

**FINRA:**

The conflict of interest is inherent in any transaction where a service is offered for pay. It is a conflict of interest to refer the potential customer to another vendor, or state the services of another vendor are superior. Additional paperwork is going to offer more protection to the broker dealer from arbitration or civil litigation. Disclosure of accounts and services are provided, otherwise the potential customer wouldn't become a client. The act of asking the potential client to open an account by signature agreement is disclosure in and of itself. A set of conflict disclosures needs to be articulated to the members by FINRA in order for comment.

The assumptive is that FINRA is guaging the acceptance by the members of providing potential customers with an ADVII type document. If we are not held to a fiduciary standard of care then it is buyer beware. Absent of fraud or other misc. sales practice violations, the fact is the investor assumes a degree of risk for participating in the capital markets. Hiring a registered representative does not elevate him/her of personal responsibility. That is why investments are sold by prospectus, with certain ratings, and volume measures, price minimums, and exchange related reporting requirements.

More paperwork means less litigation. If the outcome does not help the potential client more than the broker dealer, then it is the wrong way of doing business.

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