

# **DOUGLAS J. SCHULZ CRCP**

**Invest Securities Consulting, Inc.**

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## **ARBITRATION & LITIGATION**

Mr. Schulz is a securities consultant and expert witness working for both claimants and the brokerage industry. He has testified regularly as an expert in federal and state courts, as well as in arbitrations before the Financial Industry Regulatory Authority (FINRA), the New York Stock Exchange (NYSE), the American Arbitration Association (AAA), and JAMS. He is a FINRA Arbitrator. Mr. Schulz has been retained in over 1,180 cases on rules, laws, and regulations of the securities industry; norms and guidelines of brokerage firms; suitability of investments and investment strategies; order execution; evaluation of various investments; damage theories; supervision and compliance. Mr. Schulz has testified over 670 times and assisted in cases that have resulted in arbitration awards or settlements totaling over \$378 million dollars, including several significant punitive damage awards.

Mr. Schulz's research in preparation for arbitration includes analysis of investments sold to customers; assessment of investment suitability; and determination as to what securities rules and regulations have been violated. His involvement in the discovery process includes drafting discovery requests and testifying in preliminary hearings concerning requested documents. Also, Mr. Schulz is an aid in arbitrator selection and case preparation. Additionally, Mr. Schulz assists in securities mediation.

## **MONEY MANAGEMENT**

Mr. Schulz's company Invest is based in Westcliffe, Colorado. Mr. Schulz, the President, was a Registered Investment Advisor (RIA). He was previously licensed with the Securities and Exchange Commission (SEC) and was licensed in various states as an RIA from 1993-2006. In this capacity, he offered professional money management and financial or portfolio investment advice. Mr. Schulz also analyzes investments, investment strategies, and performance results and performs due diligence and investigations for merchant bankers, investment bankers, and the brokerage industry. Mr. Schulz manages investments in real estate, venture capital, inventory financing, and small business ventures.

## **FINANCE & MORTGAGE LENDING**

Mr. Schulz has owned and operated a finance and mortgage business since 2003. The company does business across the United States concentrating in the west. Construction loans, mezzanine loans, mortgage loans, business loans and development loans are a few of the types of loans the company makes. Mr. Schulz does all due diligence and individually handles all aspects of these loans. Separately, starting in 2016 he formed a new partnership, Westward Financial, which likewise lent money to similar entities as mentioned above, Westward closed in 2021. Plato Finance opened in 2022.

## **COMPLIANCE & SUPERVISION**

Mr. Schulz was a consultant to large investment advisory firms, registered investment advisors and money managers. He consults on such issues as regulation, compliance, risk analysis, litigation, and regulatory scrutinized investments.

## **OTHER BROKERAGE & INVESTMENT EXPERIENCE**

Mr. Schulz assisted the New York U.S. Attorney General's office and the SEC in connection with their investigation of Prudential Securities' nationwide securities fraud involving the sale of limited partnerships to investors from 1980 through 1992. Mr. Schulz regularly works with various state securities regulators as both an advisor and expert witness.

In 1988, Mr. Schulz helped form Johnson Trading, an introducing brokerage firm, as a partner and operations manager. His duties included operational management of commodity hedging and trading in agricultural and cattle markets. He also was responsible for new business development, marketing, training, staff hiring, and payroll. Mr. Schulz left the company to enter his current line of work of securities consulting.

From 1983 to 1988, Mr. Schulz was a Vice-President with Bear Stearns in its Dallas, Texas office. As a broker, Mr. Schulz specialized in stock trading, options strategies, risk arbitrage, commodities, and fund management. He was an active trader and one of the top producers in an office of 40 brokers.

From 1981 to 1983, Mr. Schulz worked for Merrill Lynch in the Dallas, Texas branch, where he participated in a five-month extensive training program. Mr. Schulz ranked third in a nationwide class of 149 Merrill Lynch brokers after one year in production. He was voted "Rookie of the Year" in 1982 and was a guest lecturer in the New York Training Department. As a registered representative, Mr. Schulz's business consisted of trading in stocks, bonds, and options, Limited Partnerships, Private Placements, along with marketing the full range of investments offered by Merrill Lynch. He also worked closely with Corporate Financial Services and Retirement Services.

Mr. Schulz entered the securities industry professionally in 1981. He first worked for Investors Diversified Services (IDS), where he received extensive training. He was a licensed agent in life insurance, variable annuities, and mutual funds. His duties included cold calling, prospecting, financial planning, and selling various mutual funds and life insurance products. Prior to this, Mr. Schulz had been actively trading securities for 13 years.

## **LICENSES, COMPLIANCE & ARBITRATOR TRAINING**

FINRA/NASD	CRCP Certified Regulatory Compliance Professional
	FINRA- Wharton School of Business (current)
NASD	General Securities Principal (Series 24)
MULTI-STATE	RIA Registered Investment Advisor
SEC	RIA Registered Investment Advisor
CME & CBOT	General Commodities (Series 3)
NASD	General Securities Representative (Series 7)
NASD	Multi-State Registered Securities Representative (Series 63)
NASD	Investment Company Contracts (Series 6)
TEXAS	Life and Disability Licensed Agent
TEXAS	Variable Annuities and Life Insurance Licensed
TEXAS	Accounting Fraud Training 1989 Austin
NEW MEXICO	Advanced Criminal Investigation Course
TEXAS	1993 NASD Arbitrator Training
COLORADO	1997 NASD Arbitrator Training
COLORADO	1999 NASD Arbitrator Chairperson Training
COLORADO	12-2022 FINRA Arbitrator Chairperson Training
COLORADO	12-2022 FINRA Arbitrator Basic Training
COLORADO	12-2022 FINRA Arbitrator Training-Your Duty to Disclose
COLORADO	12-2022 FINRA Arbitrator Training – Discovery, Abuses, Sanctions
COLORADO	12-2022 FINRA Arbitrator Training -Civility in Arbitration
COLORADO	12-2022 FINRA Arbitrator Training -Understanding the Prehearing Stage

## **EDUCATION**

Mr. Schulz has a Bachelor of Science in the Administration of Justice from American University, Washington D.C., where he graduated Magna Cum Laude in 1975. He is a member of Phi Kappa Phi Honor Society.

## **PUBLICATIONS / SPEECHES**

“Duties and Regulation of Internet/On-line Broker-Dealers and Third-Party Advisor Accounts”, Panel Speaker, PIABA Annual Securities Conference, October 2023

“Online/Internet Trading, Gambling, BD’s No Duties, Third-Party Accounts”, April 2023. This article addresses three problems and concerns for investors and regulators that relate to trading/investing at online broker-dealers such as Charles Schwab, TD Ameritrade, Interactive Brokers, E\*Trade, and Robinhood. The three issues are: a) is online/internet trading nothing more than legalized, casino gambling? b) do online broker-dealers really have no duties for self-directed platforms/online accounts? and c) are broker-dealers properly opening, managing, and monitoring third-party accounts? There are two versions of this article; the shorter version published in PIABA Bar Journal, Vol. 30, No. 1 2023 and the original, longer version available on my website.

“Unauthorized Discretionary Trading 2020”, PIABA Bar Journal, Vol 27, No 1 (2020). This article updates my two previous articles on unauthorized trading in 1994 and 2001. I address the updated regulations, along with the current litigation issues on unauthorized trading. Special emphasis is given to broker-dealers’ boilerplate defenses to unauthorized trading claims.

“Securities Industry with Douglas Schulz” Investor Coaching Show, September 21, 2019, Paul Winker, Nashville

“Big Bad Giants”, Matson Money, Phoenix, AZ, appeared in the video and gave a speech to 450 Investment Advisors on the corruption of Wall Street, in March 2019

“Cryptocurrencies—Investment or Electronic Currency of the Future?”, co-author, PIABA Bar Journal Vol. 25, No. 1, 2018 and Computer & Internet Lawyer, Vol. 35, No. 11, November 2018

“Supervision of Third-Party/Power of Attorney Accounts”, co-author, PIABA Bar Journal Vol. 23 No. 2 2016

“Effective and Ineffective Arbitration Strategies and Presentations” Panel Speaker, PIABA Annual Securities Conference, October 2017

“Direct Examination of Securities Experts & Cross Examination of Opposing Experts” Michigan State Law School, Lansing Michigan, November 2015

“Swimming Naked When the Tide Goes Out - Naked/Short Options 2013”, PIABA Bar Journal Volume 20, No. 1 Page 75, Fall 2013

“Bonds & Bond Funds – The Next Wall Street Bombshell” April 2013, Invest Securities Consulting, Inc. [www.securitiesexpert.com](http://www.securitiesexpert.com)

“Due Diligence – Securities Applications and Regulatory Requirements 2011” PIABA Bar Journal, Volume 17 No. 4 2010/2011

“How Securities Experts Work with Compliance Professionals and Securities Regulators” Ten Years of CRCPPs – Career Success and Advancement, Wharton Business School, Philadelphia, PA, November 2010

“The Use of Securities Experts in Litigation and Damage Calculations” Cornell Law School, Ithaca, NY, October 2009

“Navigating the Fog of Investing”, McGriff Publishing, 90-minute DVD documentary and Guest Speaker, 2006

“Unauthorized Trading & Mismarking Order Tickets – How Regulators Can Detect These Violations”, NASAA Winter Enforcement Conference; La Quinta, CA January 2005

“How Delaware Securities Investigators Can Spot Special Violations at the Branch Level”, Delaware Department of Justice Securities Division; Wilmington, DE, March 2005

“How Investors Can Spot Abuses in Their Brokerage Accounts”, 2005 Delaware Investor Education Conference Keynote Address, Wilmington, DE, March 2005

“Auditing Brokerage Branch offices – Red Flags, Supervision and Securities Violations” Slide show and presentation to the NASD Enforcement Department – Investor Protection, Washington D.C. This was a lecture for the training department for NASD top investigators with a focus on unauthorized trading, January 2004

“Cross Examining Expert Witnesses in Securities Arbitrations” PIABA Annual Conference, Carlsbad California September 2005

“How a Branch Office Manager Can Fail to Supervise His Branch Properly”, California Mid-Year Securities Arbitration Update - PIABA, Los Angeles, CA, March 2005

Brokerage Fraud – What Wall Street Doesn’t Want You to Know, co-author, Dearborn Publishing, 2002. The book addresses the rules and regulations of the securities industry and puts them in layman’s terms for the investing public. The book covers such subjects as the top abuses in the industry, the regulators, how to choose a stockbroker and how investors can navigate the investment markets.

“Flat Fees or Fat Fees” Practicing Law Institute (PLI) Securities Arbitration 2004; PIABA Bar Journal Fall 2003 The article discusses flat fee and wrap fee accounts of brokerages and why many times they are not in the best interest of investors.

“Margin Abuses & Concentration – The Failure to Diversify”, Publication and Presentation at the Mass Torts Made Perfect Securities Litigation Conference, Chicago IL, June 2003

“How to Keep Yourself out of Arbitration” Presentation to the Colorado Springs Merrill Lynch Branch office 2002

“Concentration – Too Much of a Good Thing” PIABA Bar Journal Vol. 9 No.2 Summer 2002 Co-author. The article discusses the various issues surrounding concentration within a portfolio and lack of diversification of investments by stockbrokers.

“How to Get the Most Out of Your Brokerage Account” – Presentation to the American Board of Trial Advocates, Mauna Kea Beach Hotel, Hawaii, November 2001.

“Unauthorized Trading, Time and Price Discretion & the Mismarking of Order Tickets” Practicing Law Institute (PLI) Securities Arbitration 2001, Publication and Presentation at seminar August 2001. The article addresses the regulations governing these three areas and how regulators, compliance individuals, lawyers, and arbitration panels can determine if violations have taken place. The article also suggests changes that are needed in the regulation of these infractions.

“No Duty – Does Suitability Apply to Internet Brokerage Firms?” Publication and Presentation at Public Investor’s Arbitration Bar Association, PIABA October 2000. The article addresses the position of Internet firms, such as E\*TRADE, that they have no duties as it relates to “suitability” and the “Know Your Customer Rule”.

“Internet Market Orders Can be Dangerous” Published in The Colorado Springs Business Journal August 1999. The article discusses market and limit orders in volatile markets.

“An Additional Revenue Stream: The Second Opinion Business” Financial Advisory Services Alert, PPC (Practitioners Publishing Company) Advisor FAS Alert 1 July 1999. This article discusses how CPAs can create additional income by becoming Registered Investment Advisors.

"Problems with Internet Trading" Published in The Colorado Springs Business Journal June 1999. The article discusses many of the problems investors have trading with on-line brokerage firms.

"How Internet Trading Might Affect Your Business" Published in Practitioners Publishing Company's Financial Advisory Services Bulletin, February 2000. The article discusses the nuances of the Internet trading markets and how they will affect the business of money managers and investment advisors.

"Internet Trading - Take a Walk on the Wild Side". Published in PLI's Securities Arbitration 1999. The article addresses the booming market in Internet trading and the pitfalls and conflicts in trading at on-line brokerage firms, as well as the liability.

"The New NASD Arbitrator Selection System - NLSS". Published in the Securities Arbitration Commentator, April 1999 Volume 10-6. The NLSS was a major change in the NASD arbitrator selection system. The article explains some of the finer points of NLSS and discusses the strategies, benefits and downsides of the new system.

"Risk Tolerance of Investors". Published in Guide to Investment Advisory Services, Practitioners Publishing Company, 1999. (6-volume training manuals) Evaluating the risk tolerance of an investor is an essential part of an investment advisor's practice. This training section of the manuals provides a framework to allow advisors to conquer such a historically complex task, and thereby make proper recommendations to their clients.

"Investors Level of Knowledge". Published in Guide to Investment Advisory Services, Practitioners Publishing Company, 1999. (6-volume training manuals) This training section and the survey are tools designed to assist investment advisors to evaluate the investment knowledge of their clients.

"When Is An Order An Order? Unauthorized Trading by Securities Brokers". Published in PLI's Securities Arbitration July 1994, 1994. The article covers the discussions that must take place between a broker and the client, the order process, discretionary trading, and the arbitration of unauthorized trading claims.

"Damages in Limited Partnership Cases". Published and presented at the PIABA Second Annual Meeting/Conference, October 1993. The article discusses the proper methods to calculate damages and lost opportunities, as well as the accompanying support documents.

"Arbitration of Limited Partnership Cases". Published in the Securities Arbitration Commentator, February 1992. The article addresses the marketing of limited partnerships in the 1980s and the arbitration of securities claims.

"The Use of Expert Witnesses in Securities Arbitration". Published in Securities Arbitration- Evaluation, Preparation, Presentation, April 1992. Mr. Schulz has also spoken on this subject at a number of national and regional securities seminars.

"Forced Arbitration - Perfect Justice? Discovery in Arbitration". Published in the Securities Arbitration Commentator, co-author, November 1990. The article explores the problems attendant to discovery in arbitration and offers suggestions for change and for working within the system.

"Your Broker" Mr. Schulz co-authored a monthly article on the investment and brokerage industry for the Colorado Springs Business Journal.

#### **QUOTED IN: (number of times)**

Wall Street Journal (7), American Lawyer, Money Magazine (2), Newsweek, Forbes, New York Times (5), BusinessWeek (3), Kiplinger's Personal Finance (2), Financial Planning (4), Dow Jones, The Street, Chicago Tribune, USA Today (2), Registered Representative, Complanet, The Boston Globe, Investment Advisor, Financial Times (London), Institutional Investor (2), Boardroom Inc., Medical Economics Journal (2), Sun-Sentinel, Times Record News, Dallas Business Journal, Dallas Morning News, Tampa Tribune, St. Petersburg Times, Colorado Springs Business Journal, The Denver Post (3), The Charlotte Business Journal, Philadelphia Inquirer, Upside, World Money Laundering Report (2), Richmond Business Journal, Rocky Mountain News, Bloomberg News, The

Oregonian, Florida Today, AAll Journal, The Charlotte Observer, Lawyers Weekly USA, On Wall Street, St. Louis Business Show

**APPEARED OR HEARD ON:**

CNNFN “The Money Gang”; WNYW-TV FOX “Good Day New York”; KTVK-TV “Good Morning Arizona”; KFNN-AM Phoenix; WEBFNTV “Ask the Experts”; KNX-AM (CBS) Los Angeles; Yahoo Finance Webcast; New York 1 Cable “Fortune Business Report” KUOW-FM Seattle, WSAR-AM Providence; WEIM-AM & WBIX-AM Boston; NBC Bay Area News, San Francisco; WABJ-AM Toledo; KBEM-FM Minneapolis; WPTT-AM Pittsburgh; WXRC & WIRC Charlotte; WFTL & WORL Miami; KWIP & WEVL Poughkeepsie; KCMN-FM Colorado Springs, Powernomics Syndicated Radio; WMTR-AM “Your New Jersey Connection” KFAB-AM Omaha; KKTU Colorado Springs; KRDO Colorado Springs; CBS-WBBM Chicago “Noon Business Hour” (3)