

Regarding:

Release No. 34-64306;

File No. 4-626 Comment Request on Existing Private and Public Efforts to Educate Investors

<http://www.sec.gov/rules/other/2011/34-64306.pdf>

Thank you for allowing input for your decisions regarding the education of retail investors. I need to start with a warning.

Canada has recently completed a similar program to this one. It's conclusions reflected the investment industry's POV and the POV of educators hoping to create a life-long job out of the 'investor education initiative'. The general public's response to their conclusions was ridicule. <http://www.financialliteracyincanada.com/>

Your RFC does specify 'investor education'. But it does not explicitly exclude all the other parts of 'financial literacy'. IMO investing only happens long after people learn the basics of how to

- * do their tax return,
- * reconcile their bank statements,
- * save for big purchases,
- * understand the Time-value-of-money calculations and the theory,
- * use debt correctly and
- * use savings products.

It is these basics that are NOT taught in schools or at home, and should be. Without these basics, 'investing' should not be attempted - even the ETF variety.

I will make my comments according to the numbered questions, but not in their numerical order

(7) Which best describes your organization?

- c. not-for-profit
- f. Individual

(1) Describe the program.

This is a website <http://www.retailinvestor.org> calling itself Retail Investor .org

The site provides investing education that is not available elsewhere on the Web. It makes no attempt to simplify issues. It tries to fully address each. If the reader does not have the patience to read the full page it is his own decision.

Although geared to advanced investors, the site includes a section of basic information that ALL investors should know, but that is not available elsewhere.

There are three objectives.

- 1) How to use the data available on the web. This is an attempt to provide very procedural examples of the application of data to decision making.

- 2) How to move from a knowledge of facts (about products, markets, etc) to understand how these fact impact the investor, and what he should do about them.
- 3) Critical thinking any highschool grad can understand if he applies himself. Throughout the website the received wisdom is questioned and found wanting. The arguments for a more truthful and accurate understanding are presented.

(5) National in scope or expandable?

The information on this site is not only national but also international. The in-depth users of the site reside all over the world. There is at most 5% of the content that is 'Canadian', and terms in finance are sometimes local in their usage, but most of the content is applicable to investors everywhere.

The site is not expandable in the sense that a bureaucracy could take it over and add content. The site's value rests in it's ability to confront and contradict the investment bureaucracy. Putting the wolves in charge of the sheep would be counter-productive.

The only 'expansion' the site needs is exposure of its existence. It is the existence of Objective 3) above that guarantees this site is never referenced by industry and government agency websites. It is this bureaucratic response to dissent that makes efforts like this very RFC suspect.

The question I ask is "How many other websites like mine exist, but not in web-search listing?" If they are not find-able they do not exist. The 'expansion' that is necessary for good public education is an increased number of links to all dissenting websites from government sites.

(4) Independent evaluation?

Not only has there never been an independent evaluation of the effectiveness or correctness of this website, but the evidence is that the industry players refuse to read it in the first place. Evidently they already 'know-it-all' and are too closed-minded to expose themselves to dissent.

The proof comes from the Canadian RRSP plan for retirement savings - like yours in many ways. The experts have ALL given wrong advice for 20 years - based on a wrong understanding of where the benefits from the plan come from. After years of calling them 'wrong' and providing the math proof, not one 'expert' called 'wrong' in the media has commented on the proof or acknowledged it. Only two have discretely changed their advice (without acknowledging the site or acknowledging their change in advice).

<http://www.retailinvestor.org/RRSPmodel.html>

The question I have for you is "How are you planning on verifying your own proposal's effectiveness?" I have never seen any 'statistical evidence' methodologies that are remotely valid. Will you be measuring only 'compliance with the received wisdom'?

(2) Characteristics of an effective program.

- Allows for and presents dissenting opinions.
- Sets clear limits on the level of investment complexity that should be attempted for any given education level..
- Should NOT pander to the lowest common denominator in attention span or intelligence.
- Avoids and works against duplication of materials already presented elsewhere or by others.
- Does not limit the info to one 'accepted' investment strategy.
- Avoids and works against the idea that investing is a paint-by-numbers process where you apply a number of rules without any subjective evaluation.
- Religiously avoids becoming the sales force for the industry of Financial Planners and Investment Advisors.
- Acknowledges the reality that basic financial literacy was lost with the Boomer generation and that parents today are just as ignorant as their kids.
- Skills should be taught, not normative rules like: 'You should do X, Y and Z', 'A is better than B', 'compare CompanyA's financial ratio to CompanyB's,' etc. Instead teach 'how to make this decision', "how should these financial statements be interpreted", "how convert this published interest rate into its economic rate".
- Encourages people to DIY instead of relying on some person to 'tell me what to do'.

(3) What existing programs are effective?

As far as web information goes,.

<http://www.retailinvestor.org/> of course.

http://independentinvestor.info/component/option,com_frontpage/Itemid,1/

<http://www.finra.org/Investors/SmartInvesting/GettingStarted/index.htm>

Investing clubs are a good idea. Regardless of their chosen methodology, the fact that they will have one, is a good. Forcing yourself to defend a decision adds a lot of value to the decision. In school, clubs would do the same thing even if working only with pennies.

(6) Topics for inclusion

You can see what topics I think are important by the menu on my site. Not listed are the more basic topics. These include:

What are the attributes of different brokerages that will matter to you. There is a great long list that would be meaningful to someone like me, but it can have a section at the top for beginners with limited demands.

What are the different types of securities and products along with how they work. The existing web information is too cursory to be of value. For an example, look at my page on preferred shares and compare it to the basic information on the

links provided at the top. <http://www.retailinvestor.org/preferreds.html> The same dearth of detail exists for bonds, REITs, etc.