

Elizabeth M. Murphy, Secretary  
US Securities & Exchange Commission  
100 F Street NE  
Washington DC 20549-1090

**RE: File # 4-606**

Dear Ms. Murphy:

I am writing to you to comment on SEC study #4-606 regarding standards of care among all types of investment/financial advisory professionals.

I strongly support one fiduciary standard for all, with no exceptions or exemptions allowed. I say this because I know from experience that differing standards are very confusing to the public.

The fact is that many people do not understand the differences between a broker, a broker/dealer, an agent, a financial advisor, a registered representative, a financial planner, a certified financial planner, a retirement planner, a financial planning specialist, a certified life underwriter, an investment advisor, an investment advisor representative....or any of the numerous other monikers adopted by financial professionals, some of whom are *not* qualified or professional.

In addition, the public cannot distinguish between a suitability standard and a fiduciary standard. To expect the public to do so is not realistic. Because of this, a broker, insurance agent or financial planner who sells a product under the suitability standard can give the public customer the impression that the advice being offered, which in reality is simply an offer to sell the product that professional has selected, is, in fact, objective. In fact it may or may not be objective, but the public has no way to discern this. Allowing a broker, insurance agent or any financial professional to offer investment advice, even if it is "incidental", without being subject to the highest standards, is a serious disservice to the investing public who relies on government supervision and regulation for protection.

As a fee-only certified financial planner for over 26 years and co-owner of a registered investment advisor firm with approximately \$23 million in assets under management, I long ago decided that I would adhere to the highest standards known. My firm requires compliance with the CFP<sup>(R)</sup> Code of Ethics, which adheres to the fiduciary standard of care. As a result of this decision, we are able to offer our clients appropriate, objective, professional and ethical services. Our clients understand and appreciate that our firm will disclose all fees, any conflicts of interest and choose the client's best interests over our own. Our business has prospered and grown because of this emphasis. All of our 250+ clients are all middle-income rather than ultra-rich or high net-worth, with accounts ranging from as little as \$5,000 to accounts of approximately \$1 million.

Being a fee-only firm subject to the fiduciary standard of care has only increased our ability as a firm to provide objective and affordable advice to our clients, and they recognize this fact as well. Being a fee-only firm also has simplified our overhead costs, as we have no commissions to account for, no broker/dealer expenses to pay, no insurance company expenses to pay and no fee-sharing arrangements.

I cannot think of a persuasive reason why there should be any allowed exceptions to adherence to the fiduciary standard, although I have read all of the objections offered by insurance agents

and brokers who want to remain subject only to the suitability standard instead of the fiduciary standard. Enforcement of the fiduciary standard has never been a significant problem, and will not become one, particularly if the threshold for SEC registration is raised to \$100 million, as the states have indicated a desire and ability to regulate and examine all firms that would therefore fall under their jurisdiction, nor does it add to the costs of doing business to simply put the client first.

In fact, their objections are transparent and fallacious; the truth is that they know that if they are required to put the client first, over their own interests, they may not make as much money. It is, unfortunately, as simple as that.

I do not sympathize with this point of view, as I decided long ago when I formed my firm that making as much money as possible was not the goal. Instead, I recognized the CFP® ethics wisdom, which is to put the client first, and my firm prospered nevertheless. It is, in fact, a better business model that commission-driven brokers and insurance agents would be wise to switch to, as the public *does* recognize that the fewer conflicts of interest a financial advisor has, the more likely he or she is to act in the best interest of the client. Most people *do* recognize when they are being sold a product versus being given objective advice when it comes to investments, even if they do not understand all of the terminology and regulatory language used.

Being subject to a fiduciary standard simply adds the force of law to the attitude. The public will recognize that fact if it becomes the rule and is widely publicized and explained. I hope that the SEC and the rule-making body which decides this issue recognizes that it is time to protect the public, deny exemptions from level standards of practice and require adherence to a cohesive body of rules among all types of financial professionals.

The repeated scandals of the past several years has the public's rapt attention and they expect fairness and protection from further frauds, misrepresentations, double-talk and phony credentials. I urge you to take a strong stand do the right thing, ignore the whining and plea bargaining of some who oppose the fiduciary standard, level the playing field and protect the public with the adoption of the fiduciary standard of care among all financial professionals.

Sincerely,

ML Dahl, CFP<sup>(R)</sup>  
Ketchikan, AK