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A SPECIAL REPORT

A Summit PUBLICATION

**Financial
Crisis:**
The Implications

TO THE EDITOR

The Value of Independence in Financial Advice

The value of independent financial advice and the importance of the independent advisory channel have never been more apparent. Recent events in the financial markets have cut the American financial psyche to the core and have rightly caused all of us to question and challenge the efficacy of the advice we are given by Wall Street and its so-called experts when it comes to our personal financial well-being and the funding of our retirement.

The question is: How can we trust the advice given to us by an employee of a firm that can't even manage its own success or failure? While I do not impugn the personal integrity of financial advisors who work for the big firms, recent events certainly call into question the integrity of the research and the management guidance upon which "captive" advisors rely in offering advice to their clients. The fact is Fannie Mae, Freddie Mac and AIG are in the hands of the government. Bear Stearns and Lehman Brothers are out of business. The venerable Merrill Lynch is now part of Bank of America, its alternative being to follow Bear Stearns and Lehman Brothers into failure. It appears that the wave of a magic wand by the regulators has made Goldman Sachs and Morgan Stanley commercial banks. A worldwide financial crisis has been created, once again, by the greed of Wall Street and a failure of personal and professional responsibility on the part of many senior executives in these firms, on the part of the regulators appointed to oversee them and on the part of the politicians elected to represent our individual interests.

In spite of vehement protestations to the contrary on the part of these firms and their advisors, the fact is that the retail sales forces who work for large financial services corporations are compelled to walk the thin line between doing what is right for the client and doing what is right for the stock price. For

the average retail investor, this conflict has always been and remains the key issue.

In our opinion, and I will grant you that we are biased, the best interests of investors are served by seeking advice from financial advisors who are independent and who offer advice without consideration of which companies' product is being sold to meet a financial objective. This isn't to say that all independent advisors are "good" and all captive advisors are "bad." We do, however, say that those advisors whose compensation is unrelated to the sale of any specific proprietary product and who are able to seek the best financial solutions for their clients, irrespective of which firm offers that solution, are more closely aligned with their clients' best interests than are other advisors.

It's quite apparent that the longstanding model by which financial advice is offered to the general public by Wall Street has come to a screeching halt. We encourage investors and financial consultants alike to seek out and embrace the independent advisory model to which our firm and other firms like it have subscribed for more than a decade.

It would be inane to suggest that implementation of this modest suggestion would have had any effect at all on the current financial crisis. It's interesting to consider though, how the average investor's portfolio would be positioned if all investors sought the advice of an independent financial advisor.

Sincerely,

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