FEATURES Broker-Dealers

Consumer group contends brokerages misrepresent sales focus

A Consumer Federation of America report says broker-dealers and trade groups claim they are a marketing to the public but salesmen when fighting the DOL fiduciary rule in court.

January 18, 2017 *By Liz Skinner*

2 MINS

The nation's major brokerages and insurance companies are either misrepresenting their services in their marketing to prospective clients or t their businesses in their court challenge to the DOL fiduciary rule, a new Consumer Federation of America report said.

A review of 25 of these firms found their websites refer to their professionals as financial advisers and other titles that create the impression th service" being offered, *the 16-page report released Wednesday* said. Additionally, their marketing messages aim to convince those savi should trust their professionals, who are looking out for the client's best interest.

At the same time, the industry groups that represent these firms are asking federal courts to throw out a Department of Labor rule that require advice to make recommendations in a clients' best interest. They claim it should not apply to the firms they represent because their professio investment products and "are not engaged in relationships of trust and confidence with their clients," the CFA report said.

(More: Coverage of the DOL rule from every angle)

"Are they lying to the court, or are they lying to their customers?" asked Barbara Roper, the group's director of investor protection. "The answ multi-billion-dollar implications for millions of American workers and retirees who turn to financial professionals for help with their retirement ir

Opponents of the DOL fiduciary rule, which applies strictly to retirement advice, believe the rule will lead to higher compliance costs and litiga many financial professionals to abandon some smaller retirement accounts.

The Securities Industry and Financial Markets Association, one of the industry groups *suing to stop implementation of the DOL fiducia* report's assessment and said it believes the Securities and Exchange Commission, not the DOL, should create such a standard.

"SIFMA has long supported a best-interest standard for broker-dealers across all retail investment accounts, not just retirement accounts," SI Bentsen Jr. said in a statement. "None of the arguments made in our meritorious lawsuit against the DOL suggest otherwise."

(More: Congressman introduces bill delaying DOL fiduciary rule)

Another opponent of the DOL rule and a party to the legal challenge, the Financial Services Institute, said it also remains focused on advocati standard of care that works for clients, advisers and firms.

"The 'report' fails to acknowledge the fact that the overwhelming majority of our members have been dually registered for decades, therefore said Chris Paulitz, spokesman for the Financial Services Institute.

For its part, the Labor Department posted *a 16-page document on its website* last Friday laying out questions investors should ask their f determine if they are a fiduciary.

The rule will take effect on April 10.