

For Immediate Release

Confused Investors Believe They Receive Financial Advice from Experts

SACRAMENTO, Calif., April 2, 2008 ó The Securities Exchange Commission funded a study by the Rand Corporation to determine the confusion levels of investors who buy investment products and advice from sales representatives and financial advisors. The study showed most investors know very little about the critical differences between sales reps and advisors.

Jack Waymire, co-founder of the Paladin Registry (<http://www.paladinregistry.com>) and author of the highly acclaimed book "Who's Watching Your Money?" (ISBN 0471476994, John Wiley & Sons, 2003), said: "There are major differences between sales reps and advisors, but don't expect Wall Street companies to make it easy for investors to understand them. These companies thrive on investor confusion. That's because it's much easier to sell investment products to investors who don't have all of the facts."

Wall Street could reduce investor confusion in a matter of days if it really wanted to. All the industry has to do is adopt mandatory disclosure requirements for sales reps and advisors and distribute a one page handout that describes their differences. For example, reps are paid commissions to sell products. Advisors are paid fees for advice and services. Disclosure may sound like a simple solution, but it's not. That's because the solution has a negative impact on the profits of Wall Street companies.

Waymire added, "If you think Wall Street companies want educated investors look at their actions and ignore the spin from their PR departments. The industry spends more than \$300 million per year on lobbyists to make sure there are no mandatory disclosure requirements for sales reps who deliberately withhold information from investors. For example, they don't want investors to know there are no minimum education requirements, not even a high school diploma, and there are no minimum experience requirements. After taking a relatively easy test, a car salesman is transformed into a Wall Street representative who can sell products the same day he receives his license. Financial services is a high turnover industry so there are thousands of new reps every year who don't have to disclose their lack of education or experience to investors."

In the absence of mandatory disclosure requirements, sales representatives are free to use their personalities and sales skills to market themselves as financial experts. This is the same sales tactic that insurance agents used when they began marketing themselves as financial planners. They get away with these unethical sales tactics because all of their claims are verbal. Verbal information makes misrepresentation and omission easy and it's easy to deny later. No wonder investors are confused.

About Paladin Registry

Founded in 2003, Paladin is an information services company that provides free public services to consumers who use the services of financial advisors and financial planners. The Registry educates consumers about financial professionals and provides ratings and documentation for criteria that impact their competence and ethics. You can learn more about Registry services by going to <http://www.paladinregistry.com>.

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