

Dear SEC,

I am writing in response to your call for public comments on efforts to educate the public on investing. I am an Investment Advisor Representative of Financial West Group, Member FINRA/SIPC. My CRD number is 2784785. My Indiana Life and Health Insurance License number is 2618660.

I have a background in teaching. My strengths lie in explaining in plain language to individuals or groups how to invest, how to manage investment risk and what pitfalls to watch for when investing, either on your own or through a commission-based or fee-based financial advisor.

I educate my clients and prospective clients on how to determine what they are paying for the investment services they are receiving. Many investors are unaware of transaction expenses, annual custodial fees, commissions, trail commissions, mutual fund expense ratios, redemption fees, annuity mortality risk and admin expense fees, annuity rider fees, surrender charges, transfer-out fees, etc.

Prospective clients are often surprised when I point out expenses to them that they don't know they're paying. With mutual funds, it's typically the expense ratio and a 12b-1 fee that is not disclosed. It's not uncommon for prospective clients to show me statements from their variable annuity accounts, and for them to be surprised to find that what they own is/are one or more annuity contracts with one or more life insurance companies.

In addition, registered representatives, insurance agents, and advisors with whom I come into contact are often not aware of all of the expenses involved in the products or services they are selling. Furthermore, the complexities of many variable annuity products available today are beyond the abilities of even the best reps/advisors to understand, much less to explain adequately to clients or prospective clients.

Frankly, other than the SEC and FINRA and state securities regulators' web sites, I am not aware of any sustained effort to educate the public on investing. I've almost never seen it offered or required as a class at the high school or college undergraduate level.

In short, my professional opinion is that there is nowhere near enough being done by state and federal regulatory authorities to educate the public about investing. And what is being done is ineffective.

It is also my opinion that there are many independent investment professionals who, like myself, are committed to the highest standards of ethical market behavior, and who are, therefore, a vast pool of untapped talent that could be applied to meeting the pressing public need for investment education.

Here are my recommendations:

- 1) I recommend organizing a public education campaign carried out through a public/private partnership based on collaboration among the federal regulatory authorities, industry SROs, state securities regulators, and independent brokers and advisors. Any investment bank, insurance company, commercial bank, or investment company that utilizes a captive career sales force must be excluded from this partnership.
- 2) I recommend that courses on investing be required in the curriculum of public or private high schools and colleges/universities that receive any sort of state and/or federal aid.
- 3) I recommend that federal and state regulatory authorities contract with carefully screened independent investment professionals such as myself to conduct public educational campaigns such as seminars and courses taught through adult educational programs such as Peoples University, offered by the Bloomington, Indiana, Parks and Recreation Department.

4) I recommend that while waiting for curriculum to be developed/approved for high schools and colleges, these same carefully screened independent advisors could offer to conduct classes or seminars or forums in public venues such as high schools or colleges and in government buildings and outdoor facilities.

5) I recommend that, in order to avoid conflicts of interest, the pre-screened independent investment professionals willing to commit to such a public education campaign be compensated as 1099 contract employees of the state and/or federal governments. All materials used in the campaign should be carefully reviewed by state/federal regulators to prevent the abuse of the proposed campaign for self-interested sales purposes. In addition, regulations should stipulate, and be backed up by stringent reporting requirements, that financial professionals who offer their services in such an educational campaign be prohibited from soliciting business, or accepting unsolicited business, from any individual who attends an education event associated with the campaign, for a period of not-less-than one year following such attendance, unless such individual was already a client prior to the class they attend.

6) I recommend that licensing and continuing education requirements for investment professionals be strengthened by requiring that candidates for various licenses be tested for minimum competence prior to being admitted to exam-prep classes, and that continuing education requirements include passing examinations that are regularly reviewed by regulators.

7) I recommend that privately offered five-day crash courses for the Series 6, 63, and 7 licenses be more tightly regulated than they are at present. This would also apply to the three-day crash courses available for the Series 65 license. Regulations should be developed that lengthen the time required in class, deepen the depth and detail with which subjects are covered and strongly discourages the practice of "teaching-the-test." Online classes should be required to be conducted via webex with live instructors, and should be required to be followed up with in-classroom review and instruction. The programs offered by Dalton Education as preparation for the Certified Financial Planner designation provide good examples of such programs.

8) I recommend that, regardless of the political climate, regulators drop any hesitation to regulate, and report any undue pressure from any individual or institution to make exceptions, slow down, or hinder the vigorous regulation of the financial services industry.

9) I recommend that all social, political, and financial connections between top state and federal regulators, including members of Congress and all congressional staff, on one hand, and top financial services industry lobbyists and executives, on the other hand, be disclosed as part of the curriculum offered by the above campaign.

10) Finally, I recommend that funding for the proposed campaign be entirely public, and should be paid for through state and federally mandated fees imposed upon all securities transactions valued in excess of 5 million dollars.

Sincerely,
Bill Stant

William N. Stant, President, L. B. Stant and Associates, LLC