Foreword

Bad Advisors is the most important book I've written to date and one I believe will be the most important book most people will ever have the opportunity to read (at least when it comes to financial/retirement planning, tax, and estate-planning concepts).

Why?

The simple and no-nonsense answer is that most Americans receive advice from "bad advisors" where the consequence of the bad advice is often catastrophic.

In this book, I will **pull back the veil** on multiple professions so you can identify "bad advisors" you currently have (and fire them) and ones you will consider using in the future (so you can avoid them).

I am going to give you a **never-before-seen** look inside the legal, accounting, financial, and insurance industries in a way that will **shock and outrage you**.

I am going to tell you what really motivates most of the advisors in each field and how that motivation **taints their advice**.

I will explain to you why many advisors are simply not competent (for multiple reasons such as lack of good training/education or because they are receiving bad or tainted training/education).

This book is dedicated to readers who are trying to determine if they currently have bad advisors and how to identify a good advisor for future use. I will answer in no uncertain terms the following questions:

1) Is your financial planner a bad advisor?

2) Is your life insurance or annuity agent a bad advisor?

3) Is your attorney a bad advisor?

4) Is your CPA/EA/accountant a bad advisor?

5) What are the consequences of using a bad advisor?

And, finally, (and just as important as identifying a bad advisor):

6) How do you identify and find a good advisor?

WHAT IS A GOOD ADVISOR?

I wrote this book not just so you could identify bad advisors but also so you could identify "good advisors." A "good advisor" has the following characteristics:

1) Professionally competent.

As you'll find out, many advisors are not professionally competent (in layman's terms they really don't know what they are doing (you just don't know it)). A competent advisor will keep up with the trends in his/her industry (laws and/or the tax code if an attorney/CPA or financial/insurance products or tools if a financial planner or insurance agent). Advisors who do not keep up with the times will quickly become less competent and, ultimately, incompetent over time.

I can't count the number of times I've received calls from advisors who've told me they have been in the business for 20-30 years (insurance/financial business) and are calling me for information on the most basic issues or to learn about products they didn't know about that are viable and have been in existence for over ten years.

2) The ability to make recommendations.

Too often advisors lay out options for clients and let the client choose what to do. People hire or use professionals because they are supposed to know what they are doing (more so than the client) and so they can recommend what they believe is best.

Advisors refrain from making recommendations many times because they are afraid of being wrong and do not want to take full responsibility for their recommendations. Competent advisors will make specific recommendations and help their clients implement a course of action after it has been chosen.

3) The ability to know when help is needed and if the advisor is over his/her head.

A good advisor will not act like they know what they are doing when they don't just to make a sale. Unfortunately, this happens all the time because the client does not understand the subject matter or product being discussed and because the salesperson is good at selling him/herself as a credible/competent advisor.

A good advisor will have a team of professionals or a support network (like The Wealth Preservation Institute) to lean on to help clients so the best advice can ultimately be given.

4) Always providing advice that is in the client's best interest not the advisor's best interest.

This is really the big one (especially in the insurance and financial-services fields). What you will read in this book will absolutely frighten you. It will also enrage you when you find out that many advisors have no intention of doing what's in their client's best interest. In fact, you will learn how many advisors are forbidden from providing clients the best advice by their employers or firms where their licenses are held.

Being a good advisor is simple—all you have to do is know what you are doing and give advice that is in the client's best interest.

If it's so simple then it would make sense that most advisors are "good advisors," right? I'll let you make the determination for yourself after you read this book, but it is my informed opinion that a significant portion of advisors are not "good advisors" but are, in fact, "bad advisors."

If you would like to find a "good advisor" in your local area to work with or simply to review advice given to you by what you think is a "bad advisor," go to **www.badadvisors.com** where you can request information on the advisors in your area.

WHO AM I TO DETERMINE WHO IS A GOOD AND BAD ADVISOR?

My name is **Roccy DeFrancesco, Jr, JD** and it is my job to educate CPAs/EAs/accountants, attorneys, financial planners, and life insurance agents on how to provide the "best" advice to their clients.

Let me answer the question that you may have when you read the above paragraph of what I do for a living. Yes, I'm an educator; but before moving into the education space, I practiced law for a period of years after which I provided financial planning and insurance/annuity advice to clients all over the country.

My point being is that I want to dispel any notion that you may have that I am just some pundit who hasn't been in the real world giving advice to clients. I've been there, done that, and found a higher calling for myself which I fulfill through my company, The Wealth Preservation Institute (**www.thewpi.org**).

In all of my books, I put in a bio section because I think it's important for readers to know about the author's background (so readers can determine by my background if there's a good likelihood that I know what I'm talking about).

Because this book will challenge your perception of every advisor you've ever had and every advisor you will ever have, it is more important than ever for you to learn about my background.

So, if you'll indulge me, I will lay out my background and why I am uniquely qualified to write a book with such a bold title as Bad Advisors: How to Identify Them; How to Avoid Them.

Let me start with a discussion about my background by going back to my last year of undergraduate studies at Embry Riddle Aeronautical University in 1992. In 1992, I was a commercial pilot looking to graduate undergrad in 1993 and start looking for a job. As it turned out, the airline industry was in a tailspin (pun intended); and you could not find a job anywhere (and, if you found one, it was a very low-paying job). Actually, to get a job, you had to pay the airlines for your own training (which usually exceeded $10,000).

Thinking that flying would be a fun career, but not the only possible one, I contacted my parents and asked them what they would think if I decided not to work as a pilot and instead go to law school.

To my surprise, they were very supportive of the move; and so in 1993, I started law school at Valparaiso University School of Law.

While in law school, I decided that I wanted to be a personal injury attorney (you see them typically on the back of your phone books). I had family friends who did that type of law, and they seemed happy and made more money than other attorneys in my home town. Therefore, when taking elective courses in law school, I concentrated on personal injury courses.

When I graduated from law school (similar to the airline industry), personal injury law was on the downswing due to "tort reform." Therefore, few firms were hiring in the area where I wanted to live.

As it turned out, I could not find a job that I wanted; and so in 1996, I ended up coming back to my home town of St. Joseph, Michigan, to practice law with my father, Roccy M. DeFrancesco, Sr., J.D. My areas of practice were business law (setting up corporations), real estate law, a little personal injury law, and a heavy emphasis on estate planning and divorce law.

I was truly amazed at how much Roccy, Sr., knew and was more than happy to make virtually no money while learning as much as I could from him.

As it turns out, I've got one of those personalities where I'm always searching for that next challenge in life. The next challenge was to still become a personal injury attorney. After a year or so of working with Roccy, Sr., I found out that our local personal injury firm in town was hiring (a rare occasion). The firm was founded by a long-time family friend who after an interview process hired me to be their new associate in the summer of 1997.

During that summer, I blew out my knee playing with my dog in the yard and had it operated on by another long-time family friend, Dr. Sterling Doster, and his new sports-fellowship-trained surgeon, Dr. Gregory Fox. Most people stop me when I'm going through the twisted story of why I do what I do for a living and ask why I tell people I blew my knee out. The answer is simple—blowing my knee out and having it operated on ended up being a life-altering event as you will read.

On one of the follow-up visits with the doctors who fixed my knee (their office was in Bloomington, Indiana, which was four hours south of where I lived at the time), we all went out to dinner. After a few glasses of wine, the doctors asked me if I wanted to come down to Bloomington to run their medical practice. They said their office manager was getting in over her head and that they'd double my salary to come run their practice.

I told them I could not possibly entertain accepting their offer as I just took a new job with the local personal injury law firm in town. After dinner, I went home and continued to work at the law firm. As it turned out and through no fault of the new employer, I really didn't enjoy the personal injury work I was doing.

Therefore, after working at the new firm for a few months, I called the doctors back and asked them if they were serious about me running their medical practice. They said they had a few glasses of wine that night and sort of remembered the conversation. They asked for a few days to talk about it and a week later called me and told me to come down to Bloomington, Indiana, to run their medical clinic.

When I told the attorneys who hired me at the personal injury firm that the medical practice was going to double my salary, they laughed a bit and wished me well. I didn't expect them to match that offer; and as I said, they were long-time family friends, and they simply wanted the best for me.

When I moved down to Bloomington, Indiana, in January of 1998, my wife was pregnant with our first child and things were moving quickly. The lady who was supposed to train me took six weeks of sick time and then quit. I learned on the fly how to run the medical practice, which took a good six months.

As it turned out, I was a terrible manager of people; but I was a whiz with the finances. Understand that I came out of a litigation practice where I went to war every day with other attorneys on behalf of my clients (especially the divorces I used to work on). Then suddenly I ended up running a medical clinic with thirteen female employees who worked under an office manager who really did not give much direction.

Needless to say, I did a very poor job of managing the staff the first six months. The finances of the office, on the other hand, were another matter. Since I had no faith in the previous office manager, I decided to shop every vendor the medical practice used to see if I could save the office some money.

As it turned out, I saved the four-physician medical office over $35,000 in expenses my first year. On what? Health insurance, malpractice insurance, office supply purchasing, outside professional help, collections expenses, and overtime; and I successfully helped negotiate a very difficult purchase of the medical office building the practice rented.

After about six months, I had things in the office the way I wanted them from a financial point of view. While I did not always get along with the staff, I have to give them their due in that most of them were top notch and did a tremendous job in their particular specialty. What that left me with, however, was a dilemma.

After fixing the office financially and because the staff did not require much oversight from me, I had a tremendous amount of free time on my hands. I could run the medical office for what I needed to do as a manager in two-to-four hours or less each day. Remember, that in the practice of law, I used to have 25+ clients all wanting something from me; and now I was running a medical office with fewer than 20 employees. If I didn't come to work for weeks on end, the office would run just fine.

The physicians at the medical office knew I would get to the point of being bored and thought I would open up a small legal practice out of the medical office or that I would play golf every day. **Instead of doing either, I decided to research in extraordinary detail "advanced" planning for high-income/net-worth clients (**who were my physician employers).

People wonder how I was able to create three advanced education/certification courses with over 1,300 pages of text and two books by the age of 37. It's really not that I'm any brighter than anyone else or anyone reading this book. It's that, due to the extraordinary circumstances of my employment at the medical practice, I was able to spend two-and-a-half years researching: asset protection, income, estate and capital gains tax planning/reduction, corporate structure, advanced estate planning, long-term care, disability and life insurance, annuities, mortgages, on the list goes on and on.

After my research on a topic, I would write an article on it and get it published in any number of places including, but not limited to, the following: Orthopedics Today, Physician Money Digest, Physician's News Digest, MomMD, American Urological Association Newsletter, Today in Cardiology, The Rake Report by PriceWaterhouseCoopers, The CPA Journal, CPA Wealth Provider, Strategic Orthopaedics, General Surgery News, the Indiana Bar Journal, the OH CPA Newsletter, Financial Planning Magazine, and Insurance Selling Magazine.

Then I started doing educational seminars for the following organizations (not an exhaustive list): Indiana State Medical Association, Ohio State Medical Association, Academy of Medicine of Cincinnati, Mid-America Orthopaedic Association, the MI, OH, IN, and KY CPA Societies, Professional Association of Health Care Office Management (PAHCOM), BONES, the American Academy of Medical Management, TX Medical Group Management Association (TX MGMA), Texas Medical Association Insurance Trust (TMAIT), the Michigan Orthodontics Association, the National Funeral Home Directors Association, the Society of Financial Service Professionals, the National Association of Insurance and Financial Advisors, and more.

After awhile, you have enough content from articles and speaking engagements to write a book; so I wrote my first book, The Doctor's Wealth Preservation Guide.

MOVING ON FROM THE MEDICAL PRACTICE

While at the medical practice, I started two separate consulting companies─one company where I would provide advice to physicians and one company to work with advisors who wanted help with their physicians and other clients.

As it turned out, I made enough money from the side consulting businesses to allow myself to try consulting full time. By then my wife was pregnant with our second child; and since the family didn't visit us much in Bloomington, Indiana, we also wanted to move back to Michigan so we could be closer to them.

That's just what we did in the spring of 2000. My wife, daughter, and soon-to-be son moved back to my home town of St. Joseph, Michigan, where I worked with my two companies to help physicians with asset protection, estate and tax planning, and advisors who had physicians or other high-income/net-worth clients who needed help.

The good news is that I was making a good living with my two consulting companies. The bad news is that after awhile I became miserable. I don't want to sound like I was crying with a loaf of bread under my arm; but I was traveling a lot to visit clients and advisors around the country as well as doing several seminars, and I was getting worn out. It's not that I didn't enjoy it; but with two young children, I was looking for a business model that would let me go to their ball games, go to the pool, and work in the yard (although I despise yard work).

THE LIGHT BULB GOES ON

I was in Las Vegas in 2004 giving a seminar for the National Society of Accountants (NSA) when the light bulb finally went on for me. A friend of mine, Lance Wallach (who introduced me to the NSA), and I were out to dinner in between the days of the seminar; and I was complaining to him about how I was making decent money but that I was really getting worn out. I basically had made the decision that I needed to do something else, and I was even considering going back to practicing law (it's hard to even type that and see it in print).

Lance told me to stop complaining and then off the cuff said: "Roccy, what you need to do is to create your own Roccy-certification course. You need the School of Roccy."

Of course, he was making fun of me, which I'm sure I deserved; but he was onto something and didn't know it. Lance had heard me speak many times and read my book, The Doctor's Wealth Preservation Guide. As someone "in the industry," he knew that the topics I dealt with in my book and spoke about at seminars were fairly unique and that other advisors who have or want to have high-income/net-worth clients would like to learn these topics.

Like the day I decided to take the job running the medical practice, that day in Vegas was again one of those days in your life you look back on and see it as life altering.

I went home from the Vegas NSA seminar and thought about putting my own educational program together. I figured I could put the program together with no problem. I had a lot of content and some of the best experts in the country who were nice enough to let me bend their ear on advanced-planning topics. The question was: Could I make a living doing "education"?

I said to myself that it really didn't matter as I didn't want to continue traveling no matter how much money could be made. Therefore, I told my wife that I was changing courses; and I hoped for everyone's sake it would work out. I decided to put together what I now call the only "advanced" education/certification courses in the country where I educate CPAs/EAs/accountants, attorneys, financial planners, mortgage brokers, security traders, etc., advanced planning for high-income/net-worth clients.

I formed my own educational institute with an educational board of some of the country's best experts in their fields.

The courses are the Certified Wealth Preservation Planner (CWPP™), Certified Asset Protection Planner, (CAPP™), Certified Medicaid Planner (CMP™), and Certified Medicaid Planner (CMP™). Each course requires advisors to read over hundreds of pages of text, take a lengthy multiple-choice/true-false test, and pass an essay test. The essay test confirms to me that the advisors who take the courses not only understand the material but can apply it in the "real world."

I rolled the CWPP™ and CAPP™ courses out in 2005 and have had a nice steady flow of advisors sign up to take the courses online or in person. In 2010, I rolled out the CMP™ course.

I'm proud to say that the reviews from those who have taken the courses have been tremendous. I imagine that is the case not so much because I'm that great of a writer of the material but because the material is practical and usable in the real world (vs. esoteric educational material) and because the majority of the topics in the courses are new to those who take them. No other entity in the country provides unbiased education on asset protection, which is the foundation of the three certification courses.

My travel has been severely curtailed as I only put on about a handful of in-person seminars a year; and I get to do what I've found I'm best at, which is to help other advisors fashion solutions for their clients. Therefore, it seems that the move from full-time consulting to educating advisors and working with their clients has turned out to be a good move for me, my family, and those who have taken my courses.

THE ASSET PROTECTION SOCIETY

As the certification courses continue to get traction nationwide, I am always searching for the next challenge. I found that next challenge when I decided to form a new society called the Asset Protection Society (APS™).

I finally got tired of all the asset-protection "scammers" in the marketplace who were luring unsuspecting clients to do business with them only to have the clients find out that the services they purchased were worthless and usually far too expensive.

I formed the APS™ with a handful of other like-minded advisors with one overriding goal and that was to form an organization that would <u>protect the public</u>. It's a tough chore and one that will take time to accomplish, but I believe it is a worthwhile cause.

The APS™ is a place where the public can receive baseline education on how to protect assets from creditors (like the personal injury attorneys I used to work for). In addition, the APS™ "Rates" advisors on their knowledge of what I call "global-asset protection."

My definition of global-asset protection is that anyone or anything that can take your money is a creditor. Think about that for a second. Who is your number one creditor every year? The IRS. Is the stock market a creditor? Sure. Did you lose money in the stock market in 2000-2002 when it lost nearly 50% of its value and again in 2007-2009 when it lost 59% of its value? What about the costs of long-term care? Is that an expense that will take your money in retirement? Absolutely.

Because advisors have knowledge in different areas, the APS™ gives out either an A, AA, AAA, G, or O Rating. G stands for global and O stands for offshore.

I wanted to create a Society that would set the "standard of care" in the industry for how to provide asset-protection advice, and I wanted the public to feel comfortable going to the Society to look for help from "Rated" advisors. I believe the APS™ is such a place, and I look forward to having it grow over the coming years with the help of all of its members and State Representatives.

If you are interested in asset-protection or finding an advisor who can help you, please check out the Society on the web.

NOT BELIEVING NUMBERS

Since you know I'm an attorney, you've probably already surmised that I am a cynic at heart (especially in the financial services and insurance fields). I do not take someone's word that a product works as it's been touted. Many times what advisors are told about financial/insurance products are half truths. They are the truths that marketing organizations, insurance companies, or broker dealers want advisors to know.

Because of this, I determined that in order for me to help advisors provide the best advice to their clients when it came to financial products, I better figure out a way to crunch the numbers myself.

As it turns out, I'm a numbers junkie. While 99% of the population has no interest in sitting in front of a computer breaking down the math of a financial instrument, I really enjoy it. I enjoy it so much that I have my own programming team that helps me build software applications to further help me break down numbers to come up with the holy grail of conclusions which is whether the financial product/instrument really functions as touted. I can tell you that the vast majority of the time the answer is NO which is one of the problems in the financial services/insurance industries.

EDUCATING AND WARNING ADVISORS

My business grows each year for one main reason: I send weekly educational newsletters out to over 300,000 insurance/financial advisors, CPAs/EAs/accountants, and attorneys.

As it turns out, my educational newsletters are some of, if not, the most well-read newsletters in the financial services/insurance industry. Why? There's one simple reason: I am just about the only one in the industry who devotes significant time in newsletters telling advisors what they are doing wrong, that the products they are selling are not as advertised, and how to avoid scams in the marketplace.

How do I know that specific products/tools are no good or not as advertised? As I stated earlier, I'm the ultimate numbers junkie; and I break the numbers down until I get a yes or no answer about whether products will perform (or the likelihood they will perform) as advertised.

What you will learn in this book is that most financial planners and life/annuity sales people do not do their own independent research on the various products or concepts they use to help clients. They take the word or recommendation typically of a sales organization and run with products or concepts without doing the needed due diligence to determine if either are good for their clients.

Also, attorneys and CPAs/EAs/accountants do not have anyone helping them find innovative, new, and/or better ways to help clients (which is one reason the best advice is often not given to clients by these types of advisors).

What's important for you to understand about my weekly newsletters is that they are written in an in-your-face/black-and-white manner where I come off as a bit of a know it all. That's done on purpose for a few reasons that are unimportant for this book, but the bi-product of sending such newsletters to such a large audience is that every week I have advisors trying to tell me why I'm wrong or try to tell me that they know something I don't.

The feedback I receive from advisors is instrumental in keeping me on top of cutting-edge trends in the financial, insurance, legal, and accounting communities.

RECENT BOOKS

In an effort to help tell the truth about two separate marketing schemes in the insurance industry, I published two books: The Home Equity Management Guidebook: How to Achieve Maximum Wealth with Maximum Protection (HEMGB) and The Home Equity Acceleration Plan (H.E.A.P.™).

The HEMGB was written to tell the truth about two of the worst books ever published on how to build wealth (Missed Fortune 101 and Stop Sitting on Your Assets). I was so upset at the misinformation in these books that I not only wrote my own book to set the record straight but I put up web sites so consumers could read what's wrong with these books. You can find the web sites at **www.www-missedfortune101.com** and **www.www-stopsittingonyourassets.com**.

I wrote the Home Equity Acceleration Plan book to tell readers about a very unique concept that will help them pay off a mortgage 5-10-15 years early without having to change their lifestyle (**www.heaplan.com**). I also have a H.E.A.P.™ non-profit where I use the proceeds from the book and accompanying software program to help families who are financially struggling to pay their mortgages.

My last book is one of my favorites. The title is: Retiring Without Risk (RWR). I will refer to the content in RWR several times in this book because in RWR I tell readers about tools to grow wealth that most securities-licensed advisors either don't know about or are forbidden from selling (same goes with what I call captive-insurance agents).

In RWR, I literally tell readers how to build wealth for retirement without risk; and if that is of interest to you, you can check out the website for the book at **www.retiringwithoutrisk.com**.

THE END

By "the end," I mean the end of my overly long summary of my background. I probably made this section of the book too long; but I figure, if you are not interested in the whole story, you can flip through it or skip it. I know that when I talk with people these days, they seem interested in the whole story so I thought I would put it in the book.

The end of the story is really the beginning of this new book, Bad Advisors: How to Identify Them; How to Avoid Them. As you now know, the reason I felt compelled to write this book is because of the bad advice consumers are being given by the vast majority of advisors in various industries. Bad advice from advisors to consumers or consumers having nowhere to turn for good advice has cost millions of Americans billions of dollars.

This book won't solve every American's problems, but I am confident that readers will never look at an advisor the same way and will be armed with knowledge to determine if an advisor is competent or is giving advice that is in the advisor's best interest instead of the reader's.

Until now, most people have no idea if their advisors are good or bad. That ever-nagging question in the back of everyone's mind will be answered one way or another by reading this book. While the chances are significant that most readers have one or more bad advisors and that reading this book can be frightening or even a bit depressing, it should serve as a wakeup call and will arm readers with the knowledge to rid themselves of bad advisors and hire ones who are competent and who will provide the best consumer friendly advice.

HELP FROM THE AUTHOR

Invariably when you write books, you have a segment of readers who want to get in touch with the author to ask questions. I understand that, and I will do my best to accommodate every inquiry. You can always e-mail me directly at **roccy@badadvisors.com**. I am usually fairly timely with my responses. You can also go to **www.badadvisors.com** where you can sign up for a message board. There you can post questions that I will answer for not only your benefit but for other readers to learn from.

If you know you want or need to find a advisor in your local area work with or to review what you think is bad advice from another advisor, you can sign up to find a "good advisor" at **www.badadvisors.com**.

For those of you who believe you need more comprehensive planning (asset protection, estate, and tax planning), you should consider using the C.A.L.M. Plan™. It is a platform I put together for the advisors to use who have taken the CWPP™ certification course. C.A.L.M. stands for Comprehensive Asset Liability Management. To learn more about C.A.L.M., go to **www.badadvisors.com**.

Again, thank you for buying this book; and I hope it helps you avoid "bad advisors," identify "good advisors," and grow and protect your wealth in the least risky manner/most tax favorable manner possible.

Roccy M. DeFrancesco, JD
Founder: The Wealth Preservation Institute
www.thewpi.org
www.wealthpreservationinstitute.com
www.badadvisors.com
Co-Founder: The Asset Protection Society
3260 S. Lakeshore Dive
St. Joseph, MI 49085
269-216-9978