

## Why Diversify from the Stock Market?

The Wall Street Journal (WSJ) reported in June, 2013 that Insider trading and stock market fraud persists, perhaps at epidemic levels. That's what WSJ's MarketWatch found in a series of interviews with people convicted of insider trading and fraud. These felons, including Bernie Madoff who orchestrated the largest in history \$50 Billion Ponzi scheme, painted a picture of an unfair market driven by widespread cheating that favors those with privileged information and expensive technology.



The cheating also hurts individual investors and retirement savers trying to follow the rules of the road and produces a deeply unfair stock market environment. The results were discouraging for stock market investors and provide further support for a truly diversified portfolio using Alternative Assets including Trust Deed Investments:

The Wall Street Journal and MarketWatch found:



1. That insider trading may be one of the most common crimes on Wall Street and one of the least prosecuted. And insider trading was only the beginning. MarketWatch discovered that the problem for retail investors goes far beyond a failure of regulators to identify insider-trading violations. Madoff said insider trading is impossible to stop and that retail investors will never be able to compete with the pros unless they splash out for sophisticated, and expensive, trading tools.
2. Not only do many investors routinely skirt insider-trading laws, but the explosion of computerized high-speed trading in recent years has made the situation even more unfair for the retail investor.
3. Those retail investors should be careful when relying on audited financial statements because accounting fraud continues unabated, according to one interview. Accounting-fraud cases are complex, and regulators don't have the resources to enforce the law effectively, according to one felon.
4. Even though the Securities and Exchange Commission has brought more insider-trading actions in the past three years than in any three-year period in the agency's history, and even though the U.S. attorney in New York City has convicted 73 people in insider-trading cases since 2009, the crime and its impact on retail investors remains all too common.
5. Securities regulators are grossly underequipped to police financial markets, hedge funds are a danger to the market, and criminals have been scamming investors since the beginning of time and are not going to stop anytime soon.

Bottom line: The Wall Street markets aren't fair for retail investors. These findings are troubling and are one of the reasons that successful investors today should include Alternative Investments (Trust Deeds) in their diversified portfolio. Trust Deeds provide transparency, a real estate secured investment, current income, high yields and a completely level playing field with all due diligence material available for a retail investor to make an informed, decision.

Have you been burned in the Stock Market? How have you diversified your portfolio to limit your exposure to the unfair Stock Market? We would like to know. Please submit a post on our [Mortgage Vintage, Inc. Facebook Page](#) or our [LinkedIn Company page](#). If you enjoy discussions like this, please sign up for our [Linked in Group](#) called Southern California Trust Deed Investment Group.



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