevent future fraudulent activity for your accounts.



The first thing to do is to contact Equifax and find out if you may have been affected. The company set up a new website to answer questions and walk you through finding out your status, and then enabling you to sign up for their free credit monitoring service. Click on the "Am I Impacted?" button and enter your information. If you have been tagged as someone that was affected, you'll then be able to sign up for 1 year of free credit monitoring service. Due to high volume, there has been a 48 hour wait to complete the activation on a date they provide to you via email. Once you've

checked that one off the list, you might think you've done enough to be safe. I'd suggest a couple more tasks to not only cover yourself in this instance, but also to take precaution for the inevitable future breaches down the road.

The next step you should take is to look over your credit reports for suspicious activity. You can view them via Equifax, but there are other players in the industry: TransUnion, Experian, and to a lesser degree, Innovis. Not all information will be the same for each company, and it is a good idea to view your full credit reports at least annually. If you do notice unauthorized transactions or see new accounts you don't recognize, put an immediate fraud alert on your credit files. If you're concerned about identity theft but haven't yet become a victim, you can also place an initial fraud alert. For example, you may want to place a fraud alert if your wallet, Social Security card, or other personal, financial or account information are lost or stolen.

Assuming everything looks normal, the next point to consider is whether or not to freeze or lock your credit file. A credit freeze prevents creditors from accessing your credit report. It prevents credit, loans, and services from being approved in your name without consent. It does not affect your credit score. A freeze is federally regulated and takes several days to place or lift. You'll receive a PIN number in the mail that corresponds to the freeze, and you'll need that should you want to thaw it to apply for credit in the future. A lock is similar, but is more flexible and controlled by that specific company. You can create and log into an account at the credit bureau and lock or unlock your credit file anytime. Some of the bureaus charge a fee for each of these services that is usually at a maximum of \$5. I was able to "lock" my file at Equifax and Transunion for free and "freeze" my file at Experian and Innovis at no cost. For those wondering about their kids or grandkids, it appears that the bureaus don't maintain files on minors. Anybody over 18 should consider the above steps in light of our data heavy world.

-Walter Hinson CFP®

2017 Market Update

S&P 500	+14.24%
DOW	+15.45%
RUSS 2000	+10.94%
MSCI World	+19.17%
BONDS	+3.14%
GOLD	+12.9%

Mortgage Rates

15-Year	3.37%
30-Year	4.00%
5/1 ARM	3.75%

Did You Know?

Company	Phone Number	Website
Equifax	1-800-349-9960	www.equifaxsecurity2017.com
Transunion	1-888-909-8872	www.transunion.com
Experian	1-888-397-3742	www.experian.com
Innovis	1-800-540-2505	www.innovis.com

Would You Like a Political Rant With That?

In case you missed it (and I envy you if you did) we have entered an era where it seems politics is bleeding into everything. This past month the Wall Street Journal lamented on this subject in an article titled *The Politicization of Everything*.

Politics has become almost a sport over the past two years in the way it has consumed the public. This has been a trend I've watched progress for awhile now, and sometime in the last 18 months major corporations started to latch on as well.

For decades corporations have let their paid lobbyists do their political handiwork while steering clear of the foray. In 1992 Michael Jordan (and Nike via proxy) was asked to campaign against Jesse Helms in a hotly contested Senate race. Jordan declined and famously commented "Republicans buy sneakers too."

Recently, there have been multiple examples of major corporations entering into heated political debates. In 2015 Apple was one of the first big businesses to go down the political gauntlet. That year Tim Cook fought state marriage bans and put

support behind the successful effort to eliminate the ban. Not long afterwards in 2016 Target

would enter into the "NC Bathroom Bill" debate releasing a statement "welcoming guests to use the restroom or fitting room facility that corresponds with their gender identity". Many other corporations followed Target's steps, and PayPal even abandoned a planned corporate expansion into North Carolina.

The Constitution and Supreme Court rulings have made it quite obvious that people and corporations have the freedom of speech to enter into political dialogue. However, a corporation and their board of directors also have a duty to act in the "best interest" of their shareholders. Typically this "best interest" is considered maximizing stock value.

As you might imagine, the act of performing political activism while also acting in the best interest of your shareholders is a difficult calculus. In order to successfully navigate these waters, your business must have a superb understanding of their customers' values, and typically the only real way to have this is by having a rather homogenous customer base. Essentially the political debate being entered into must entice enough new customers to offset those customers you will inevitably alienate.

I expect the NFL will be a case study in business schools for decades to come in how not to perform political activism. The NFL game operations manual states the following:

"The National Anthem must be played prior to every NFL game, and all players must be on the sideline for the National Anthem. During the National Anthem, players on the field and bench area should stand at attention, face the flag, hold helmets in their left hand, and refrain from talking. The home team should ensure that the American flag is in good condition. It should be pointed out to players and coaches that we continue to be judged by the public in this area of respect for the flag and our country. Failure to be on the field by the start of the National Anthem may result in discipline, such as fines, suspensions, and/or the forfeiture of draft choice(s) for violations of the above, including first offenses."

For the past year the NFL has made a very conscious effort to ignore this rule and has allowed individuals to kneel during the National Anthem. These protests have caused a decrease in NFL viewership and, according to a Winston Group survey, the favorable ratings of the NFL dropped from 73 percent down to 42 percent just over the course of this season. Additionally, the protests alienated many of their core fans, males age 34-54, meaning the NFL wasn't in touch with it's base. There has been little if any indication that these protests garnered enough long term interest in football to replace these lost fans, and the damage done may be long lasting.

So, what lessons are there to be learned from the NFL protests? As a business owner it has confirmed what I already expected. For most businesses the act of entering into political dialogue on a large scale is about like entering into nuclear war—there will only be losers. With very few exceptions most business owners would be wise to divorce their political beliefs with their company.

Interestingly enough, there are going to be ongoing implications in this matter for all investors. Donald Trump has opened a political Pandora's box in which billionaires will be vying for the Presidency and other political offices at a rate higher than we've seen in the past.

Over the past year there has been speculation of other big CEO's running for the presidency in 2020. This list has included Mark Zuckerberg of Facebook, Howard Schultz of Starbucks, and Bob Iger of Disney. This puts shareholders of these companies in a very precarious position of having to decide whether a company CEO is acting in shareholders' best interests or their own political self-interest. Satisfying these two masters seems an impossible task to me, so the prudent investor would be wise to avoid investments in companies where the CEO is eyeing corporate relocation to 1600 Pennsylvania Avenue.

-Ryan Glover, CFP

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