



NASAA

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**Support the Akaka/Menendez/Durbin “Honest Broker” Amendment #3889 to
S. 3217**

Dear Senator:

Your colleagues, Senators Dan Akaka, Bob Menendez and Dick Durbin, are offering an amendment aimed at restoring much needed authority to curb abuses by financial services providers and protect Main Street investors. This straight forward amendment replaces an unnecessary 12-month study and simply directs the SEC to conduct a rulemaking to require broker-dealers giving investment advice to act in their clients’ best interests and to disclose conflicts of interest that bias their recommendations. This is not a new standard but rather one that has been in place for over fifty years and applicable to investment advisers.

This amendment will NOT limit customer choice, raise costs or limit access to products and services as some industry groups claim. Customers who want to buy stocks and bonds can continue to do so while those who want investment advice will have access to that information as well. What this amendment will do is align the legal obligations of broker-dealers with the expectations of their clients. It will address abusive sales practices such as incentive programs that encourage brokers to push more costly and poorer performing products over others. Insurance agents who make recommendations to senior citizens to buy securities could only do so if it was in the best interest of their senior client and for products such as variable annuities be required to disclose the fees and commissions they are paid for the transaction. In short, it will ensure that brokers and agents put their clients’ interests ahead of their own.

The evidence from last week’s Permanent Subcommittee on Investigations hearing shows that Goldman Sachs repeatedly put its own interests and profits ahead of the interests of its clients. Small investors are often subject to similar abusive practices when they receive investment advice from agents who recommend a product because of higher commissions or revenue sharing payments with their firm or a third party. Self interested members of industry and their trade associations who are looking to protect their bottom line will continue to fight against the fiduciary duty standard because it will force them to disclose conflicts they’d rather keep hidden. In order to earn the confidence of American investors these practices must end.

As SEC Commissioner Luis Aguilar said in a speech last week, “I don’t believe that we need an additional study to conclude that protection of investors requires that broker-dealers providing investment advice be subject to fiduciary duties. I think that question has long ago been asked and answered.”

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Wall Street reform will not regain the trust of Main Street unless Congress embraces extending fiduciary duty to all financial professionals who provide advice to investors.

Now is the time to act to protect your state's investors!

Sincerely,

A handwritten signature in cursive script that reads "Denise Voigt Crawford". The signature is written in black ink and is positioned below the word "Sincerely,".

Denise Voigt Crawford
Texas Securities Commissioner
NASAA President