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Brian Jones
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Dear Mr. Clayton:

I'm writing this comment regarding Regulation Best Interest proposals. I worked for one of the largest broker/dealers in the country for over 5 years and left to form an independent fee-only registered investment advisor. I was recruited to work for the broker/dealer with them marketing the position as a financial planning job, when the position was very high pressure sales. Under the proposal, these large financial companies essentially have convinced the SEC to allow them to say they are working in the best interest of the client (implying a fiduciary relationship), when in fact they will continue using conflicted business methods which harm their clients.

Our nation either needs to have a 1. uniform fiduciary standard or 2. we need to have clear separation of investment advisors and brokers. Investors should be able to easily determine whether they are working with a fiduciary or a salesperson. If a uniform fiduciary standard is enacted, revenue sharing should be banned as well as company sponsored vacations. I know from my experience that these things create significant conflicts of interest which hurt investor's life savings. If the second option is chosen, using a greater separation of broker and investment advisor, than allow these conflicted business models to continue in the broker/dealer space, and let the consumer decide. Force the broker/dealers to in plain english, explain how conflicted their model is, explaining their revenue sharing, vacations, suitability standard, and let consumers choose if they want to hire the advisor (salesperson) or not.

I find the proposal alarming because it appears to violate the Investment Advisers Act of 1940 by allowing the broker/dealers to claim they are acting in the best interest as the client but not actually being a fiduciary. This seems to be essentially fraudulent. Minnesota law also requires financial advisors who are implying a fiduciary relationship to actually be a fiduciary. The current proposal could be subject to lawsuits at the state level.

We could modernize our financial industry as Australia has by enacting a fiduciary standard across the board and requiring education before entering the industry. When you become a pharmacist, you get a doctorate (PharmD) before you can dispense medications. Why can't we atleast require a bachelor's in financial planning at some point to enter the profession?

Without a significant change to the proposal, clients will be taken advantage of more than under the current laws because they will be deceived into thinking they are working with real legitimate financial advisors when in fact they are working with salespeople.

Best Regards,

Brian Jones