
Brokers Are More Than “Blackjack Dealers,” PA Regulators Say

By Editor Test Tue, Feb 23, 2010

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The commissioners of the Pennsylvania Securities Commission (PSC) today warned that failure to require a higher “fiduciary standard” for stockbrokers would be a blow to investor confidence and slow down economic recovery.

“If Wall Street wants the freedom to engage in the development of new financial products it should shoulder the responsibility to protect investors from inappropriate risks and the best way to do that is to impose on brokers the same fiduciary standards we require of investment advisers,” the commissioners said. “Otherwise, we may as well treat brokers as croupiers and Blackjack dealers.”

PSC Chairman Bob Lam and Commissioners Steve Irwin and Tom Michlovic made the prediction in a letter to Pennsylvania’s two U.S. Senators in response to media reports that the Senate Banking Committee was backing off on efforts to hold stockbrokers to the same ethical standards set for investment advisers.

“What’s at stake here is consumer and investor confidence,” the commissioners said in their letter to Sen. Arlen Specter and Sen. Bob Casey Jr. “Congress acted quickly and effectively through the Troubled Asset Relief Program (TARP) and the American Recovery and Reinvestment Act (ARRA) to prevent the total collapse of the nation’s economic systems. Rebuilding our economy—especially the retirement and investment portfolios of ordinary Americans—will require much more and it begins with appropriate and effective measures to protect individuals.”

The commissioners noted that other members of the North American Securities Administrators Association (NASAA), representing regional securities administrators in the United States, Canada and Mexico, shared their views.

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