

Nobel Laureates, American Leaders Call for the Fiduciary Standard in Financial Reform, as Dodd Introduces Democratic Legislation Today

*Wall Street Leaders Invited to Join Luminaries and Support the Fiduciary
Standard Under the Investment Advisers Act of 1940*

March 15, 2010—Washington D.C.: Twelve renowned economists, academics and leading thinkers -- including John Bogle, and Nobel Laureates George Akerlof and Daniel Kahneman -- today called for the fiduciary standard, as established under the Investment Advisers Act of 1940 and affirmed by the Supreme Court, to be included in financial reform legislation, and apply to all who provide investment or financial advice.

Senators Tim Johnson and Christopher Dodd are expected to drop the fiduciary standard in legislation scheduled to be introduced today and, instead, add a study. A study could delay implementation of the fiduciary standard indefinitely.

The fiduciary standard requires advisors to put the interests of their clients first.

John C. Bogle, the Founder of the Vanguard Group and a signatory of the Fiduciary Statement, noted, "Restoring the faith of investors must begin with a demand that investment and financial advisors stand up for the rights of their clients." Bogle concluded that congressional action was needed to affirm the basic principle that when rendering investment advice, "No man can serve two masters."

These luminaries' support is timely. Last week Bank of America Merrill Lynch (BofA) executive Sallie Krawcheck acknowledged BofA's involvement with legislators on the fiduciary issue. While saying BofA supports fiduciary standard "enhancement," Krawcheck did not say BofA supports applying the fiduciary standard under the Investment Advisers Act of 1940 to its Merrill Lynch brokers.

The Committee for the Fiduciary Standard is inviting the heads of several large brokerage firms to follow the lead of these prominent Americans and also sign the Fiduciary Statement. The Committee has sent letters to Brian Moynihan, CEO Bank of America; Sallie Krawcheck, President, Global Wealth and Investment Management, Bank of America; Jamie Dimon, CEO JPMorgan Chase; John Mack, CEO, Morgan Stanley; and Lloyd Blankfein, CEO, Goldman Sachs.

The Fiduciary Statement has been endorsed by:

George Akerlof, PhD

Nobel Laureate in Economics 2001

Dan Ariely, PhD

Professor, Psychology and Behavioral
Economics, Duke University

Cliff Asness

Managing & Founding Principal,
AQR Capital

John C. Bogle

Founder, The Vanguard Group

Roger Ibbotson, PhD

Chairman and CIO,
Zebra Capital Management, LLC

Daniel Kahneman, PhD

Nobel Laureate in Economics 2002

John D. Markese, PhD

President, American Association of
Individual Investors

Don Phillips

Managing Director, Morningstar

Jane Bryant Quinn

Personal Finance Columnist and Author

V. Daniel Radford

Former Federal Reserve Governor,
Vice President, Ullico Investment Company

Terry Savage

Personal Finance Columnist and Author

Richard Thaler, PhD

Professor, Behavioral Science and Economics,
University of Chicago

Knut A. Rostad, chairman of the Committee for the Fiduciary Standard, noted, “That these individuals have lent their collective support to the fiduciary standard make a very powerful statement. They are highly respected leaders in their fields. Their voice underscores the importance of this issue to the country.”

The Fiduciary Statement was prepared under the auspices of The Committee for the Fiduciary Standard, a volunteer group of investment industry leaders and practitioners. The Committee formed last year to inform and nurture discussion of the fiduciary standard as presently established under the Investment Advisers Act of 1940.

For more information, please contact:

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