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Wall Street Unmasked

One of the reasons to start this firm was the need for a fee based financial advisor who is truly on the side of their clients. We will devote this issue to some of the dirty secrets that Wall Street doesn't want you to know.

The first secret is how often the big firms on the street are cited for improper behavior, here's just a small sample:

1. AG Edwards, 5/10/2005, questionable sales of Class B and C funds has cost investor earnings.
2. Ameriprise, 12/2/2005, fined \$59.3 million for illegal mutual fund share trading.

3. Bank of America, 4/11/2005, settled with Elliot Spitzer for \$675 million over improper trading.
4. Merrill Lynch, 12/20/2005, fined \$14 million for selling higher cost mutual fund shares when cheaper options were available.

Unfortunately, this type of improper behavior is endless and this is just a few examples of the many cases of improper actions by brokerage firms.

Another dirty secret are the fees associated with owning most mutual funds. The average expense ratio using Morningstar Principia is 1.72%. A study done in

2004 by the Zero Alpha Group implies that the total expenses (disclosed and undisclosed) are in the 3-4% range.

Secret # 3, most mutual funds underperform the market. A study done by the Center for Research in Security Prices at the University of Chicago for the 10 years ended in 2003 indicate that the return of the S & P 500 was 11.1% while mutual funds returned 7.2%.

Doug has spent many years as a trader on Wall Street He noticed that the retail customer is often taken for granted. Always have an advisor who puts your interests first.

Investing Tip of the Quarter

Avoid internet investment scams

Hundreds of on-line investment newsletters have appeared in recent years. Many times companies pay people to tout their stocks.

Most fraudsters will not tell you this. Spam and bulletin boards are another place where misinformation abounds. We will do the research for you to help you determine if the investment you found is right for you.

2005 performance of Various Asset Classes

SPY (S&P500)	+2.41%
QQQQ (Nas100)	+6.40%
DJIA	-1.10%
Russell 2000	+4.55%
Hang Seng	+4.64%
10yr. Treasury Interest Rate	+5.9%
Oil Futures	+47%

Thanks to all of our clients for a great year

As Schorpp Capital grows it is important that we continue to deliver outstanding customer service. If we are not performing up to your standards please call Wayne or Doug to discuss your

issue. We are grateful for the confidence you have shown in us. We also want to thank our clients who have referred new business to us. Referrals are the life blood of the growth of our business.

If you are happy with the service we provide please don't hesitate to mention us to your friends or business associates. We always offer a complimentary consultation.