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ISSUE 92

# ADVISORS

magazine

**TESLA**  
EV REVOLUTION

**Greenlight Raises \$54 Million**  
Raising smart kids

**Defining Your Life**  
Bouncing back from betrayal



**LODE**  
SILVER-BACKED  
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**The 'Wolf' Goes Straight**  
The art of persuasion and success



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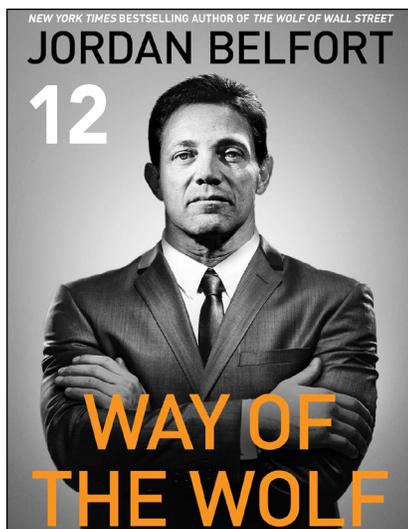
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Empowering parents to raise financially-smart kids



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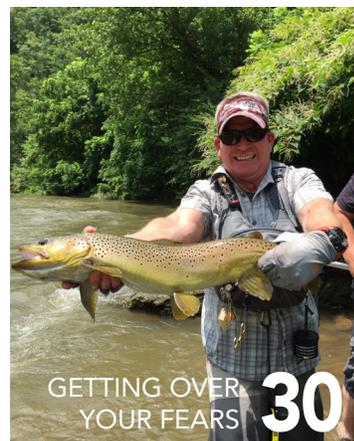
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TRUST  
IS KEY

Martha C. Hall & J. Michael Hall

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# BOUNCE

## Forward From Betrayal



by Elaine Eisenman, PhD & Susan Stautberg

### 3 WAYS TO GUARD AGAINST LETTING Someone's **Betrayal** Define Your Life

**B**etrayal comes in many variations: a friend gossiping about a secret you shared in confidence; a relative taking advantage of your hospitality to steal from you; a spouse engaging in an affair.

But regardless of what form betrayal takes, the results share

something in common.

"Betrayal destroys trust, and since trust is the foundation of all relationships, it's no wonder that betrayal does such damage," says Elaine Eisenman, PhD, co-author with Susan Stautberg of *Betrayed: A Survivor's Guide to Lying, Cheating, & Double-Dealing*.

These two successful business women say they themselves have experienced betrayal professionally and personally. But the good news, Stautberg says, is that despite the initial trauma, pain, and humiliation, most people survive and recover from betrayal and become stronger and wiser as a result.



“Recovery is not a single point in time; it is an ongoing process,” she says. “One day, you’ll discover there are simply more ups than downs. Hang on to that because it will steer you through darker moments.”

In the meantime, Stautberg and Eisenman offer a few suggestions on how to guard against letting someone’s betrayal define your life:

Listen to your gut. Your gut instinct is an incredible natural

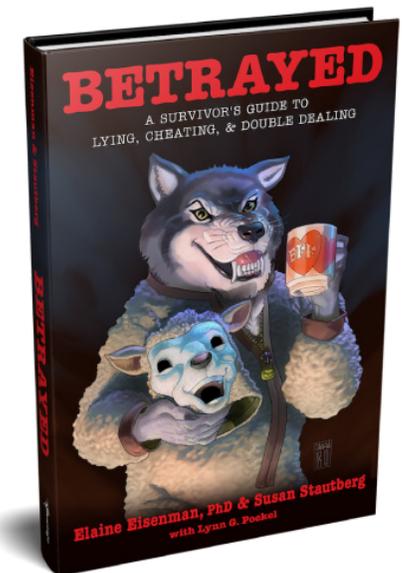
warning system, Eisenman says. “It can help you sense a betrayal before it becomes a reality,” she says. Instead of closing your eyes or creating excuses for someone else’s odd behavior, listen carefully to your uneasy feelings. Those nagging doubts can help you avoid a betrayal, or at the very least, lessen the impact of one.”

Hold onto your power. Even while you are navigating through a fog of deception and hurt, you do hold some cards. “You just need to step back and see them,” Stautberg says. For example, you alone decide whether or not to forgive your betrayer. “By recognizing and addressing the new challenges, making decisions about your next steps, and retaining your sense of self, you reclaim your power,” she says. “Those who recover best never relinquish power to the betrayer.”

Have the courage to move forward. It’s important to face the fact you aren’t in control of certain events and you will never create a perfect do-over that will fix everything, Eisenman says.

“To begin the act of recovery look the nasty circumstances in the eye and see them for what they are,” she says. “The fallout from betrayal says more about the betrayer’s values than it does about you, so toss the bad stuff in the garbage and put a permanent lid on it.”

“Hurt, setbacks, and diabolical events touch all of our lives; there is no escape,” Stautberg says. “But inside all of us are the keys to unlock our courage and strength, and that’s how we move on and build a better future.”



#### About Elaine Eisenman, PhD

Elaine Eisenman, PhD, co-author with Susan Stautberg of *Betrayed: A Survivor's Guide to Lying, Cheating, & Double Dealing* ([www.bouncefrombetrayal.com](http://www.bouncefrombetrayal.com)), currently serves as an independent Board Director for DBI, Inc. (NYSE), as well as for AtmosXR and Miravan, both privately held companies. She is the Managing Director of Saeje Advisors, LLC, an advisory firm for high growth ventures. Former Dean of Executive and Enterprise Education at Babson College, she works closely with CEOs and their executive teams to create cultures that accelerate growth. She is a frequent speaker on the topic of turning risk into opportunity.

#### About Susan Stautberg

Susan Stautberg is Governance Advisor to the portfolio companies of Atlantic Street Capital, a private equity firm. She is also President and CEO of PartnerCom Corporation and Chair Emeritus of the WomenCorporateDirectors Education and Development Foundation (WCD). Susan addresses groups around the world, including leading business schools and CEO conferences. She has written or been featured in numerous articles including *The New York Times*, *The Wall Street Journal*, and *The Financial Times* and her on-air experience includes *Oprah*, *The Today Show*, *CBS Evening News*, *CNN* and many others.

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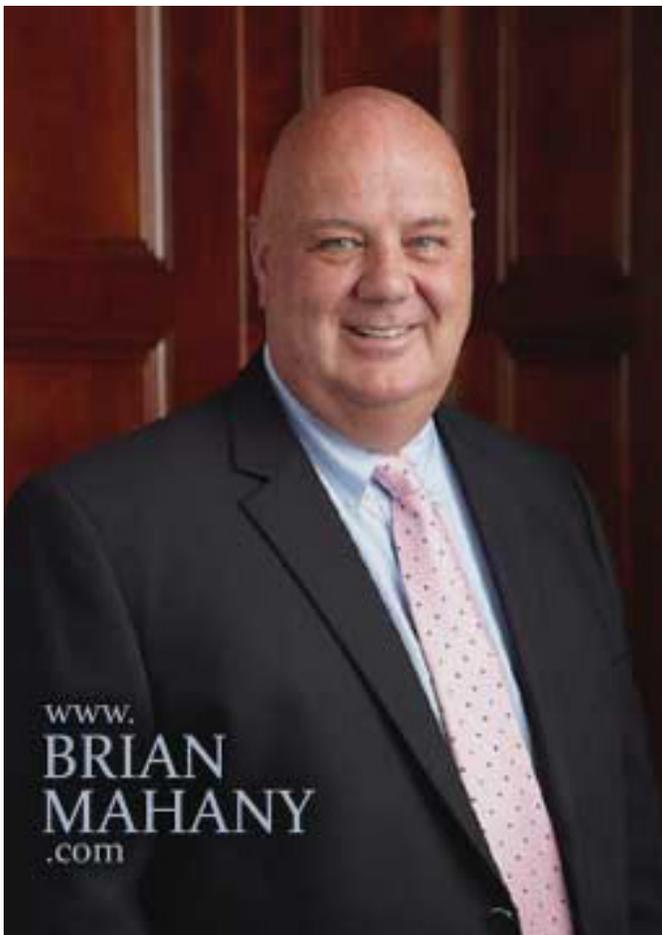


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by matthew d. edward

# The Wolf Goes Straight

'Wolf of Wall Street' Jordan Belfort keeps returning to ethics in his book *Way of the Wolf: Straight Line Selling: Master the Art of Persuasion, Influence, and Success*. But salespeople might not find the book's advice as groundbreaking as the cover claims.

Jordan Belfort—better known as the “Wolf of Wall Street”—wants salesmen to stay on the straight and narrow in his book *Way of the Wolf: Straight Line Selling: Master the Art of Persuasion, Influence, and Success*. The book lays out Belfort's “straight line” sales system, developed originally at his now-infamous firm Stratton Oakmont, Inc., to sell penny stocks to wealthy investors. The system can be adapted to any sales context, however, not just financial services.

Belfort refers often throughout the book to his 22-month stint in federal prison. Belfort plead guilty in 1999 to fraud and other crimes in connection with stock-market manipulation and running a boiler room as part of a penny-stock scam. Belfort's jail time, the end of a long saga immortalized in Martin Scorsese's *The Wolf of Wall Street*, is a recurring scare-tactic used on would-be straight line sellers who might be reading the book looking for get-rich-quick advice.

“I will never use the strategy I'm about to learn to manipulate my prospects into acting against their own self-interest. If I do, then I deserve the same ten years of pain and suffering that Jordan had to endure,” Belfort writes, including a signature line below for readers with paper copies of the book.

For fans of the movie, *Way of the Wolf*, contains few surprises. Readers will come into the book knowing Belfort made his money selling penny stocks to wealthy investors and later went to prison. They also will start the book knowing the basics of the Straight Line sales system Belfort pioneered and now sells via books and seminars world-wide. That said, even experienced sales professionals might learn a new trick or two (although the reincarnated, ethical Belfort might dispute using that term).

Two things underpin the Straight Line system and make up the bulk of *Way of the Wolf's* pages—the “intelligence gathering”

stage of a sale, and the tones of voice Belfort claims can influence prospects. The tones of voice also come with links to demonstrations on Belfort's website.

Intelligence gathering—or qualifying in traditional sales speak—is where Belfort really pushes salespeople to focus. Sales leads should be thoroughly vetted to prevent wasted time with “tire kickers,” people who cannot use or afford the product, or parties who would clearly not be interested.

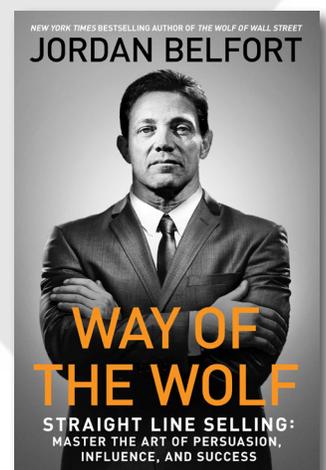
“Instead, we want to weed these people out as quickly as possible,” he writes.

As for Belfort's advice on tone of voice, likely it helps, although it is hard to shake the image of a smarmy looking Leonardo DiCaprio on the phone with clueless investors in *The Wolf of Wall Street*. Belfort does recommend sincerity in sales, but only to the point where prospects do not drift from the “straight line,” meaning away from the sale. And only genuine

sincerity, he writes, because anything less shows a lack of integrity.

“After all, success in the absence of ethics and integrity is not success at all,” Belfort writes. “I had to learn that the hard way, but you don't—especially with this book as your guide.”

*Way of the Wolf: Straight Line Selling: Master the Art of Persuasion, Influence, and Success* by Jordan Belfort. Gallery Books; Reprint edition (September 26, 2017). 257 pages.



*Way of the Wolf: Straight Line Selling: Master the Art of Persuasion, Influence, and Success*

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by *tim sheehan*

# Greenlight Raises \$54 Million

to Empower Parents to Raise Financially-Smart Kids

**G**reenlight Financial Technology, Inc. ("Greenlight®"), the fintech company on a mission to empower parents to raise a generation of financially-

smart kids, announced today it has raised \$54 million in Series B funding led by Drive Capital with participation from JPMorgan Chase and Wells Fargo. Existing investors TTV Capital, Live Oak Bank and

Relay Ventures also participated. The investment will fuel continued growth and accelerate the company's development roadmap.

"Greenlight has built an incredible platform that makes it convenient and safe for parents and kids to manage their money. We're proud to support their growth and help them on their mission," said Chris Olsen, Partner at Drive Capital who has joined the Greenlight Board. "What attracted us to Greenlight is the scarcity of tech platforms empowering consumers to be more financially



successful."

Greenlight offers a debit card for kids that parents manage through the Greenlight app using flexible parental controls. The company has experienced rapid growth since launching its product in 2017, helping more than half-a-million parents and kids manage daily family finances.

The Greenlight product allows parents to choose the exact stores where their children can spend, manage chores and allowances, set parent-paid interest rates on savings and more. Kids monitor

balances, create saving goals and learn to make real world trade-off decisions.

"At Wells Fargo, financial literacy and helping our clients succeed is a part of our core values," said C. Thomas Richardson, head of Strategic Partnership Investing at Wells Fargo. "Greenlight offers parents an opportunity to build that core competency of financial literacy in their child's formative years, through its innovative, interactive and fully digitized product offering. We are impressed by

Greenlight's rapid growth, and we are excited to help fuel the next phase of its development."

The Series B funding will accelerate Greenlight's mission-driven roadmap to weave more educational layers into the app experience along with investing, to get kids familiar with the tools to build long-term wealth.

"We're thrilled to partner with our Series B investors to bring Greenlight to millions of new families and help parents prepare their children for healthy financial futures," said Tim Sheehan, CEO and Co-Founder of Greenlight. "In the near future, I hope that this generation of kids grow up to spend wisely, learn the importance of saving and feel confident investing to build wealth over the long-term."

For more information on Greenlight, please visit [greenlightcard.com](http://greenlightcard.com), or follow Greenlight on [Facebook](#) and [Instagram](#).



#### **About Greenlight:**

Founded in 2014, Greenlight Financial Technology is an Atlanta-based fintech company that's committed to empowering parents to raise financially-smart kids. Its groundbreaking family finance product, Greenlight®, is a debit card for kids that parents manage by app using flexible parental controls. Patent-pending technology enables parents to choose the exact stores where their children can spend, manage chores, set parent-paid interest rates on savings and more. Kids monitor balances, create saving goals and learn to make real world trade-off decisions.

The Greenlight Card is issued by Community Federal Savings Bank, member FDIC, pursuant to license by MasterCard International. For more information, please visit: [www.greenlightcard.com](http://www.greenlightcard.com)



by david gargaro

## Experience is the Financial Advisor's Greatest Asset

### GUIDING CLIENTS THROUGH MARKET CYCLES

**M**any young and tech-savvy investors will forego working with financial advisors to handle their own financial planning. The rationale is that they regularly use apps to simplify other aspects of their lives, so robo-advisors and investment technologies can help them to manage their investment portfolios. After all, what can a financial advisor do that technology cannot?

From a pure, practical standpoint, investment apps and technologies can do whatever a financial advisor can do. They can

facilitate trades and purchases of stocks. They can notify clients when investments are going up or down, and list options available for achieving different investment goals.

However, robo-advisors have limitations. They cannot provide reassurance when the markets fall or investment returns take a turn for the worse. They cannot calm your fears or respond to worrisome phone calls. They cannot account for your life experiences, provide direction on when to take action, or offer personalized solutions that are geared to helping you achieve specific financial goals. You cannot form an emotional

connection with a robo-advisor, nor can it determine what is most important to you, such as meeting philanthropic goals or leaving a legacy for the next generation.

"Advisors Magazine" spoke with Van Mason, CFP®, CLU, MBA, President and LPL Registered Principal of StoneRidge Wealth Management, one of the leading independent wealth management firms in the greater Portland-Vancouver metro area about the importance of the client/advisor relationship.

"Our clients come to us for our experience, our careful and educated assessment of the economy and the markets,



and for our written fiduciary pledge. We've guided our clients through the tech crisis, the attacks of Sept. 11, and the agonizing debacle of 2008. We utilize technology to make the investment process more efficient, but nothing can replace the trust and confidence that is earned from sitting down with our clients every single quarter," said Van. "We review their statements to make sure our clients understand the confusing numbers, but more importantly, we try to listen and understand the issues that keep our clients awake at night."

StoneRidge Wealth Management has been providing independent retirement and financial planning services for more than 20 years. Van's comprehensive grasp of financial issues was established while completing his MBA from the

University of Oregon, and later honed as partner and president of Mason-Daane-Hucke Inc., a construction products company. Amy Treat is partner and chief operating officer of StoneRidge Wealth Management, and has been with the firm since 2003. She has developed and managed the administrative, marketing, and technological efficiencies that have helped StoneRidge grow and succeed. Van and Amy internalize the importance of philanthropy and "giving back". They launched The StoneRidge Foundation in 2008, a registered charity with the State of Oregon, that provides funding for low income children with serious hearing deficiencies. Their motto is "Help us flip the switch and let them hear the music". Every dollar goes directly to support the kids.

An experienced financial advisor will help the client develop his or her own investment strategy, one that is flexible enough to adapt to the incessant challenges of the market and the economy, but also to the changes in the client's personal life. The advisor must be an educator, filling in the gaps in the client's knowledge base, and making sure that the client understands the consequences resulting from uneducated investment decisions.

"Many investment savvy clients have come to me because the spouse has never shown much interest in the family investments, and there is an imperative to build a solid advisor-client relationship while both spouses are living," Van said. "The surviving spouse who has always prepared for the next automobile, computer, or appliance purchase may

be completely unprepared to interview a financial advisor, having no idea what questions should be asked. In our first meeting, I always make sure the prospective client asks me these critical questions: 'How are you paid? Who holds the money and creates the statements? Do you sell proprietary products, or are the products selected on a neutral, data-driven basis? How long have you been in business? Are you a CFP? How often will we meet, and does your office call to initiate the meetings? Will you please show me how the investments you present compare to their respective peer groups, on a risk adjusted basis? What is the process for making portfolio adjustments? How much money do you manage? How large a staff supports you?'"

We asked Van about portfolio risk, and how he approaches this frightfully complex subject with his clients.

"The first risk is serious portfolio loss of course, but the second risk is lost opportunity. Balancing these two threats is the million-dollar question, and this is why we meet with our clients every quarter," he said. "With new clients, I usually begin the discussion with this observation: The market is always going up, except when it's not. As silly as this sounds at first, it sets the stage for prospective clients to open up and tell me how they've



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felt during periods of significant market volatility.

I explain that there have only been four seriously negative markets since WWII, and that each of these has resulted in a market loss of about 40%. We had the oil embargo of 1973-1974, the tech bubble bursting in 2000 followed by the attacks of September 11, 2001 (the only consecutive three years of market loss since the Great Depression), and the financial crisis of 2008. Given that anything can happen, should we prepare our portfolio for the risk of a 40% or greater loss, or build the portfolio for a reasonable expectation of continued market growth?

Market volatility is uncomfortable for everyone, but routine market sell-offs usually recover within a few months. It's my responsibility to help the client differentiate between serious market disruptions like the tech bubble and uncomfortable short-term sell-offs, as the fourth quarter of last year."

"If clients are taking monthly distributions to maintain their retirement lifestyle, we project a conservative portfolio growth rate, and then work to shelter their distributions from serious

market loss," Van continued. "I call this strategy "The Cookie Jar." As a hypothetical example, the client has \$1 million portfolio. The markets have averaged between 9%-10% per year since WWII, so a conservative strategy reduces this market average by about 40%, and we schedule distributions of about 5.5% per year. These distributions, coupled with the client's Social Security, pensions, and other income will create their income base. Because the markets historically begin to recover from serious market loss within 18 months, investing 18 months of distributions (about \$82,000) very defensively aims to shelter this money from serious and unexpected market loss, and can allow the client to continue their distributions without "selling low" during the negative cycle. Of course, the Cookie Jar's annual returns will be relatively low during positive growth cycles, but the lost opportunity only applies to about 8% of the portfolio,

while the other 92% may be allocated to growth. Then during positive markets, we urge the clients to "pay themselves a bonus" with the returns that have exceeded our projections.

We asked Mr. Mason how he selects the specific investments, relative to the various criteria of risk.

"It's a good bet that the client's eyes will glaze over if we start talking in terms of beta, standard deviations, Sharpe, etc. So, unless the client is an engineer who eats this stuff up, I try to avoid the technical terms. And from a practical standpoint, why should we emphasize such terms as beta, when leading health and biotech funds with a beta of approximately 1.3 (1.3 times market gain/loss) only lost 12% in 2008 when the markets lost 35%? Or medical devices with a beta of 1.06 outperforming the Dow 142% to 60% over the last five years? This is what an experienced advisor brings to the table. The robo advisor says "beta 1.06: buy", while the experienced advisor recommends the purchase based upon the positive global demographics. I have a delightful 84-year-old client who refers to her medical devices ETF as her "global knee thingy" investment."

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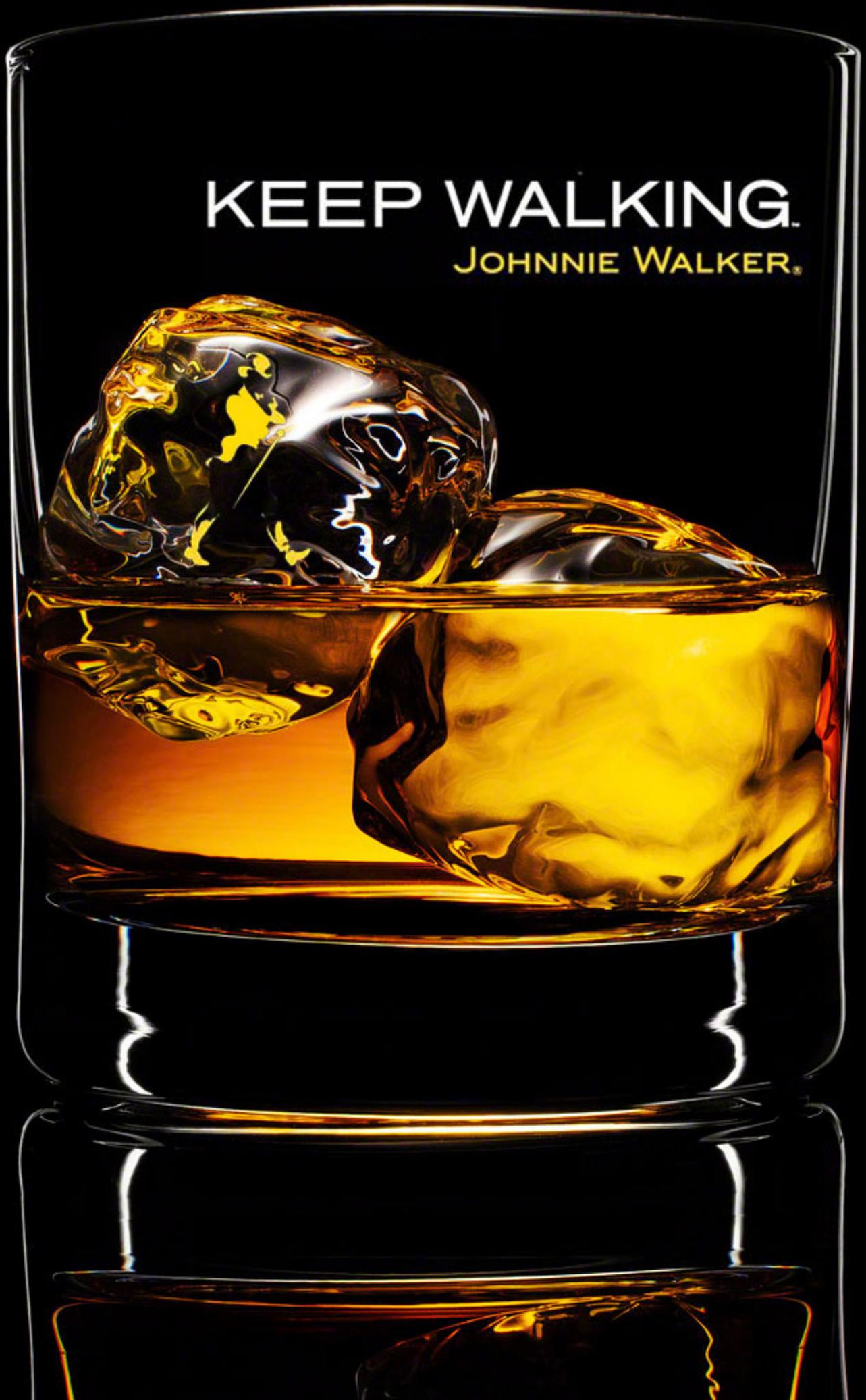


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by Matthew D. Edward

# THE CRYPTO-NATION HAS FINALLY HIT MOTHER LODE

*A new, silver-backed cryptocurrency aims to combine precious metals and blockchain into one reliable investment.*

Cryptocurrency often catches flak for lacking an objective value, so could a silver-backed token be the way forward? "Advisors Magazine" recently caught up with two of the men behind LODE, a new cryptocurrency that turns "idle silver" into electronic tokens.

Gold often dominates discussions about the value of precious metals while silver gets downplayed or ignored. Now, a cryptocurrency initiative known as LODE intends to restore silver to its historic place as "sound money" and as a modern alternative to fiat government currencies.

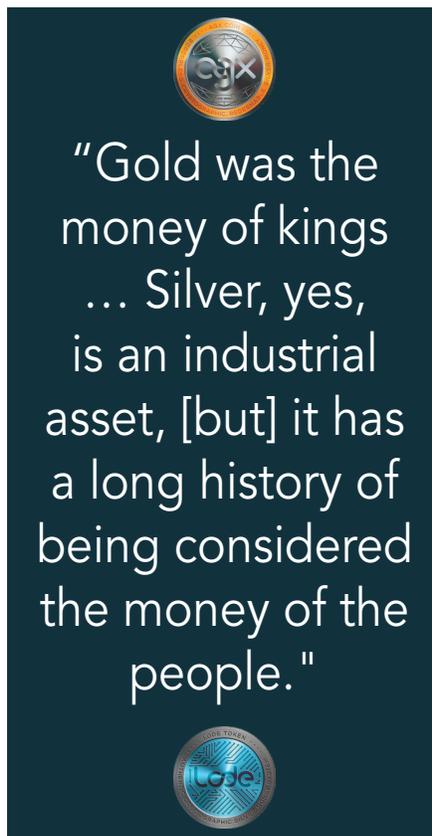
"A return to a precious metals silver standard [would be] a vehicle to turn this sound money into an actuality, and we could use blockchain as the vehicle as the technological backing to make this asset liquid again," said Nicholas Prouten, a brand ambassador for the LODE system.



"Historically, we transitioned away from that for a numerous variety of reasons. The [LODE] community is driven by the belief that the world truly does need a stable, sound form of currency that is an alternative to central banking, fiat currencies, which are backed by debt."

If Prouten sounds like the sort of person who opposes the Federal Reserve, it is because he does, to some degree at least. The LODE project founders envisioned a world where parallel "stablecoins" – cryptocurrencies backed by precious metals or other stores of value – coexisted with government currencies.

"The biggest risk or one of the most difficult facts when competing against these governments and currencies is that they are



  
 "Gold was the money of kings  
 ... Silver, yes,  
 is an industrial  
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 people."  


established. They've been established for hundreds of years and you're working against a structure that is deeply ingrained in people," Prouten said. "It's not about necessarily looking at this as a head-to-head combat, we're working collaboratively and jurisdictionally around the world to work within existing ecosystems to provide people with an alternative."

The average person still will pay their taxes in government currency, Prouten added, but the LODE system provides a peer-to-peer or consumer-to-business transaction system that individuals can use for other transactions.

The alternative works via a two-token system. The LODE system allows community members to enter their "idle" silver, meaning silver that currently sits unused in a home

or storage unit, into circulation. That silver ends up in one of LODE's vaults around the world. The users who put silver into the system benefit by seeing their assets grow as the metal's value fluctuates and as people purchase AGX tokens for consumer use.

What's an AGX token? The AGX token is the LODE system component that allows people to use the stored silver as a medium of exchange. The LODE system, in this way, emulates the way U.S. dollars used to be backed by gold in a two-part currency.

Cryptocurrency experts and precious metals observers remark that while LODE shows some similarity with other backed tokens on the market, the system aspect sets it apart.

"The problem I see right now ... is that most of [the backed cryptocurrencies] are tokenized assets that you can spend,"

said precious metals observer David Morgan, publisher of "The Morgan Report," a monthly report that covers economic news and the global economy. "So, it's similar to some of the systems that exist let's say in Utah ... where you can use gold and silver for any transaction as long as both parties agree. But other than just tokenizing the asset and spending it, this system is the only system out of probably 19 or 20 that I have seen to have a monetary system. There is a markup between the LODE token and the AGX coin which allows people that put their silver in ... And put it to work, and they earn silver in return as a monetary asset."

LODE tokens are perpetual bonds. In return for the silver contributed to the LODE system, token holders earn rewards, or a dividend, known as a "micro-



## AGX Coin The Second Asset

Each AGX Coin represents a one (1) gram weight and measure of vaulted and verifiable silver bullion held in the LODE Reserves.

AGX Coins may be exchanged for investment-grade silver and gold products at prevailing market rates for investment-grade silver and gold products at prevailing market rates from LODE affiliated dealers (subject to the vendors terms and conditions).

AGX Coins will provide LODE Community members and users with a high-speed, low-cost, private, and borderless method for transferring real value across the street or across the world. Each transaction is secured, transparent, verifiable, and immutably notarized upon the blockchain distributed ledger.

AGX Coins are a speculative asset representing a unique relationship to the market price of silver. AGX Coins will only flow in and out of private wallets when enabled by the encryption keys of the owner, without limits or restrictions, and with immutable receipts notarized upon the blockchain distributed ledger.





payout” that is administered every 52 days, seven times a year, at a sum of 5.25 percent of all newly minted AGX coins distributed amongst LODE token holders, the project said in a news release.

Morgan, who gave an interview about LODE to financial media in February, added that the system’s appeal appears limited to “anti-Fed” types, but that could change as adoption increases. Silver, historically, has been seen as money used by common people and that may increase its appeal

as a tokenized asset.

“Gold was the money of kings ... Silver, yes, is an industrial asset, [but] it has a long history of being considered the money of the people,” Prouten said. “Silver is more accessible, it’s more readily available. Almost anybody from most countries in the world have access to silver and can afford a gram denomination of silver to participate.”

The investors interested in LODE also are looking for a less “aristocratic” asset.

“They’re more libertarian. They’re looking for an idea that says, ‘How can we sort of take the power back, so to speak from central governments?’” said Matthew Taub, a LODE system spokesman who joined an interview with Prouten in August.

The founders incorporated LODE in Lichtenstein, but the project retains a global focus. Prouten said that most users currently live





in North America or France but developing world residents may see value in the system as their central banks continue to falter.

"Countries in South America are seeing these [interest] rates at hundreds of thousands of percent," said Taub. Silver's stability might induce people struggling with hyperinflation to seek alternatives that are backed by precious metals.

Cryptocurrency experts, and organizations

such as the World Bank, have commented for some time on the possibilities surrounding tokens in the developing world, where a majority of people remain "unbanked." An asset-backed token might appeal to residents of Venezuela, for example, who experienced a record-high inflation rate of 815,194 percent last May, according to "Trading Economics." Few in the developing world participate in LODE as of yet, however, Prouten said, but he added that the community does

include members from 100 countries total.

The backed cryptocurrency model does offer advantages compared to major industry players such as Bitcoin, Prouten said. Many investors missed the boat on Bitcoin, said Taub, which was exacerbated by the fact that the currency is not backed by anything tangible; Bitcoin's value comes entirely from what people think it is worth. That means Bitcoin, while an alternative to government fiat currency, is valued by fiat itself.

"The LODE system really does provide the best of both worlds," Taub said. "It's never too late to get started, either."

Facebook's proposal to create "Libra," a cryptocurrency that was supposed to be backed by several global organizations, was "backed by nothing," he added.

A token based on silver ties the asset to a real, hard asset, which can be entrusted to weather economic storms as well. Recessions, for example, often see investors flocking to precious metals as they are widely considered "safer," but spending or using those assets remains cumbersome.

"Historically, in those crisis situations, people lean back into precious metals. The difference now is that this precious metal can be used as a viable asset," Prouten said. "If a recession is inbound, then having wealth stored in something like AGX and LODE is a fantastic hedge against devaluation."

For more information on the LODE system, visit: [lode.one](http://lode.one)





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# Getting investors over their financial fears

Education is at the heart of client service



A federal commission recently

recommended that schools and universities begin requiring financial literacy courses. And advisor Judson H. Gee, CEP, thinks that idea's time has come.

"People are literally afraid to talk about money because of our educational system," Gee, managing partner of JHG Financial Advisors LLC in Charlotte, North Carolina told "Advisors Magazine" during a recent interview. "We don't have economics classes anymore in junior high like in my day. It's getting worse and worse and I really do blame the education system for why people are feeling overwhelmed by numbers."

JHG Financial Advisors provides tailored financial planning and wealth management solutions for a broad range of clients. The firm does not require a minimum asset level to sign on as an investor, but rather looks at personal fit and prospects' motivation to take charge of their financial future.

The public system does appear to be doing a poor job in financial literacy education. Chaplain College's Center for Financial Literacy published a state-by-state (including

Washington, D.C.) "report card" in 2017 that gave only five states – Alabama, Missouri, Tennessee, Utah, and Virginia – an "A." Meanwhile, 27 states received a "C" or below. Further, 30 percent of states received grades "D" or "F."

The lack of financial literacy preparation complicates advisors' outreach efforts. Financial advisors need to get creative in presenting complex investment information and remain patient with clients who need to be taught from an absolute beginner level, Gee said, adding that he often makes television appearances in which he uses relatable concepts to teach finance. One example Gee uses is that of an elevator's cables.

"A cable is built of many threads, and they do that for strength," he said. "If one of those threads within the cable breaks, in other words one of [the companies in your portfolio] goes out of business, then you have a hundred other threads in that cable."

Gee's education process covers everything from college savings to bonds to long-term care planning. At times, he has even met with clients for up to three hours to make



sure they understand their financial picture. Developing a customized financial solution that meets the client's financial goals requires a deep-dive into their options, and how everything works, and constant, effective communication on both sides, he said.

Client education matters more than in previous decades. The financial system continues to become more complex with additional products, alternative investments, and international options all available to today's investor. But with that increased choice comes a firehose of information that many find difficult to process, Gee said.

"It's not like it was 26 years ago when I got into this investment world, the business world has become faster and less stable. "Who would have known

big blue-chip companies such as GM, First Union or others of that size, would have gone out of business during the financial crisis of 2008, some to be bailed out by government?" he said. "And you can't do like my grandfather and grandmother did and leave an inheritance with a single stock and that gets passed down from generation to generation."

For more information see: [jhgfinancial.com](http://jhgfinancial.com)



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by *vitaliy n. katsenelson*

## Tesla, Elon Musk and the EV Revolution

“The test of a first-rate intelligence is the ability to hold two opposed ideas in mind at the same time and still retain the ability to function.”

- F. Scott Fitzgerald

**Y**ou really don't know the company until you buy the stock. It has happened to me a few times. We did hundreds of hours of research, bought a stock, and that act of buying activated new senses. I started seeing new angles. Something similar happened to me with Tesla, except I didn't buy the stock, I bought a car.

In late June 2019, I bought a Tesla Model 3. Most people would just enjoy driving such a car. Not me – I wrote about it for two or three hours a day (usually early in the morning). During evenings and on weekends I read anything I could find tangentially related to the EV industry. I discussed EVs with a lot of my friends, who helped me to shape and polish my thinking.

Why did I spend so much time on this? I really wanted to understand the impact EVs will have on everything, from a drop in the demand for oil, to an increase

in the demand for other energy sources, to the transformation of geopolitics, to changes in the trucking industry and the implications for railroads, to ... the list goes on and will continue to grow.

There was also an element of natural curiosity. I learned a lot, and the process of learning brings incredible satisfaction.

There were also offensive and defensive business reasons: I am always looking for new investments, and a lot of opportunities will be created by the transition to EVs. On the other hand, EV disruption will claim its victims – stocks to avoid. And finally, I was able to develop several mental (thinking) models, which I will be able to apply to other investments.

I knew this article was going to be long when I sat down to write it. I did not realize that it would span 37 pages. There is no way most of my readers will read an article this

A close-up photograph of the front right side of a white Tesla Model 3. The image shows the headlight, side mirror, and part of the hood. The car is parked outdoors, with green trees and a blue sky visible in the background.

long, so I'll give you a few options. You can read part one below; but if you want to read the other parts, click here and parts 2 through 11 will be emailed to you once per weekday (you get weekends off to catch up on my other articles). And if you're a better listener than reader, check out my podcast, where my articles are read by a professional narrator. The analysis will be released a 2-part episode in the upcoming weeks.

### **A Tsunami Is Coming at the Auto Industry**

This article is going to raise more questions than it will answer. It will equally frustrate Tesla bulls and bears. I was thinking a lot about F. Scott Fitzgerald's quote about first-rate intelligence as I juggled opposing frameworks and conclusions.

My history with Tesla goes back to 2015. I put a deposit down on a Model 3 the day Model 3 was announced. I patiently waited for two years, but when I went to buy a car, my local Tesla store did not have any for me to test-drive, the four-wheel-drive version was not available, and the \$35,000 car I was originally promised was suddenly being marketed by Tesla as a luxury BMW competitor and priced as such.

At that point, my \$1,000 deposit looked like a two-year interest-free loan to Tesla, and I asked for my

money back. As I later found out, I was not the only one who felt that way, as Tesla's 455,000-order backlog, which at the 2018 production rate should have lasted years, disappeared very quickly. Six months later, I was bombarded by emails from Tesla telling me that I didn't have to wait to buy a new car.

### **Fast-forward a year.**

Tesla released the four-wheel-drive option, lowered and simplified its prices on the Model 3, and increased the driving range to 310 miles. By this time, my local Tesla store had plenty of Model 3s for me to test-drive. And drive I did. I had driven the Model S before, and I was pleasantly surprised to find that, despite not having air suspension, the Model 3 was even more pleasant to drive.

Finally, the price started to make sense. The four-wheel-drive version, with a 310-mile driving range and a premium interior, had a price out the door of \$51,000; with \$9,000 of federal and Colorado tax credits, the net cost to me was around \$42,000. Yes, dear reader, you paid for almost a quarter of my car.

My car came with two keys that look just like credit cards. I have not used them at all. The car is connected to the Tesla app on my iPhone through the 4G network and Bluetooth. I can completely control the car from my iPhone app. If it is

hot or cold outside, I can turn on the AC or heater from my phone. I can see where my car is at any time.

When I approach my Tesla, I don't have to do anything (my phone is in my pocket): The car magically opens. When I sit down, I don't have to push a start button; I just push the lever to D or R (drive or reverse) and start driving. Because no combustion is happening in the electric engine, my car makes no noise when I drive. When I am done, I put the lever on P (park), get out of the car, and it automatically locks.

Tesla made very radical interior design choices. Aside from buttons to open and close doors and windows, there are no physical buttons inside the car; all buttons and other controls are virtually placed on a giant tablet. I can control the stiffness of the steering wheel, turn the regenerative braking on and off, or set the quickness of acceleration as if choosing settings in a video game.

In fact, the car can also turn into a video game. The Model 3 comes with a dozen video games that you

can play when the car is parked or waiting for a Supercharger to fill it up. The games are controlled by the real controls of the car. There is a driving video game that my daughters love where you use Tesla's real steering wheel and brake to drive a virtual car.

The Model 3 is really a computer, an iPad on wheels. The iPad-looking tablet and minimalistic design, which sits right in the middle of the front console, at first seemed a bit odd, but it felt natural once I was in the driver's seat.

The software interface of the tablet seemed very Apple-like; it was not designed by engineers for engineers (something Microsoft would do) but by human beings for human beings. The alarm clock radio controls of my wife's Honda Odyssey or my German SUV (now my wife's car) now feel a bit like dumb phones versus smartphones (an important theme of this article).

When you buy a traditional car, what you get on the day of purchase is what you get to use for the rest of the car's life. The Model 3, however, improves every month or so with software updates. These

aren't just cosmetic user-interface changes to the display – after one of those updates, Model 3 owners woke up and discovered that their rear seats were heatable. The hardware was already there; the software update activated it. Tesla constantly releases new features, from arcade games to upgrades to the security system, through software updates.

I've owned the car for a bit over two months, and so far it is the best car I've ever had. Just as with a slight benefit of hindsight, it is easy to see how smartphones (whether or not made by Apple) are the future of mobile phones, I can see that electric cars are a tsunami that is coming straight toward the automotive and transportation industries and their supply chains; it's just hard to say yet when it will land onshore and wipe out (replace) the internal combustion engine (ICE) car. But it's clearly a question of when, not if.

Electric is the car of the future; that's as clear to me as rain.



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**His Books were translated into eight languages. Forbes Magazine called him "The new Benjamin Graham". To receive Vitaliy's future articles by email or read his articles [click here](#)**

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# IN FINANCIAL RELATIONSHIPS, TRUST IS KEY

**A** prospective client only needs to ask his would-be advisor one question: “Why should I trust you?”

And for Charles W. Canyock, ChFC®, RICP®, AIF®, the answer often surprises clients.

“I say back to them, ‘Why should I trust you?’” said Canyock, a registered principal and wealth management advisor with LPL Financial. “You’re asking me to put a lot of work and care into you – I need to know that you’re telling me the truth in order for you to understand that I’m telling you the truth.”

LPL Financial, LLC, is the second-largest independent broker-dealer in the U.S., with more than 14,000 financial advisors across the country. Canyock, based in Mt. Clemens, MI, provides tailored wealth management solutions to investors ready to take control of their financial futures. Canyock does not require a minimum asset amount to sign on as a

client, but does look for personal “fit.”

“What I offer clients is simply this, ‘If anyone you refer to me, uses your name when they call, then I will offer them a complimentary meeting and that I promise they will walk out of that meeting with a better understanding of their situation. But I can’t guarantee that they’ll become a client,’” Canyock told “Advisors Magazine” in a recent interview.

The trust talk represents just one of the difficult conversations Canyock

## MISSION

LPL was founded with a pioneering vision: to help entrepreneurial financial advisors establish successful businesses through which they could offer truly independent financial guidance and investment advice.

routinely has with clients. Investors come to their advisor often with limited financial knowledge, a lack of direction, and an inability to clearly articulate their needs. Canyock helps these clients sort their finances out.

“The client doesn’t know how to accurately define their risk tolerance for themselves,”

Canyock said, adding that he often compares clients’ claimed risk tolerance to their



actions. “I say ‘nothing you do suggests that you are this person that you think you are.’ I’m not doing it to upset them, I’m doing it to say, ‘If you continue on this path, you’re not going to get there, these results are not going to make you feel good.’”

Difficult conversations require effective language. Canyock does not bog down his clients with financial jargon and impenetrable charts; instead, he focuses on client education and developing investors’ awareness of how their money works.

“I am not afraid to talk to people the way they understand,” Canyock said. “I don’t need to talk about alpha and the various technical measurements, or risk profiles to prove

that I’m a financial professional.”

And that means telling clients what they likely already know, but refuse to accept. The new pool can wait, a used car might be better for now than a dealer-fresh model, and maybe competing with the neighbors is a bad idea.

“It’s people borrowing money to go out to dinner, it’s people borrowing money to buy a TV – you don’t see as many older cars with rust anymore,” Canyock said. “The guy next door doesn’t show you his 401k balance or his bank account before he puts in a pool.”

For more information visit: [Charles Canyock](#) [LPL](#)

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# GREATNESS



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