

## How Would a New Jersey Fiduciary Rule Affect You? - Transcript

**Tom Mullooly:** In episode 137, we're going to find out how New Jersey is getting into the fiduciary business. Stick around.

Welcome to The Mullooly Asset Show, I'm your host, Tom Mullooly, and this is episode number 137. Thanks for tuning in. Speaking with a broker friend of mine, talking about this fiduciary rule that's been on, it's been off, it's been on, it's been off for the last few years, and I told him, "If you think this fiduciary rule is going away, you're wrong."

Just last week, now the states are starting to get into it, and just last week, the New Jersey Division of Consumer Affairs announced a proposal that all broker dealer firms, that's big brokerage firms, agents, these are the people that work for them, investment advisors, and investment advisor representatives all adhere to a fiduciary standard of care.

So what's a fiduciary standard of care? A fiduciary is someone who is obligated to act on your behalf first. They always have to put the client's best interests first, before their own. When we tell people that, what being a fiduciary means as investment advisors, we have a fiduciary obligation, we get looks from people like we're crazy.

Most people still don't understand or know that their guy or gal working at Merrill Lynch, or Morgan Stanley, or UBS does not have a fiduciary obligation. That's really important. ‘

And more important is that their employers have put up a very strong fight to keep things as-is. They kind of like it this way. Most people still think that their advisor, that all advisors would naturally have a fiduciary responsibility towards their client, and they would be wrong.

In the press release, the State of New Jersey Division of Consumer Affairs also specifically pointed out these folks who are dual registered. These are people who are licensed as a broker, but also registered as an investment advisor, but that business model is totally confusing according to the state of New Jersey.

If you've ever heard their ads on TV, they'll say, "Security is offered through such-and-such, member of FINRA, SIPC." And then they say, "This person is not registered. They provide investment advice through their own investment advisory firm."

So we hope that this goes through because it's in the best interest of the clients, of the investors. We'll post a link to this announcement from New Jersey in the show notes.

Incidentally, I posted this news on a new blog that I've created called The Human Advisor, which we'll also link to the show notes for episode number 137. Thanks for tuning in, and we will catch you on the next episode.