

Tom Mullooly: Welcome to the Mullooly Asset Show. I'm your host, Tom Mullooly and this is episode 39. 39 on the Mets was worn by Bobby Parnell for a long time. Not a whole lot good to say about Bobby Parnell and not a whole lot good we're going to talk about today either.

In the mid-1980s when I was getting started as a retail broker, I worked in an office where the entire office was consumed with trying to sell units of a real estate limited partnership. I didn't even know what that was, so I was pretty lost. An older broker pulled me aside and he said, "Kid, I'm going to help you out." He said, "Look, if they have to pay the brokers a big, fat commission to move a product, it's probably not good for the client." Boy, he couldn't have been more right about these things. Then he further went on to say, "The best things for clients are what they pay the brokers the least commission on." Bonds, individual stocks. Brokers didn't make a lot of money putting clients into those type of investments but they made a killing going into some of these exotic products.

Fast forward to today, 30 years later, we're interviewing prospective clients. They come into the office. They bring their statements in. We start poring through these statements and we see things in their accounts like equity linked annuities or bank loan floating rate portfolios or annuities inside their IRA or brokered CDs or non-traded REITs. Those are real estate investment trusts that are non-traded so you can't move in and out of these things. These clients didn't call up their broker and ask for, "Hey, can I get an indexed annuity? An equity linked indexed annuity? Can I get a brokered CD that I'm not going to be able to sell without a huge cost or penalty? Or can I put money into a non-traded REIT and then discover how many problems I'm going to have trying to sell this thing in a few years?"

No. They didn't do that. They were sold these products. When they were sold these products, they didn't understand what these things are. They don't understand how they're going to get out of them. They don't understand the cost and the hassle involved trying to get out of these things. They don't understand how they work. They don't understand the difference between going into something simple like a regular REIT that trades on the New York Stock Exchange or what the broker got paid to put them into a product.

Look, if you suspect that you have these things in your account, talk to an investment advisor. Preferably someone who is a fiduciary. That happens to be Mullooly Asset Management. If you're in the area, you'd like to get in touch with us, we'd be happy to walk through any questions that you have, but definitely talk to someone. It's very very important.

That's all we've got for you today. We'll see you on the next video. Thanks for watching.