



## QUICK LINKS ▶

- ▶ [What does an IW Broker Snapshot™ report give me that I can't get from the FINRA?](#)
- ▶ [Is the cost of Investor's Watchdog protection tax deductible?](#)
- ▶ [Why do I need more protection than the basic BrokerSnapshot™ report?](#)
- ▶ [What qualifies Investor's Watchdog to give a rating to a broker the company has never met or done business with?](#)
- ▶ [I only need Investor's Watchdog if I am dealing with a broker at a no-name brokerage firm, right?](#)
- ▶ [Isn't the SEC protecting me?](#)
- ▶ [I'm very impressed with my broker. Why should I check up on him?](#)
- ▶ [Do I have to think my broker might defraud me to benefit from Investor's Watchdog's products?](#)

## FREQUENTLY ASKED QUESTIONS

## FIND THE ANSWERS YOU NEED

Browse our archive of frequently asked questions below. Or e-mail your question to IW Customer Service at [customerservice@investorswatchdog.com](mailto:customerservice@investorswatchdog.com).

**What does an Investor's Watchdog BrokerSnapshot™ report give me that I can't get from the FINRA (Financial Industry Regulatory Authority)?** While FINRA's Broker Check allows investors to see a limited version of a broker's background information, Broker Check reports sometimes omit important information, are difficult to decipher, and come without the opinion of former SEC Enforcement personnel to place the report in context.

Investor's Watchdog's [BrokerSnapshot™ report](#) includes more information than the reports available from FINRA, including information on customer complaints that the broker has negotiated to have expunged from his record. Some brokers with clean FINRA records have ten or more customer complaints in the IW database.

IW's broker ratings take into account not only the information on the individual broker, but also the employing firm's reputation for supervising (or failing to supervise) its brokers. Quite simply, some brokerage firms are better than others at protecting their customers from negligent or fraudulent brokers. Some of the largest brokerage houses are among the worst at protecting customers from negligent brokers.

Most importantly, IW's ratings include the opinion of a former SEC Enforcement Branch Chief who has seen the underside of the securities industry and knows the truth that never appears in the brokerage firms' TV commercials and slick print ads.

Investor's Watchdog's opinion is unaffected by politics, conflicting constituencies, or kickbacks. IW is loyal to you, and only you.

**Is the cost of Investor's Watchdog protection tax deductible?** For some taxpayers. While IW has not obtained an IRS ruling, IRS rules allow a deduction for ordinary and necessary expenses paid for management, conservation, or maintenance of property held for the production of income. Conserving your nest egg through Investor's Watchdog is therefore tax deductible. Deductibility depends upon the particular taxpayer's circumstances.

**Why do I need more protection than the basic BrokerSnapshot report?** Many things can lead a broker to cross ethical boundaries. A change in your broker's branch manager can make a big difference in the pressure to sell you unsuitable investments.

Investor's Watchdog knows many stockbrokers. One of them came to IW not long after getting a new branch manager and explained that the production expectations set by the new manager

were not achievable unless the broker liquidated his clients' safe, well performing assets, and put all of his clients into unsuitable, high-commission variable annuities. This broker chose to move to another firm rather than mistreat his customers. Not all brokers make the right decision.

Market performance can also lead a broker with a previously clean record to make subtle but tragic compromises. When times are good and commissions are plentiful, many brokers acquire lifestyles that must be maintained when the market goes south and investors are more cautious. Needing the same annual income, brokers feel pressure to increase the pressure on their customers to buy products or open accounts that bring more income to the firm. Some brokers resort to making unauthorized trades confident in their ability to convince the customer to acquiesce to the trade after it has already been made.

IW's [Winnow™ protection service](#) provides quarterly reports on your broker, allowing you to see the tip of the customer abuse iceberg before the hull of your retirement ship caves in.

**What qualifies Investor's Watchdog to give a rating to a broker he has never met or done business with?** Investor's Watchdog has seen the securities industry from the inside, taking testimony from high level officers of major broker-dealers and reviewing documents that the firms spare no effort to hide from the public. We have spoken to former representatives of the biggest firms in America and learned the shocking extent to which the firms train and pressure their brokers to sell, sell, sell, teaching them how to overcome every objection a cautious investor might raise to buying what the broker is selling. We have seen the secret sales contests that firms sponsor to encourage their representatives to sell certain products, rewarding the top producers with cash, trips to exotic locales, or other valuable rewards. We have seen the "limited time only" bonus commissions that variable annuity companies offer brokers for selling a variable annuity "in the next 90 days." What is more, we have seen the devastation wrought by a securities industry that sometimes appears only incidentally interested in benefiting the retail customer.

**I only need Investor's Watchdog if I'm dealing with a broker at a no-name brokerage firm, right?** Wrong. Brokerage firms spend tens of millions annually to project an image of safety, strength, and integrity. The truth about the securities industry is as far from that image as east is from west. Some of the firms that appear most often during the commercials run during golf and tennis tournaments are among the worst in the industry at protecting investors from the greed or indifference of individual brokers.

**Isn't the SEC protecting me?** Yes, but not in the way you think. The SEC is a relatively small agency that must allocate its resources wisely to cases of regional or national importance. SEC employees are among the most dedicated public servants working today. Motivated by their understanding of the truth about the securities industry that most Americans will never appreciate, SEC employees are energetic protectors of America's investors.

Because they are charged with investigating and addressing violations of the federal securities laws, though, the SEC is necessarily addressing broker misconduct that has already occurred. Investors have already suffered. SEC Enforcement personnel tell harmed investors that the SEC cannot represent them in legal proceedings to recover their lost assets, advising them to retain private counsel.

State securities regulators also are a vital part of the investor protection community, and often handle violations that would otherwise go unaddressed. Like the SEC, though, these regulators are addressing cases in which investors have already been harmed.

Investor's Watchdog's mission is to help you ensure that you never find yourself talking to the SEC or state securities regulators as the victim of broker misconduct. "An ounce of prevention is worth a pound of cure." Investor's Watchdog provides that ounce of prevention.

**I'm very impressed with my broker. Why should I check up on him?** Sixteen centuries ago, St. Augustine wrote, "Nothing is true because it is elegant." He could have been talking about stockbrokers.

Your broker's very livelihood depends upon impressing you. Once he has secured your business, his livelihood depends upon selling you investments. He has to sell you things in order to earn a living to support his family. If push comes to shove, do you think he's more loyal to his family or to yours?

**Do I have to think my broker might defraud me to benefit from Investor's Watchdog's products?** No. The legal definition of fraud includes bad intent. To be guilty of fraud in a legal sense, therefore, your broker must set out to take something from you by telling you something he knows is false or by leaving out important facts. Most stockbroker misconduct is far more subtle than that. In many cases, the broker simply follows the sales techniques he learned from his firm and sells something his firm wants him to sell. When he sells it to you, he may believe that the investment will grow in value. The misconduct comes in his not taking into account your risk

tolerance and the impact on your nest egg of a decline in the value of the investment.

Most investments involve some level of risk. A broker who believes that everything he buys for you will increase in value is dangerous. You need protection from his optimism.

▸ [Explore our services](#)

---

[About Us](#) | [Threats from Brokers](#) | [Investors at Risk](#) | [Our Services](#) | [Place an Order](#) | [FAQs](#) | [Terms of Use](#) | [Privacy Policy](#) | [Contact Us](#)

Copyright © 2007 Investor's Watchdog. All rights reserved.

Web Site by [Blakfire](#)