Investors Should Decide Whom to Trust for Advice
Fiduciary Principles Can Help Their Decision

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Not since the 1930s have investors so mistrusted their investment advisers. It seems that because investors do not know whom to trust they trust no one. The time has come for advisers to publicly explain why they are trustworthy. Advisers should announce their commitment to fiduciary principles in the service of their clients and explain to investors the fundamental difference between fiduciary advisers, and salespersons who say: "trust me, but I refuse to be a fiduciary!”

Yet, what is so important about advisers who are fiduciaries? How are they different from other salespersons that offer their opinions as advice; receive the investors' money and invest the money for their client? Fiduciary advisers sell their services too, don't they? Why does the word *fiduciary* make such a big difference?

The answer is that advisers, who are fiduciaries, offer services which clients may legally trust, and on which investors can rely. It is not merely the words "trust me" that make the difference. It is the law that tells the investing clients the difference and makes fiduciaries trustworthy. Thus, fiduciary obligations are the foundation of trust.

Fiduciary advisers serve their clients' interests and only their clients' interests. If fiduciary advisers receive benefits in connection with their service, these benefits are clearly stated. The client knows: “My adviser has no conflicting interest that I do not know about. That is why I can trust my adviser.” This is the fundamental difference between an adviser who says: I am a fiduciary and trustworthy under the law and an opinion of a salesperson who says: “Trust me; but I refuse to be a fiduciary under the law.”

The law distinguishes between "advice givers” and "product sellers." This is why years ago, after the 1929 market crash, Congress required advisers to be fiduciaries and why they are fiduciaries to this very day.

In light of current investor mistrust, advisers perform an additional public service. They should explain the fundamental difference between those who

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seek to be trusted as fiduciaries and those who ask to be trusted, but refuse to bear the fiduciaries' duties and fiduciaries' self-limitations.

Because they practice what they preach, advisers are the most knowledgeable to explain the difference. They can do so clearly and should do so publicly.

The time has come for investors to be pay great attention to the difference between fiduciaries that are trustworthy under the law and those who ask to be trusted, but refuse to be subject to the requirements imposed on trusted advisers-fiduciaries. Let any investor who is approached by a potential adviser, ask: "Are you a fiduciary under the law?" Depending on the answer investors can and should then make their own decision.