WALL STREET'S DEEP, DARK SECRET IMPACTS YOU

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This eBook exposes a secret Wall Street business practice that is so pervasive it impacts more than 50% of U.S. investors. What is more ominous? 80% of these investors do not know this secret practice exists.

Why haven't you read about the secret until now? Wall Street firms have spent millions to avoid mandatory disclosure requirements. They can withhold information because there is no legal obligation to disclose this business practice to you. It is your responsibility to discover the practice so you can avoid it.

The Headlines

The biggest firms in the financial services industry have paid billions of dollars in fines for cheating investors. Billions more are being paid in 2015. There are no limits to the greed that impacts Wall Street business practices

Sales Culture

Why does Wall Street mislead investors if it really delivers competent, ethical advice and services? Investors should be lining up down the street to buy Wall Street products. Instead, Wall Street employs and licenses hundreds of thousands of representatives who may use high-pressure sales tactics to sell its products.

Financial products have to be sold. Investors have to be convinced to buy them. Consequently, Wall Street is dominated by a powerful sales culture to the point representatives are called producers.

Wall Street Alternatives

Wall Street has three options when it communicates information to you:

- Tell you the truth
- Lie to you (misrepresentation)
- Withhold information (omission)

Industry regulations prohibit misrepresentation and omission, but regulatory agencies have no way to enforce what is and is not said to you. It is your responsibility to ask the right questions, know good answers from bad ones, and obtain documented responses.

The Deep, Dark Secret

The secret is a combination of misrepresentation and omission – it is what is said and not said to you. The secret is the majority of advisors are not really advisors. They are salesmen who tell you they are financial advisors to reduce your sales resistance.

There is no industry regulation that prevents this deceptive sales practice.

Why is this secret such a big deal? In a Paladin survey 92.7% of investors said they did not want salesmen investing their assets. 88.2% said they did not know the critical differences between salesmen and real financial advisors.

They also said if they knew salesmen they would not buy what was being sold to them were soliciting them.

How Does the Secret Impact You?

Ethics: The financial advisor, investing your assets, may be a salesman masquerading as a financial advisor. Therefore, you are relying on a person who used deception to gain control of your assets.

Competence: Salesmen may not have the necessary knowledge to deliver competent financial advice. They are paid to sell. The quality of their advice is a byproduct of their sales processes.

Do not make decisions based on sales pitches and undocumented sales claims.

Why Avoid Salesmen?

There are five paramount reasons why investors should avoid financial product salesmen:

- Compensation: They are paid upfront commissions by broker/dealers and insurance companies
- Sales: They are paid to sell. They are not paid to provide ongoing financial advice and services
- Ethics: They are not required to put your financial interests ahead of their own
- Expenses: Many of their products have higher expense ratios and surrender charges to cover the payment of commissions
- Control: You have very little control over a rep who is paid at the time of the sale by a third party

5 Tips for Avoiding Salesmen

There are five easy ways to identify salesmen and avoid them. But, you will have to ask the right questions and know good answers (benefit you) from bad ones (create risk).

You should avoid sales reps who have any of the following characteristics:

- Their only method of compensation is a commission
- Their licenses limit them to selling products
- They do not provide any ongoing advice and services
- They are not acknowledged financial fiduciaries

4 Tips for Selecting Real Advisors

Like salesmen, real financial advisors also have key characteristics that help you identify them:

- They are compensated with fees that you control: Hourly, fixed, asset-based (% of assets)
- They are Registered Investment Advisors (RIAs) or Investment Advisor Representatives (IARs)
- They are financial fiduciaries who are held to the highest ethical standards in the financial service industry
- They provide ongoing financial advice and services

Minimum Disclosure Requirements

You should create some personal requirements for professionals and firms that want to control or influence how you invest your assets.

Trust what you see and not what you hear. Require advisors to practice full disclosure with documentation for the following information:

- Education, experience, and certifications
- Compliance records at FINRA.org/BrokerCheck
- Acknowledgement they are acting in a fiduciary capacity when they provide financial advice and services for fees
- Compensation and what you will receive for your money
- All expenses that will be deducted from your assets