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Things that must be addressed to protect savers with money to invest--specifically successful small business owners with fewer than 100 employees who do the short form 5500.

- Successful small business owners with little or no knowledge of Wall Street tactics and little or no knowledge of investing and little to no knowledge of retirement plans are being led to the lion's den by their most trusted service providers--tax/estate attorneys, 401(k) plan third party administrators (TPAs) and so-called financial advisors/advisers who are nothing more than brokers masquerading as advisors/advisers.

- Tax attorneys/estate attorneys develop relationships with TPAs and "financial advisors/advisers" or vice versa and they, what amounts to, sell/exchange client names. This may be a wink and a nod agreement, but the client is unaware of the center of influence relationships and all the conflicts of interest. These relationships are referred to as centers of influence.

- The successful small business owner's tax/estate attorney who works at a firm with an ERISA attorney who has a relationship with a 401(k) plan TPA has brochures on hand for 401(k) TPA and gives them to his successful small business owner clients and tells them they should start a 401(k) plan, because they will be able to sock away the most money (and protect it from taxes) and pay their employees the least by starting a 401(k) and they should use this TPA.

- The successful small business owner has built up years of trust with his/her tax/estate attorney so he/she does what tax/estate attorney says. The recommended TPA provides the client with a notebook with a 401(k) plan in it and he--the TPA--recommends (not refers) recommends what he calls a Financial Advisor/Adviser to help the small business owner with the 401(k) plan. A meeting with tax/estate attorney, TPA and "Financial AdvisOr/AdvisEr" occurs. Because of successful small business owner's long time relationship with tax/estate attorney, the successful small business owner trusts the TPA and the Financial AdvisOr/AdvisEr since they were recommended by a very trusted professional--the tax/estate attorney. They--the TPA and "Financial AdvisOr/AdvisEr"--in essence, obtain a short-cut to the client's trust.

- Unbeknownst to the client, the TPA has a relationshi/agreement (written or unwritten?) with the Financial AdvisOr/AdvisEr that he recommends to the successful small business owner. The Financial AdvisOr/AdvisEr picks high fee mutual funds for successful small business owner and the mutual fund companies that offer those mutual funds provide kickbacks to the TPA. The successful small business owner is never told what the responsibilities of a plan sponsor are; he/she is an accidental fiduciary. None of the successful small business owner's trusted service providers inform him/her of those responsibilities or explain what a fiduciary is. The successful small business owner is more lucrative if kept ill-informed.

- The TPA who does not have a fiduciary relationship with the client (but the client doesn't understand that) pools resources

(money received from mutual fund companies?) and distributes it to the centers of influence.

- Ultimately the prize/the goal is to obtain control of the successful small business owner's taxable assets so that the BIG money can be made. It's just pure luck if the successful small business owner figures this scheme out, as he/she is running ragged just trying to keep all the plates of home and business responsibilities spinning. And, of course, he/she thinks that he/she has done the right and responsible thing by hiring trusted professionals/experts.

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Important things to consider:

Successful small business owners or any small business owners for that matter are NOT and should not be considered institutional or sophisticated investors. Small business owners seek the help of a Financial AdvisOr/AdvisEr, because they--the small business owner--has little or no knowledge of retirement plans or investing. They think that they are hiring someone that will work in their best interest and that will not harm them especially when he/she has been obtained through his/her tax/estate attorney's professional relationships.

Financial AdvisOrs/AdvisErs are manipulating ill-informed clients' risk tolerances. They deceptively set the client's risk tolerance to MODERATELY AGGRESSIVE. I wondered why they did this. It happened to me and two of my sisters. We WERE at a couple of the big 4 wire houses which I have learned are where the conflicts of interest between customers/clients and

brokers/advisors/ers are among the worst. Mercer Bullard in DOL Hearing Panel 4 provided the answer to why brokers masquerading as advisors/advisers are doing this. The higher the "Financial Advisor/Adviser" can get the client on the Risk Tolerance scale the more suitable the highest fee, highest risk products become. Therefore, the "Financial Advisor's/Adviser's" goal is to get the client at least to Moderately Aggressive. AND THEREFORE,

**IT IS IMPERATIVE THAT THE BEST INTEREST CONTRACT BE SIGNED BEFORE THE BROKER "FINANCIAL ADVISOR/ADVISER" DISCUSSES RISK TOLERANCE WITH THE CLIENT.**

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