

July 13<sup>th</sup> 2015

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RE: DOL Fiduciary Proposal

Dear President Obama,

While I have been an avid supporter of many of your policies, Mr. President, I am now put in the position of never wanting to support you or the Democratic Party again. The DOL proposal that makes me, and my colleagues, all fiduciary's when it comes to retirement planning such as IRA's, is unworkable. I do not believe that you have read or reviewed this plan. You have only been told about how it makes us all accountable to our clients. I hate to break the news to you, Mr. President, but we already are accountable to them. We are already legally obligated to make investment recommendations that we believe to be suitable for our clients. We are already employed within the most heavily regulated service industry in this country. The proposal by your DOL Secretary is operationally impossible. Let me explain:

1. How many citizens in this country do you believe own individual stocks within their IRA's? More than half of my clients IRA accounts hold Apple stock in their accounts. I recommended it to them. All of my clients beat their benchmark performance last year. If this proposal is enacted, who determines (Legally) if having Apple stock in my client's portfolio is in the best interest of the client. Is it you? Is it Thomas Perez? Is it legal counsel of the client when the stock markets hit a rough patch? Who makes this determination? Who pays for these legal costs? I am an independent advisor that runs his own business...the self-employed business owner that is the back bone of this country. I don't have piles of money to pay for an attorney after all of my other costs. Has anyone asked if my E&O insurance will cover separate lawsuits or inquiries outside of the arbitration process? Not that I am aware of. This is my number one issue that I have physically stressed about for the last 6 months since these proposals looked like they were going to be pushed through. Personally, my health has suffered. And I, Mr. President, have never had a formal complaint against me.
2. Elizabeth Warren & Bernie Sanders description of this proposal is not correct and is deceptive in its own way. I have heard your friend, Mrs. Warren, speaking on numerous talk shows. Her quick description of the plan is that it eliminates hidden, undisclosed payoffs by the money

managers to the investment firms for pushing certain investment companies. She is correct about this. There are some investment firms (like JP Morgan) that pay their reps more money on the back end for the amount of proprietary products they sell. I will acknowledge that. However, this is not the entire industry and this is not the entire 700 page proposal that is being pushed by Mr. Perez. Please re-read the proposal and meet with industry representatives.

3. You and your administration have disrespected my entire industry and this looks like more GOVERNMENT OVERREACH. We are used to it and I understand it (it sounds like your fighting for the little guy). But the majority of financial advisors are trying to do the right thing under the current system. And, we are getting it right. There is not a major backlash among investors at the current times. Headlines are driving this discussion. What really bothers most of us about this proposal is that the government is so concerned with how we legally make commissions and fees within a highly regulated business. Your DOL secretary seems to be saying to us that we are the problem when it comes to retirement planning in this country. NEWSFLASH!!!, Mr. President, but it is the rising cost of home affordability and loss of jobs overseas from bad Federal Reserve and interest rate policy that have caused this...for 30 years now!!! Raise taxes at a moderate pace on high income earnings and you will fix the problems- social security, medicare, debt, deficit. That's what would take some courage. By forcing us to lower our fees in the best interest of our clients, you are going to force us to eliminate clients that are unprofitable. Sorry to say it, but why am I or any other investment firm going to keep a small client on the books that can legally drag us in to court at any time for not (essentially) giving them the service for free or close to free (in the best interest of the client). BTW- Hilary Clinton's 15% profit sharing plan idea is one of the better ideas of late regarding employee ownership. Now that has merit.
4. Thomas Perez has made some remarks that are also incorrect along with his inability to understand the operational challenges that go along with his proposal. He says we can still charge commissions, but gives us no direction as to how to do this operationally. Again, we are opened up to a lawsuit. Who determines what is in the best interest?? Every time I make an investment recommendation within an IRA, the choices can now be reviewed by a jury in order to determine whether or not it was right for the client. Way to go. You just made the trial attorneys a ton of money. Additionally, I have to complain about Mr. Perez's personal Capitol Hill support of robo-advisors. What's the deal with his personal advertisement for Wealthfront in committee hearings?? Get the ethics people in here. This company has no long term track record, is managed by some "millennials" that wrote a computer program with a smart mathematician and all of a sudden, Mr. Perez thinks they can manage money because they are cheap!!! This is the cardinal sin of investing. Dare I say- Does Mr. Perez have a job at Wealthfront after his tenure at DOL is over. I will make that charge. Please note that Wealthfront isn't offering anything new. Investors have access to this type of platform already. It is at the local ETRADE office, Charles Schwab, Fidelity, TD Ameritrade (my competitors)....why there is such a push for discounters by DOL right now is beyond my comprehension.
5. Financial planners and their PAC's are for this legislation- Of course they are!....they compete with financial advisors, insurance companies and RIA's. It benefits them. I cannot believe that financial planners are being treated as the expert witness while the rest of us are considered the defendants. The financial planners see a huge opportunity in this legislation. They just want to

be able to charge a higher flat and hourly fee. Don't be fooled by those that don't market themselves very well (opinion). Quick story- Can I tell you how many times my clients have said to me that they do not want to pay a financial planner for a full plan (typically \$1000-5000.00 upfront with ongoing yearly review fees)....? Most small to middle size investors want to be able to see an advisor that is going to treat them fairly and make them money. And with attempting to make money, clients do end up taking on risk. Risk can come from buying a basket of stocks, etf's, bonds, funds, uit's, etc..... And, when you take on risk, you can make money and you can lose money.

6. Lastly, while the Department of Labor believes that it is doing "good" with this proposal, the majority of IRA clients that invest would tend to disagree if they knew that it would jeopardize their Advisor-Client relationship. The majority of the American people are unaware of what Mr. Perez is trying to do all in the name of reducing fees on IRA's. Again, most American's are not opposed to paying management fees in order to work with a financial advisor. Somewhere in Mr. Perez, Mrs. Warren and Mr. Sander's thinking (and their cherry picked testimonials), they came to the conclusion that they must price fix this industry for the good of the nation. Newsflash- Prices have been falling for years. THERE IS ACTUAL COMPETITION IN THE FINANCIAL ADVICE MARKET.

I have more examples of where this proposal falls short, but I know that you and your staffers do not have time to read all of the letters. In summary, I believe that this proposal, as written, will greatly affect the small investor's access to advice while also hurting the thousands of financial advisors that run small independent firms throughout this country. Remember, we vote Democrat and Republican in this industry. Right now, the Dems have turned completely against the financial services industry. Let us acknowledge that the markets have risk, and that the investors of tomorrow are going to need their hands held. Don't take that service away from us. It is one of the many services that we get paid for.

Respectful but very concerned about the Democratic attack on the financial markets,

Geoffrey C. Aden

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Cc: Bernie Sanders (IND)

Cc: Nancy Pelosi, Barbara Boxer, Mike Thompson, Jared Huffman, Elizabeth Warren, Joe Biden (DEMS)

Cc: Rand Paul, Richard Burr, Susan Collins, Lindsay Graham, Mitch McConnell (GOP)