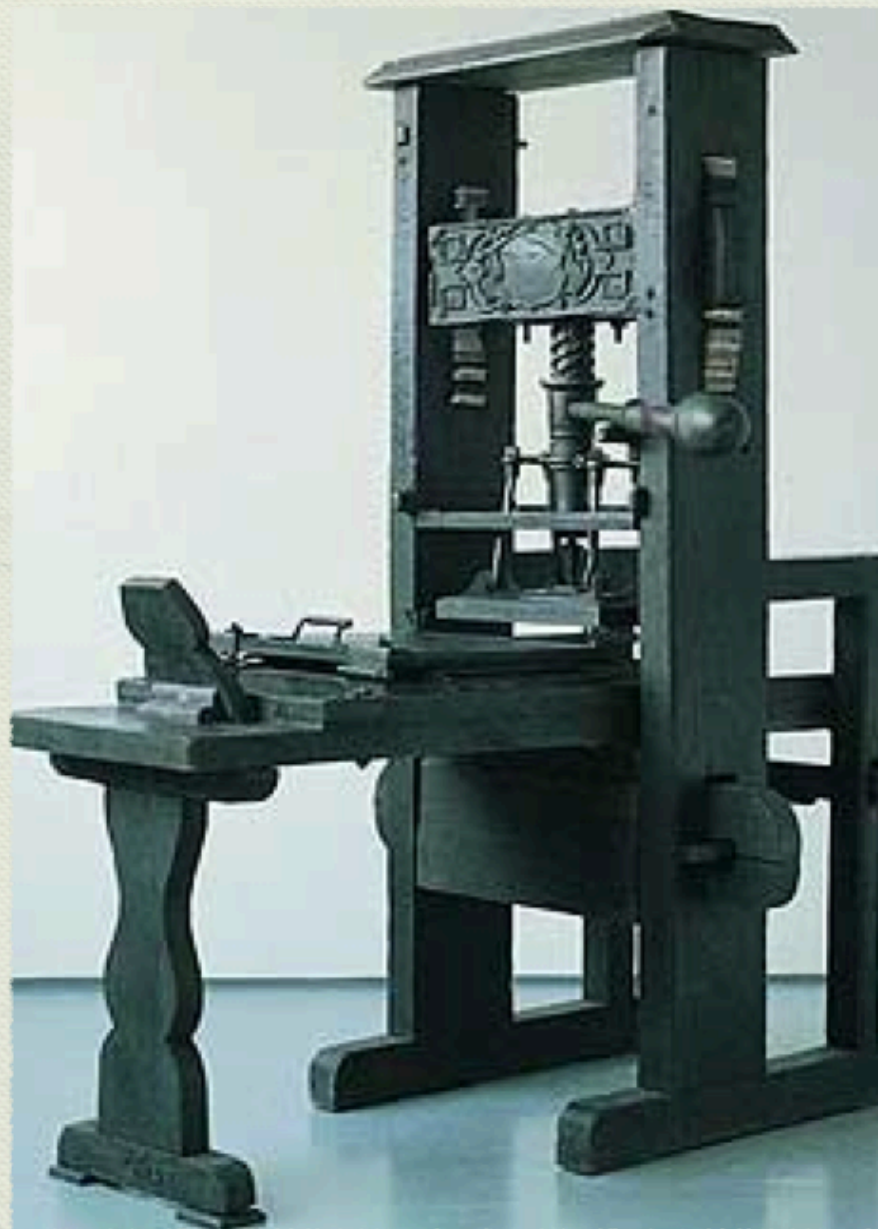


Investor's Watchdog™

Pat Huddleston

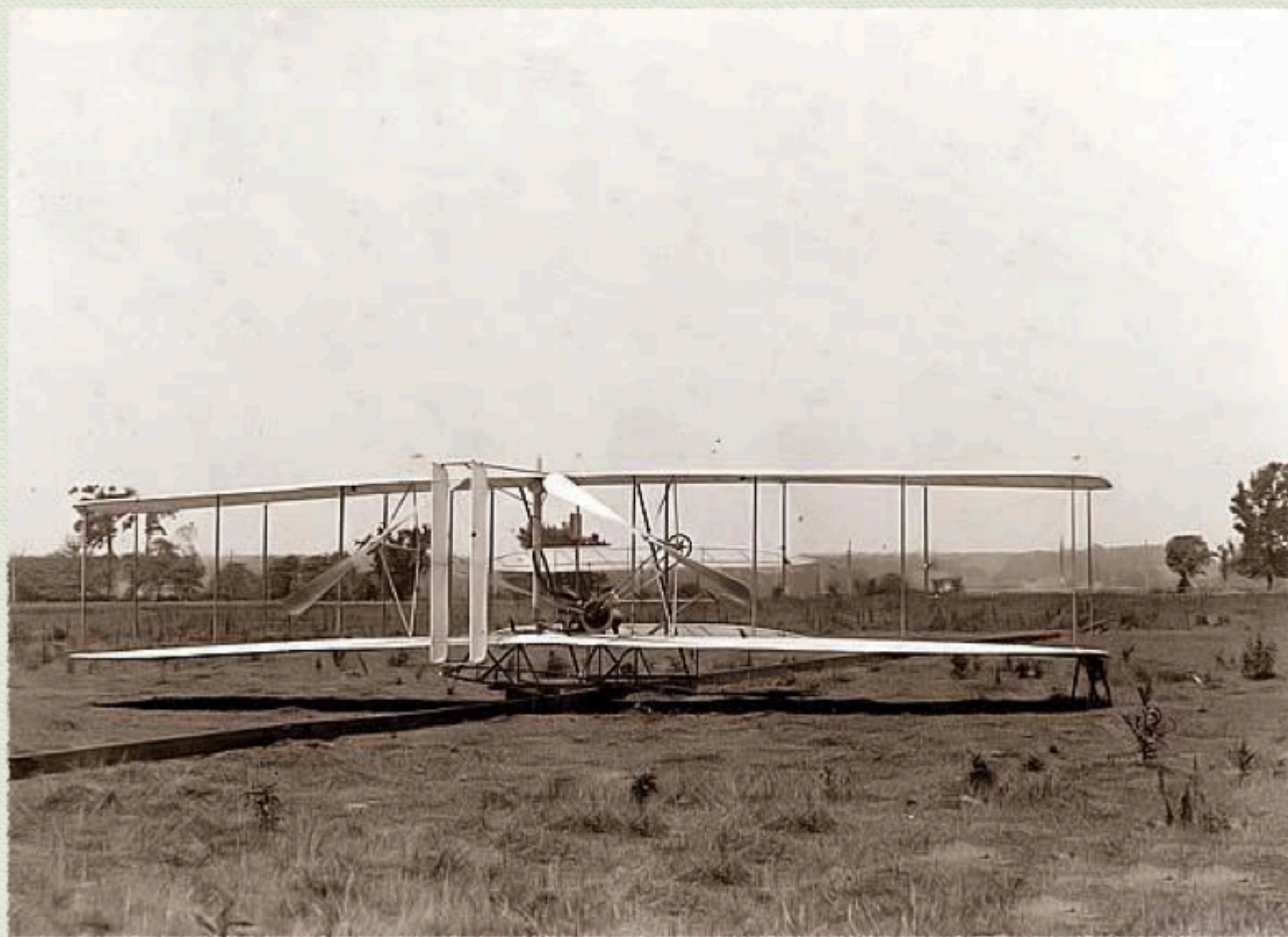
Observations on the Dodd-Frank Financial Reform Act of 2010

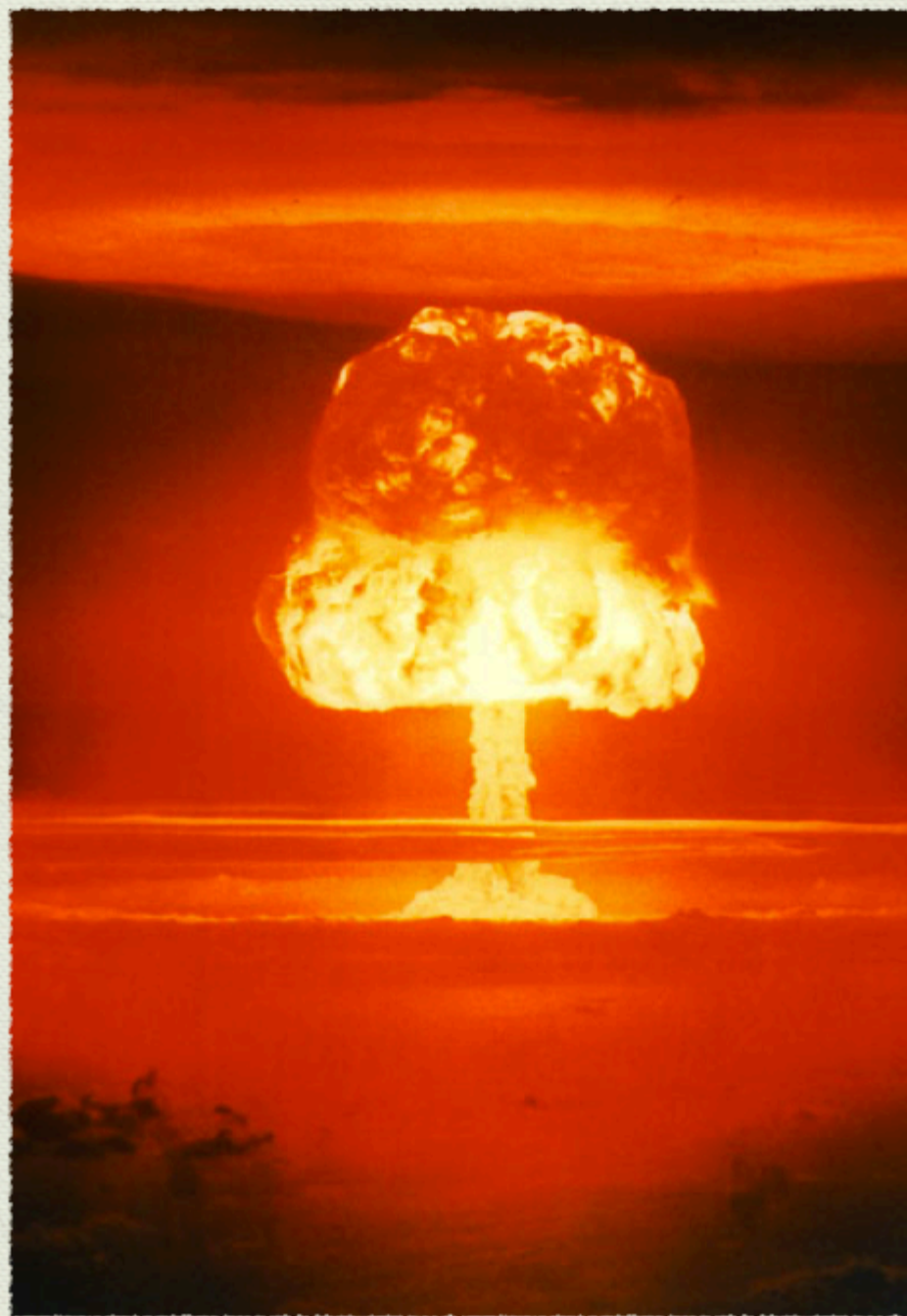


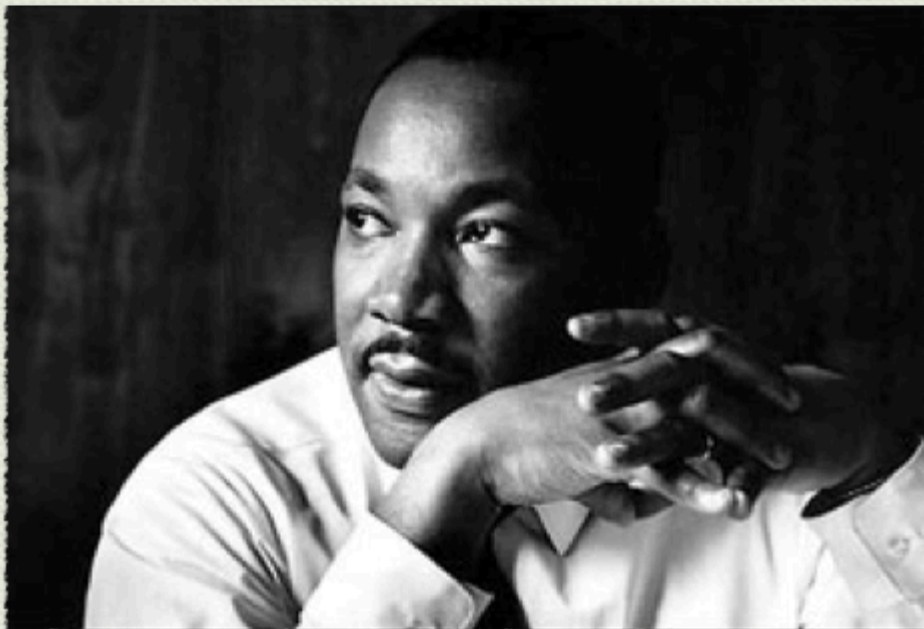
















Uniform Fiduciary Standard

=

Biggest change since the creation
of the SEC in 1934

“The standard of conduct for all broker, dealers, and investment advisers, when providing personalized investment advice about securities to retail customers (and such other customers as the Commission may by rule provide), shall be to act in the best interest of the customer without regard to the financial or other interest of the broker, dealer, or investment adviser providing the advice.”

SEC Study

Nothing will ever be the same again.

Some Registered Reps Won't Survive

Best guess

15 percent or more won't make it

Waiting

The Transition

“The Commission should identify specific examples of potentially relevant and common material conflicts of interest in order to facilitate a smooth transition to the new standard by broker-dealers and investment advisers.”

SEC Study

Usual Response = More Disclosures

Not Enough

Still have to act in client's best interest. A professional can't skirt the professional standard by saying "I told them I might not do what they hired me to do."

Can't Disclose the Duty Away

Significant

Study contemplates that the new standard would not impose an ongoing duty.

You might ask...

“How much of what I do now is permissible under the fiduciary standard?”

That approach is a recipe for disaster.

The fiduciary standard is the professional standard.

Contemplates a focus on the customer so strong that you will disadvantage yourself to take care of them.

Training

Training

More Training





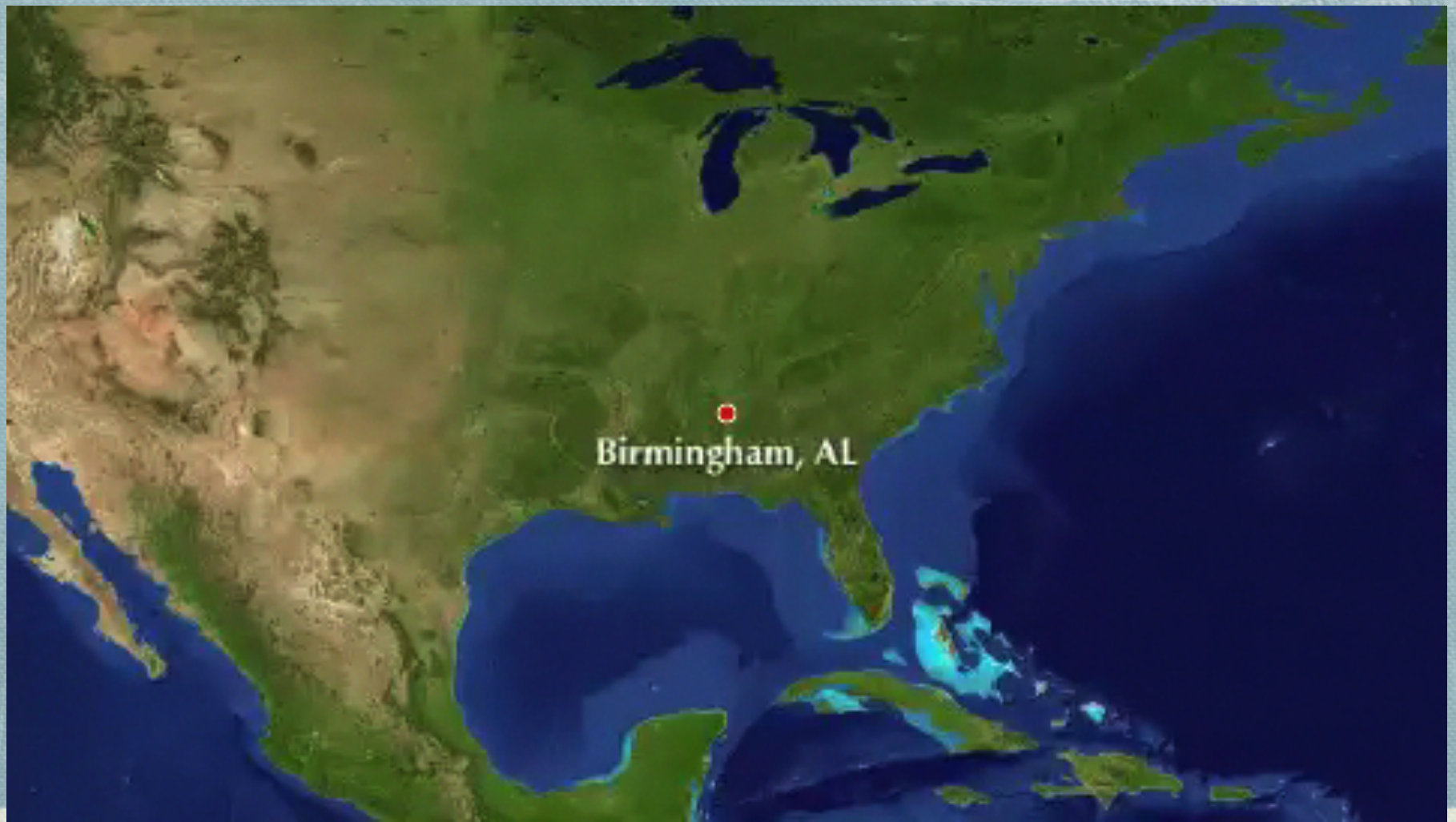
Another Change is Coming

Possible end to Mandatory Arbitration

Disputes will not play out in secret in hotel conference rooms, but in your county court house before a jury of your peers with any member of the public, including the local newspaper allowed to sit in.

Some firms and many registered reps will find themselves on...

The Wrong side of History



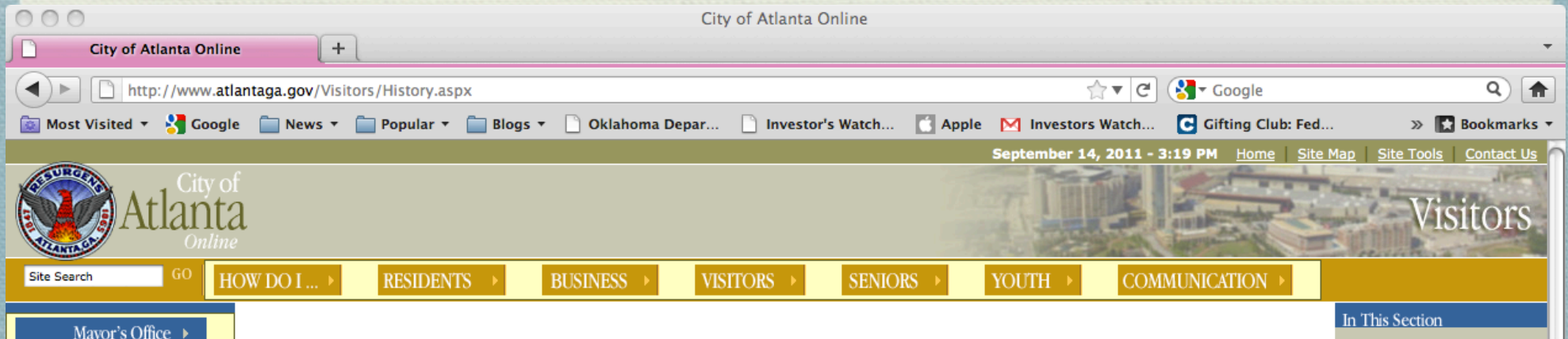


George Wallace

“Segregation now. Segregation tomorrow.
Segregation forever.”

-Governor George Wallace
from 1963 inaugural address





In the turbulent 60's, Atlanta was "the city too busy to hate."

[City Channel 26 ▶](#)
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[Other Agencies ▶](#)

Fortune 500 companies.

Atlanta is the Capital city of the southeast, a city of the future with strong ties to its past. The old in new Atlanta is the soul of the city, the heritage that enhances the quality of life in a contemporary city. In the turbulent 60's, Atlanta was "the city too busy to hate." And today, in the 21st Century, Atlanta is the "city not too busy to care".

For more than four decades Atlanta has been linked to the civil rights movement. Civil Rights leaders moved forward, they were the visionaries who saw a new south, a new Atlanta. They believed in peace. They made monumental sacrifices for that peace. And because of them Atlanta became a fast-paced modern city which opened its doors to the 1996 Olympics.

Die-hard Southerners view Atlanta as the heart of the Old Confederacy, Atlanta has become the best example of the New South, a fast-paced modern city proud of its heritage.

In the past two decades Atlanta has experienced unprecedented growth – the official city population remains steady, at about 420,000, but the metro population has grown in the past decade by nearly 40%, from 2.9 million to 4.1 million people. A good measure of this growth is the ever-changing downtown skyline, along with skyscrapers constructed in the Midtown, Buckhead, and outer perimeter (fringing I-285) business districts.

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Who will survive?

Only those who set their sights well above
survival

Americans are conned out of \$40 billion a year.

If Congress and regulators can't protect us from investment scams and shady financial advice, who can?

Advance Praise for *The Vigilant Investor*:

“Successful investing involves avoiding serious errors—winning by not losing. *The Vigilant Investor* shows us how to avoid explicit frauds and scams as well as to understand the conflicts of interest that can incentivize the financial community to enrich themselves at our expense. As a former top cop at the SEC, Pat Huddleston is the investor's perfect teacher.”

—Burton Malkiel, bestselling author of *A Random Walk Down Wall Street*

“Concise, readable, and scary, *The Vigilant Investor* thoroughly exposes the underworld of investment frauds and fraudsters and offers pragmatic safety tips that can benefit even the most sophisticated investors. It's a must-read, particularly for investors and money managers who think investment fraud won't happen to them.”

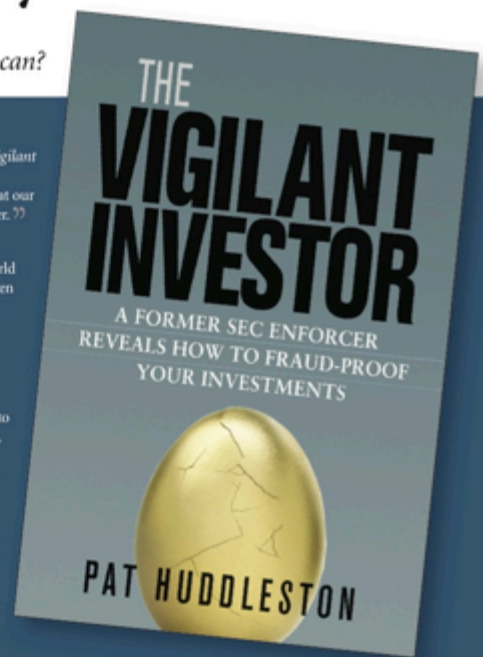
—Jim Marshall, member of Congress, U.S. House of Representatives (2003–2011), Financial Services Committee, board member, National Futures Association

“*The Vigilant Investor* is rich in anecdotes and wise advice. The anecdotes act like parables to teach you how the bad guys operate, and the advice arms you on how best to spot and avoid them. Author Huddleston also alerts us to our own biases that make us, rich and poor, vulnerable to scams.”

—Robert Frick, senior editor, *Kiplinger's Personal Finance*; author of *Kiplinger's Your Mind and Your Money* column

“*The Vigilant Investor* is a must-read for anyone intent on avoiding a rogue's gallery of con artists posing as financial advisers. Pat Huddleston encourages investors to ask hard questions and plumb public records before taking a financial plunge, and he shows them how to do it. It's an eye-opener for anyone who mistakenly thinks flimflams only happen to other people.”

—Christopher Boyd, contributing writer, *Wealth* magazine



About the Author:

Pat Huddleston is CEO of Investor's Watchdog LLC, a fraud prevention due diligence company. He has been an SEC Enforcer, court-appointed Receiver, and investment attorney. A frequent guest on television and radio, he has been quoted in *The New York Times*, *The Wall Street Journal*, *The Financial Times*, *The Washington Post*, *USA Today*, *Kiplinger's Personal Finance*, *Investment News*, and many other publications. He lives in Kennesaw, Georgia.

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AMACOM
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Despite Congress's best intentions, recently strengthened laws aren't enough to stop the “professionals” intent on profiting from—or just plain stealing—your money. And with our increasingly “small,” connected world, technology has enabled con men in Russia and Dubai to rob baby boomers, senior citizens, business owners, pension plans, and all other investors in America.

Unfortunately, the information available to us through official sources is often dangerously incomplete, with many of the worst offenders going unidentified. Without arming yourself with the best strategies and information, it is all but impossible to tell a seemingly ethical adviser from a crook who's going to take your money and run. So what's the answer? Do we just stop investing?

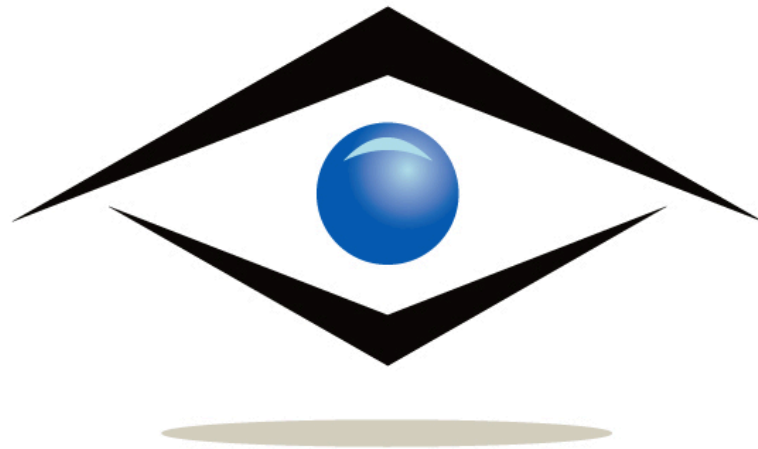
As an Enforcement Branch Chief at the Securities and Exchange Commission, author Pat Huddleston has witnessed countless people lose their life savings to reckless stockbrokers and fraudulent schemes. Now a court-appointed Receiver, CEO of a fraud-prevention due diligence company, attorney for investors, and blogger on investment scams, Huddleston has intimate knowledge of how scam artists and bad brokers operate. Now he explains why we fall for investment scams, how con artists play on the human tendencies we all share, and—most importantly—what we can do to protect ourselves from predators.

Featuring gripping stories of actual cases, *The Vigilant Investor* blows up the popular myths and simplistic “do's and don'ts” of investing while sharing techniques you can use to perform due diligence even better than the “experts.” The book examines key information from the science of decision-making, shedding light on why—despite all the warnings—so many people fall victim to investment fraud and unethical brokers. You'll read stories of how scammers prey on potential targets and how you can spot fraud and guard yourself against financial catastrophe.

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“Successful investing involves avoiding serious errors-winning by not losing. *The Vigilant Investor* shows us how to avoid explicit frauds and scams as well as to understand the conflicts of interest that can incentivize the financial community to enrich themselves at our expense. As a former top cop at the SEC, Pat Huddleston is the investor’s perfect teacher.”

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