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Better monitoring needed for U.S. financial companies

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The administration recently proposed new guidelines aimed at forcing financial institutions to place the interests of their clients above their own. For the record, I applaud any effort – regardless of where it originated – to curb the exploitation of Americans seeking financial security during their senior years.

“The change would mandate that brokers follow a ‘fiduciary standard’ to prioritize clients’ interests over brokers’ interests,” Kevin Lamarque explains in an update from Reuters. “The move would cut back on ‘hidden fees’ that financial advisers can pocket when steering clients into more expensive products that may not be the best option for the investor. Such practices cost working- and middle-class families \$17 billion a year.”

We have all seen what happens when Wall Street puts its needs above Main Street. If the financial services industry had been subject to genuine regulatory oversight; i.e., if the interests of those being served had been put ahead of those providing the services, the mortgage crisis could have been averted and with it, the worst economic disaster since the Great Depression.

For me, this is not about the big, bad government exerting ever more control over the lives of its defenseless minions. It’s about the powerful, the shrewd and the unethical taking advantage of the weak, the naïve and the vulnerable. If I follow the recommendation of my financial adviser and I lose money, the first thing to be forfeited should be any compensation to the person who provided me with the dubious advice.

Moreover, if it is determined my broker knowingly gave me self-serving yet ultimately deleterious counsel, he or she should be stripped of his or her license and charged with a felony. Protecting free market capitalism is not the overriding concern here. The proposed regulations are about fraud prevention, pure and simple.

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