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TO: The U.S. Securities and Exchange Commission

FROM: Dr. Robert N. Mayer and Dr. Cathleen D. Zick, University of Utah

RE: File Number 4-606

We conducted a survey in October 2009 that included a four-part question that bears on the question of whether members of the general public understand the degree to which various financial advisors owe a fiduciary duty to their clients. The question was answered by 3010 employees of the University of Utah, a public university. Although the employees were drawn from all portions of the campus community, including professors and medical doctors, nurses, secretarial staff members, custodians, and groundskeepers, the members of the sample are better educated and wealthier than members of the U.S. population as a whole. Thus, the responses of the sample members likely overstate the knowledge/understate the confusion of the general population.

The exact question posed was: "Do any of the following designations indicate that the advisor pledges to put your financial interests before his or hers?" The four advisor types were: "certified financial planner," "licensed or registered investment advisor," "licensed or registered broker-dealer agent," and "personal financial advisor." The order in which the four titles were presented was randomized across participants. Respondents could choose "yes," "no," or "don't know" for their answer.

The results of the survey were as follows:

| ADVISOR TYPE | YES | NO | DON'T KNOW | # RESPONSES |
|---|--------------|--------------|------------|-------------|
| Certified Financial Planner | 28.3% | 13.4% | 58.4% | 2944/3010 |
| Licensed/Registered Investment Advisor | 19.7% | 19.0% | 61.3% | 2927/3010 |
| Licensed/Registered Broker-Dealer Agent | 9.9% | 29.1% | 61.1% | 2923/3010 |
| Personal Financial Advisor | 20.8% | 19.6% | 59.6% | 2932/3010 |

Although there is some debate about whether each of the four types of financial advisors are obligated to make recommendations in the best interests of their clients, our assumption was that certified financial planners and licensed/registered investment advisors do have such a duty whereas licensed/registered broker-dealer agents and personal financial advisors do not. We have bolded the answer percentages that we view as representing correct answers.

Whereas the number of correct answers generally exceeded the incorrect ones, the differences were often small. The difference between the correct and incorrect answer was greatest for the licensed/registered broker-dealer agent. In a relative sense, this is encouraging since most of the policy debate focuses on the obligations of broker-dealers. In an absolute sense, however, only about two-fifths of respondents were confident enough to offer a definitive (and sometimes incorrect) answer to this question. Note, in addition, that fairly few people chose not to answer the question at all. In other

words, a response of “don’t know” was a common and explicit choice, separate from the small number of non-answers.

Overall, it could be viewed as encouraging that people are aware of their ignorance and do not, to a large extent, mistakenly attribute obligations where they do not exist. On the other hand, lack of precise knowledge regarding the obligations of various types of advisors is the rule rather than the exception. This is the case even within a relatively well educated, white-collar sample within which use of a financial planner is fairly common. (59% of respondents reported ever having met with a financial advisor and 38% reported having done so within the last two years.). Almost certainly, the level of knowledge among a representative sample of the U.S. public would be substantially lower, although it could be argued that the relevant population consists of people who have ever used a financial advisor, currently use one, or are likely to use one in the future. Our conclusion is that ample room for improvement exists in investor knowledge regarding the obligations of different types of financial advisors.