

**Sept 30, 2009 Open Mic Recap:
A **Cautionary** Tale for Planners...and the Rest of Us**

The cautionary tale: As is the OM custom following the centering exercise, I asked the 14 callers if anyone had a burning question or a luke-warm topic to put on the table. “Bob” (not his real name) offered to tell us his story: a story which gripped, terrified, and inspired all of us. With his permission, I’m sharing it with you. This account is somewhat longer than the usual Re-cap, because Bob was so eloquent, and his story so important, I want to convey as much of the flavor and detail as I can.



Bob is a retired finance professional – very successful on the product sales side – who received a jarring email in late May. In the “From” box was the dreaded phrase, “RECEIVER.” As he told us, “You don’t want to get one of those.” His financial planner, whom he had hand-picked from the thousands he had known and respected, had been charged by the SEC with misrepresentation and fraud. His financial assets and those of other investors had been frozen. After doing some digging and attending court hearings, he has assessed that the likelihood of getting back any of his investments was essentially zero. “My life savings, more than thirty years: *wiped out.*”

He went on to share what he has experienced following the shock of that realization. “It’s been interesting to reflect on my training (in life planning); I’m living my own case study. My wife says that she’ll never trust a financial planner again – something I’ve heard clients say, *but this is my wife.* I’d always trusted and admired financial planners, but I can understand her feelings.

I’ve been revisiting my Rolodex, I’ve been very grateful for the response of the people I’ve been calling, to let them know my availability and interest in working with them in the right situation. Everyone has been genuinely supportive. I’m really glad that I treated everyone with respect, because it’s paid off. After not speaking with most of them for the four or five years of my retirement, it’s taken only a couple of minutes to reconnect and rekindle the friendship; very gratifying.”

I asked Bob what his reasons were for sharing his story on Open Mic. He said he wanted to give people the chance to ask questions, and to emphasize that *the things that seem important in your life really aren’t. And that the things we take for granted are really the most important.*

He went on to explain that he’s learned to be grateful for his robust health, which he has taken for granted and which is helping him to rebound. And for the love of his family which, while he didn’t take it for granted, is very reassuring to keep experiencing. Then he added this: “*My family expressed has confidence in me, which means the world to me. I might have taken it for granted in the past, but not now.*” This rings so true; others’ genuine confidence in our having “the right stuff” to persevere through a challenge seems absolutely critical in buttressing us against our self-doubts, and against the slings and arrows we inevitably encounter in getting back in the arena.

He added that “I also wanted to remind financial planners how important your work is, and how much your clients depend on you. Please re-check your commitment to them, make sure it’s there, and your staff’s, too. The trust that clients give you is precious.”

Here's the back-story. Bob and I have known each other for years; we've admired and liked each other but not gotten to know the other very well. He has been following Open Mic via the recaps, and he called me the previous day to ask if he could tell his story on OM. After he told me the story, and after I picked my jaw up off the floor and expressed my deep sorrow, I asked him "What do you hope will happen as a result?" He responded exactly as he did when I asked him that question the following day, during OM.

As you read this account, I am wondering how *you* are reacting, what thoughts and emotions you are experiencing. I asked the OM callers that question because, unlike me, they had no warning of Bob's story.

One listener said his reaction was "Fear... and foreboding. Can you write it down, maybe for profit?" Bob noted that "Maybe I should have been journaling about it. It's like smoke, it might disappear." I supported the journaling idea for many reasons, one of which is that writing down our experiences is often helpful in processing the emotions that get stimulated.

Another caller noted "Anger ... and resentment. And shame at our profession, for allowing such people to practice. And at the broken trust, and the despair which stories like yours engenders."

A third, who is not a financial planner, noted "Sadness. And I'm truly inspired by your incredible resilience, the strength in your voice. It's really motivating, that you're living what's really important. It reminds me to focus on what's most important."

Another mentioned a man with a criminal background, like Bob's planner, and who now teaches CFP ethics courses. In the course, he stresses "how such criminals feel when they are doing their mal-deeds," and this caller says that she has posted the seven feelings next to her computer, as warnings to herself. Among those seven were "a sense of entitlement, and a huge ego."

Hearing her, Bob noted something I found very healthy. "I've made a decision on how to invest my energy. I could look back, and I could blame. I can't change it. I can only move forward. I've had some rehearsals for this, in previous reversals of fortune in my life. I've learned that I *can* move on, I *can* focus my energy on what I can control. What pains me is that my wife gets hurt by what happens, and she isn't in quite the same position as I am to take action." (He later noted, in response to a question, that she is going back to work, and that their new financial planner is helping her with that.)

Another planner said Bob's story reminded him that, some years ago, his then business partner attempted to sell the business out from under him. I asked what lessons he had learned from that experience, and he cited two. One was to be more wary, even cynical, about potential partners; to do his due diligence. And the second was to surround himself with good advisors – attorneys, coaches, and the like. "You get what you pay for," he noted. "*Use them!*" he added.

Bob noted that he is on the investors' advisory committee for the receivership activity, and he sees himself as fortunate, compared to many other investors. "I never went into mothballs. Many of the other investors are physicians, retired for ten years and more. They're really screwed; I'm not."

“Do you feel like you were Madoff’d?” I asked, seeking to know what he understood his former financial planner’s motivations to be. He said he didn’t know, but that he feels a certain amount of shame, for not being able to keep certain financial commitments – and in that regard, perhaps he’s like many of Madoff’s investors. He didn’t think his planner was running a Ponzi scheme. Nonetheless, he said, “I feel clubbed, financially.”

Another planner asked Bob two questions. “If you wrote a book, what advice would you have for the reader, the investor?” Bob’s remained thoughtful for a moment, and came back with an answer that recalled Ronald Reagan’s first meeting with Gorbachev. “Trust ... but verify,” said Bob. “Also, know your risk tolerance. And work to resolve any differences between yourself and your spouse about investments.”

The second question, this time recalling Ronald Reagan’s favorite expression (“With so much horse manure, there’s bound to be a pony in here somewhere”) was “Where’s the pony? Where’s the gift in this?” Bob reiterated the things he had noted earlier, then added, “I’m really glad I was honest before, I didn’t burn any bridges. No one ever says, I want to be a salesperson, but I’ve been one my entire life. I never felt like I ‘sold’ anyone anything. I did it right. In every client conversation, I had a chance to compromise. And I never did.”

Perhaps none of us would willingly trade places with Bob, financially speaking. How many of us, though, can look back on our dealings with the same untarnished clarity, pride, and sense of “clean” that Bob can? His life is a recipe for sleeping well at night.

In closing, I asked people if they would share a one-adjective phrase to describe how today’s Open Mic was for them. Several did:

“Moving” was offered by several callers.”

“Grueling ... thanks for sharing. It was very hard to hear.”

“Scary...a first-hand account like yours.”

“Sobering ... how important our work is. And sobering to realize that money is an illusion.”

In signing off, many callers thanked Bob, as did I. His answer was quick, and poignant.

“*My pleasure ...*” he said. “*...kind of.*”

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