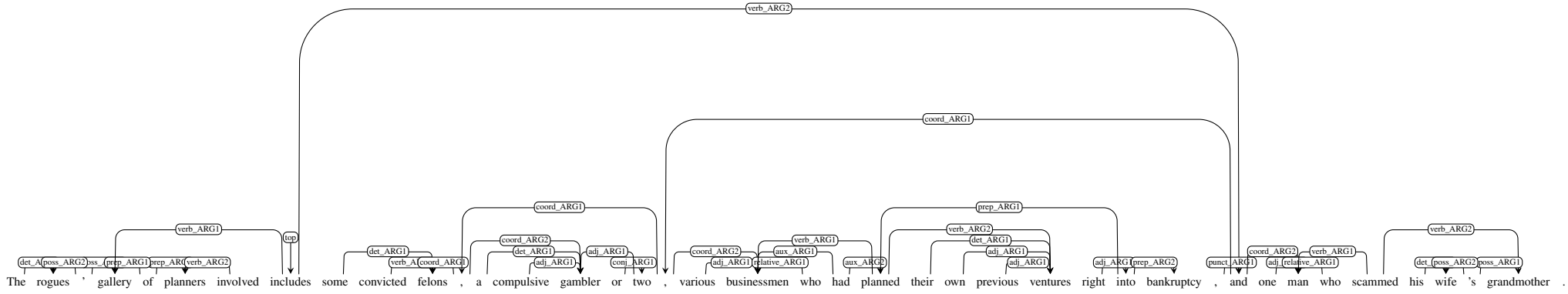
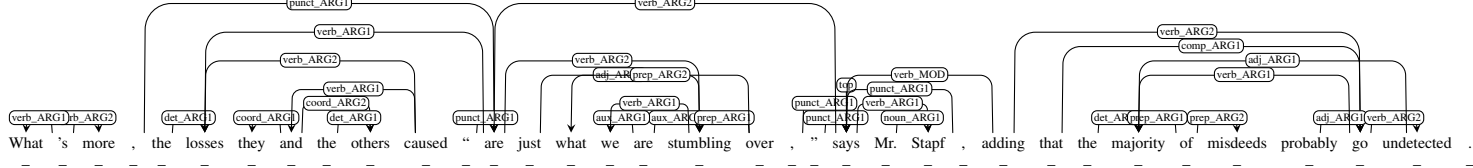


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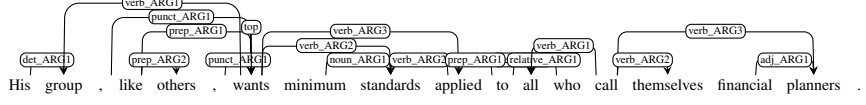




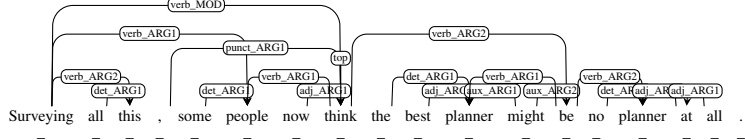
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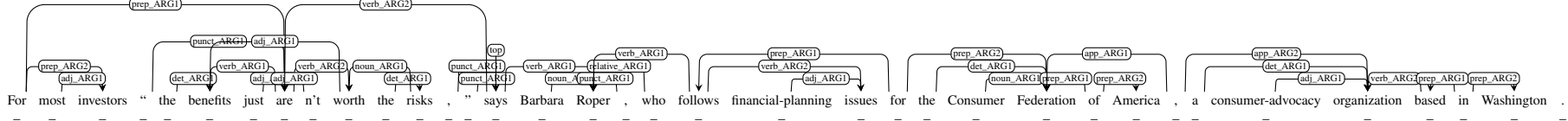
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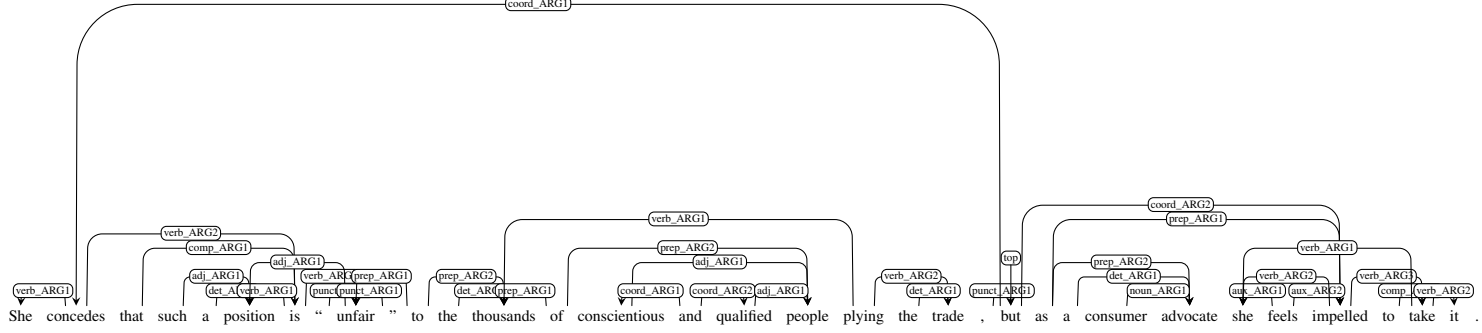
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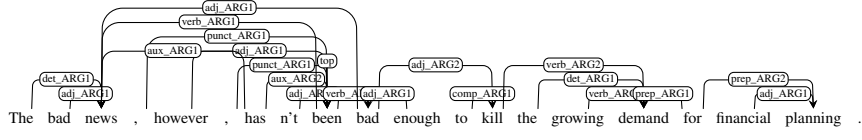
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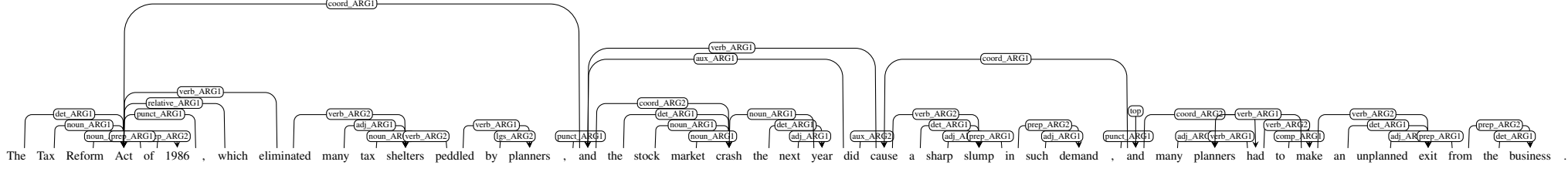
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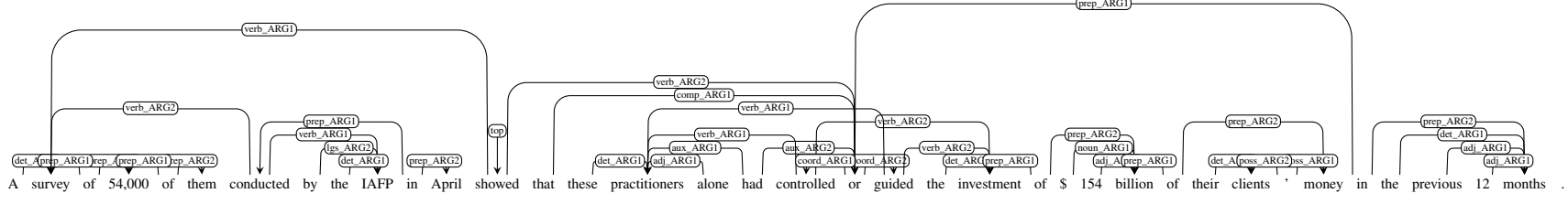
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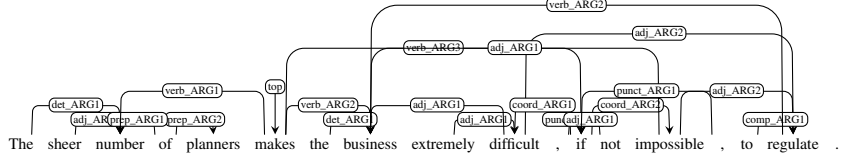
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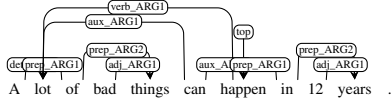
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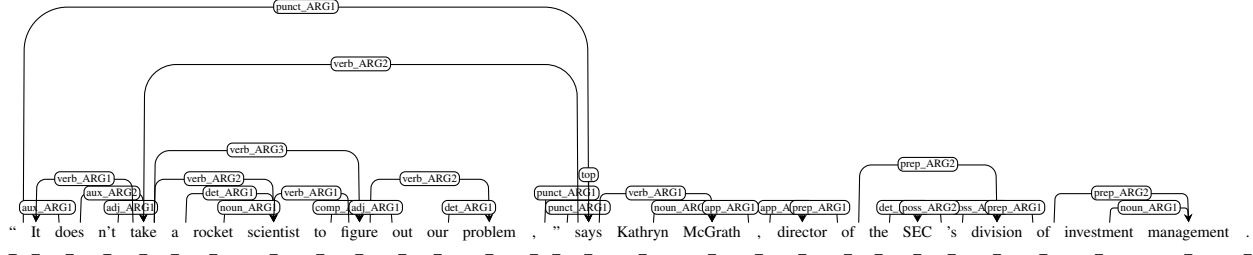
[21567031]



[21567035]



[21567036]



[21567037]

So the SEC has proposed to Congress that much of the job of oversight be turned over to an industry-funded, self-regulatory organization patterned on the National Association of Securities Dealers, which operates in the brokerage business.

[21567038]

Such an organization could, among other things, set minimum standards for competence, ethics and finances and punish those investment advisers who broke the rules.

[21567040]

Mr. Schwartz, the puckish planner from Englewood, Colo., says that allowing the business to police itself would be "like putting Dracula in charge of the blood bank."

[21567041]

Mr. Gargan, the Tampa planner who heads one trade group, favors simply assessing the industry and giving the money to the SEC to hire more staff.

[21567042]

(Mr. Gargan's views are not greeted with wild enthusiasm over at the IAFP, the major industry organization.)

[21567043]

When the IAFP recently assembled other industry groups to discuss common standards that might be applied to planners, Mr. Gargan's group was excluded.

[21567044]

That may be because Mr. Gargan, smarting at what he considered slurs on his membership standards made by the rival group, enrolled his dog, Beauregard, as a member of the IAFP.

[21567045]

Then he sent the pooch's picture with the certificate of membership - it was made out to "Boris 'Bo' Regard" - to every newspaper he could think of.)

[21567046]

The states have their own ideas about regulation and certification.

[21567047]

NASAA , the organization of state securities regulators , is pushing for a model regulatory statute already adopted in eight states .

[21567048]

It requires financial planners to register with states , pass competency tests and reveal to customers any conflicts of interest .

[21567049]

The most common conflict involves compensation .

[21567050]

NASAA estimates that nearly 90 % of planners receive some or all of their income from sales commissions on securities , insurance and other financial products they recommend .

[21567051]

The issue : Is the planner putting his clients into the best investments , or the ones that garner the biggest commissions ?

[21567053]

In its notice of action , the attorney general said the company had promised to put clients into " balanced " investment portfolios ; instead , the attorney general alleged , the company consistently shoved unwary customers into high-risk investments in paintings , coins and Florida condos .

[21567054]

Those investments paid big commissions to First Meridian , payments investors were never told about , the attorney general alleged .

[21567055]

Investors were further assured that only those with a minimum net worth would be accepted .

[21567056]

In practice , the attorney general alleged in an affidavit , if an investor had access to cash , the chances of being turned down by First Meridian were about as probable as being rejected by the Book-of-the-Month Club .

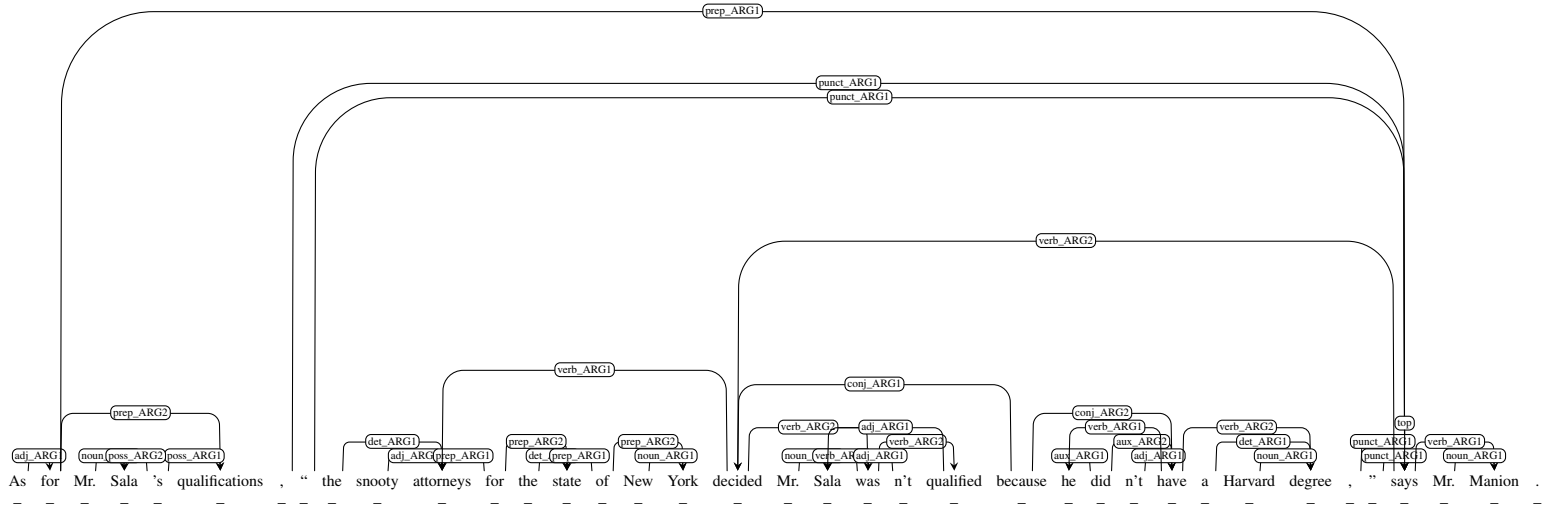
[21567058]

First Meridian and its officials are currently under investigation for possible criminal wrongdoing , according to a spokeswoman for the attorney general .

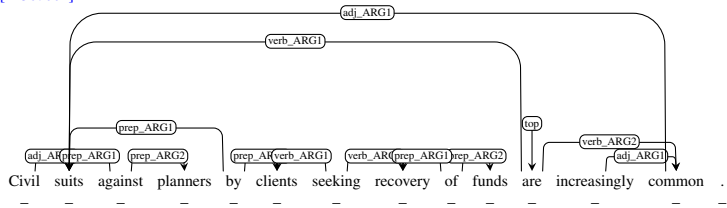
[21567059]

Harry Manion , Mr. Sala 's attorney , says his client denies any wrongdoing and adds that the attorney general 's contentions about First Meridian 's business practices are incorrect .

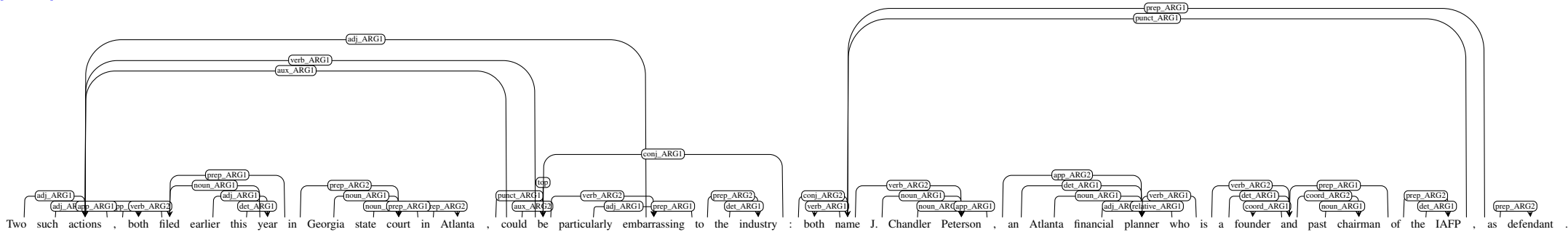
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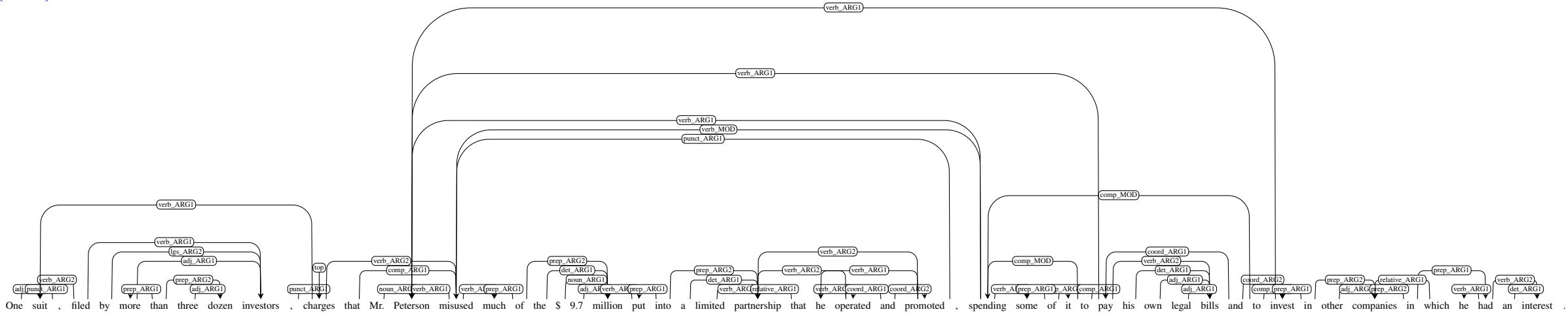
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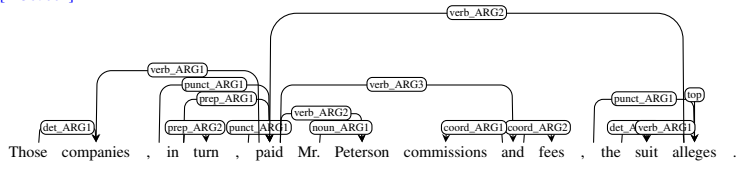
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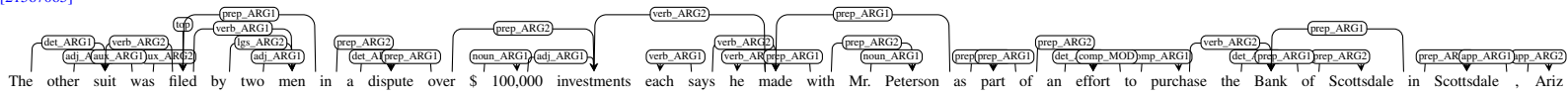
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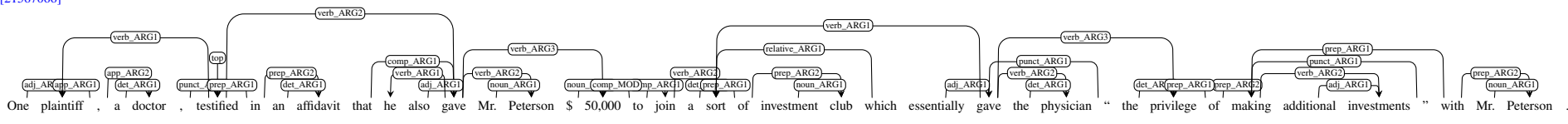
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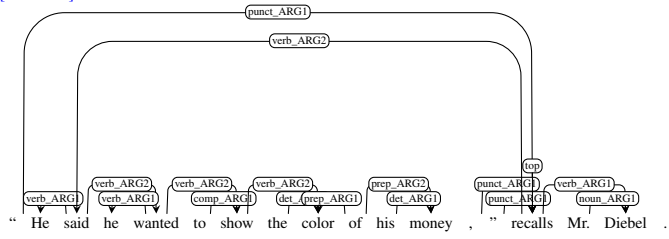
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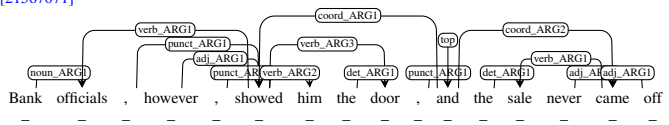
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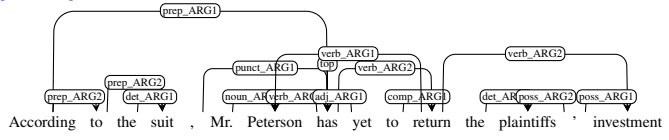
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[21567071]



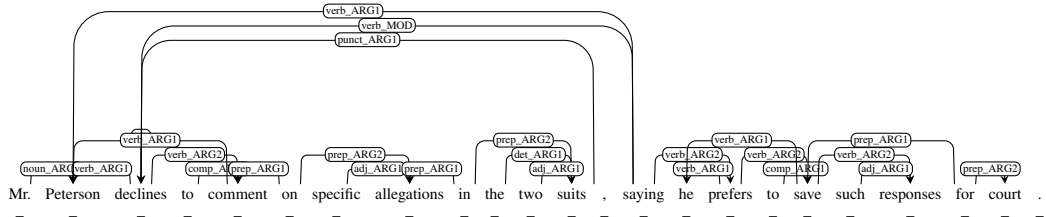
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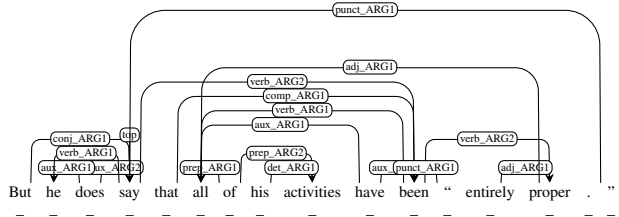
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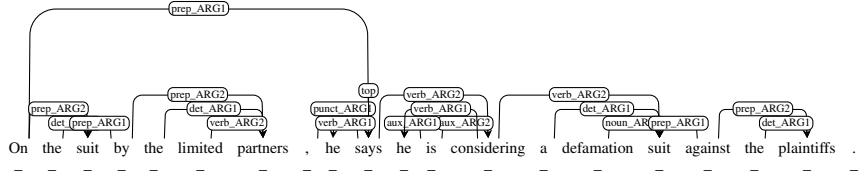
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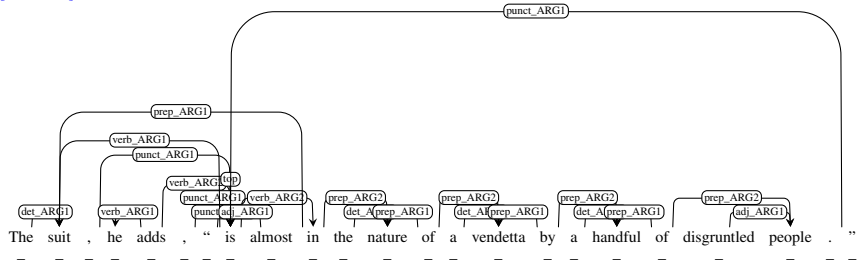
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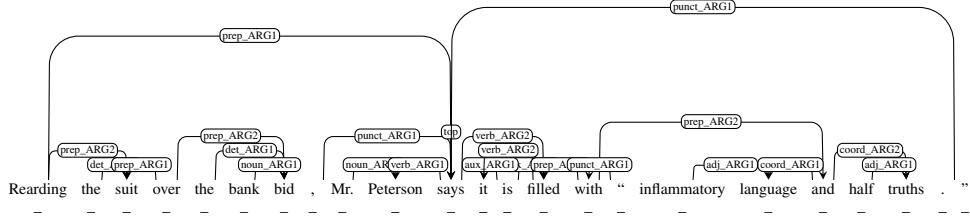
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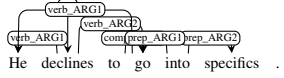
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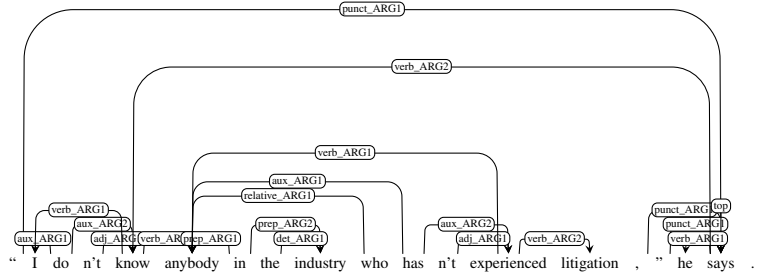
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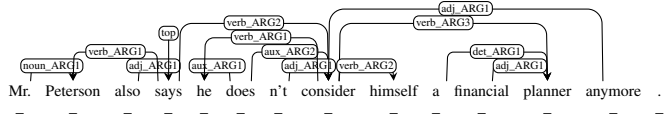
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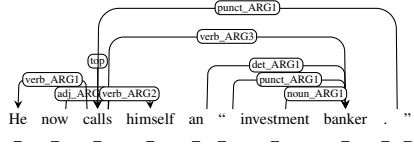
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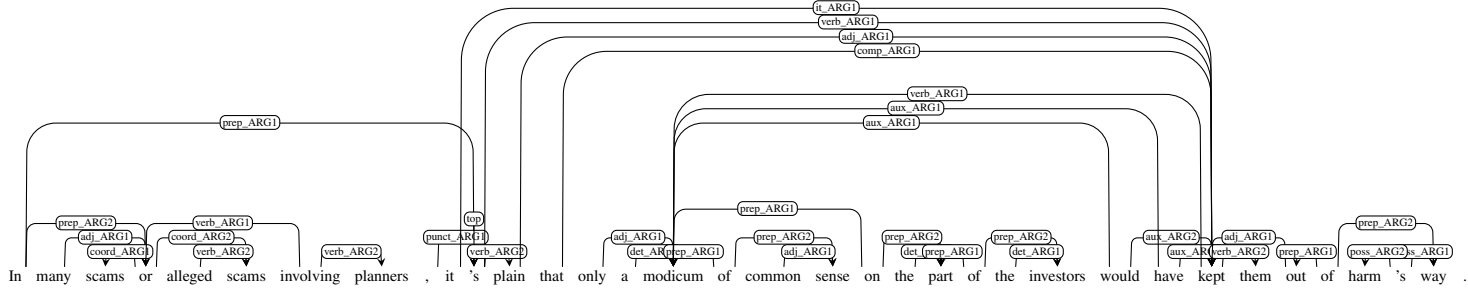
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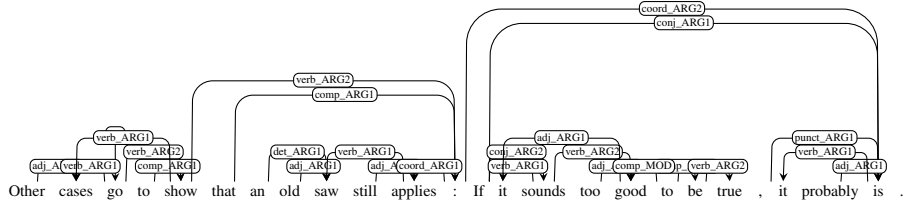
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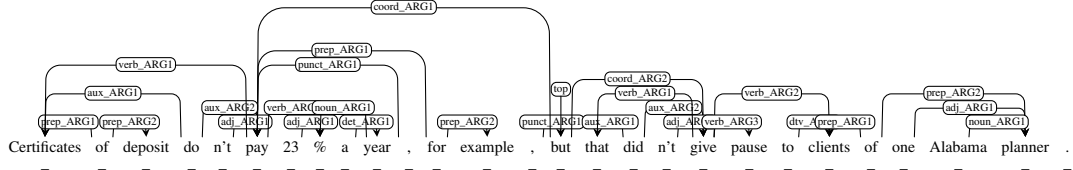
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