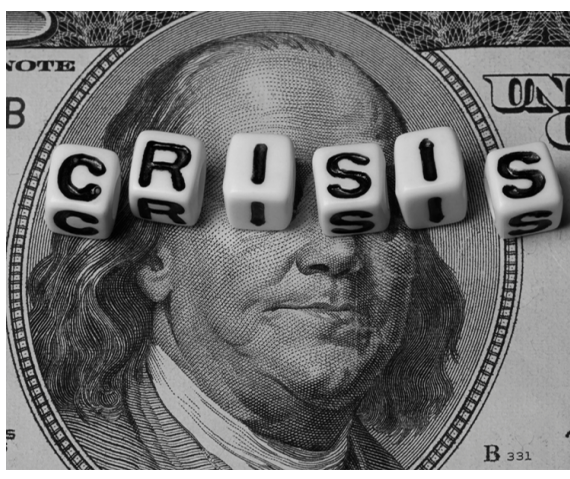


Wall Street in Crisis: A Perfect Storm Looming

Labaton Sucharow's
US Financial
Services Industry
Survey

Over the last decade, scandal and corruption have eroded public faith in the markets.

We have witnessed the global economy in precipitous decline. Despite efforts by governments and financial institutions to increase transparency and manage risk, we are now facing an unparalleled crisis. If we don't take swift and meaningful action, the battle cry "this can't happen again" will be nothing more than background music to the next, more potent economic tsunami.



CONCERNS

In this second annual survey of the financial services sector, we uncovered astonishing data about the state of our markets.

Most notably, there was a decline in the three forces that have the power to serve as safety nets for the economy:



Misconduct is still widespread in the financial services industry

23% of respondents indicated that they had observed or had firsthand knowledge of wrongdoing in the workplace.

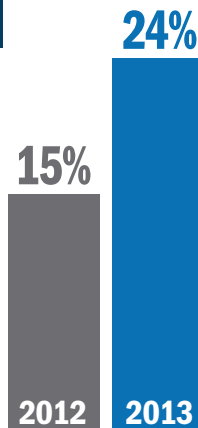


Alarming Fact

24%

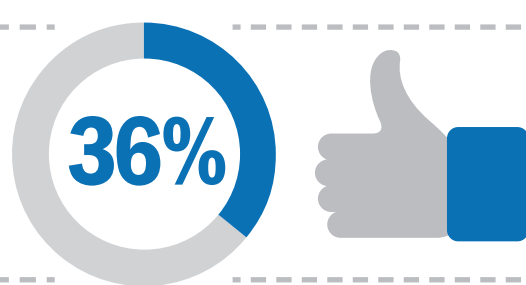


Percentage of financial services professionals who would engage in insider trading to make \$10 million if they could get away with it.



That's a **60% increase** from 15% in 2012

Despite the many reforms put in place in the wake of the economic collapse, **only 36% of respondents felt that Wall Street has changed for the better since Dodd-Frank's passage in 2010.**



28%

of financial services professionals feel that their organizations **do not put clients' interests first**

The Seniority Differential

Looking at seniority:

36%



of respondents with **10 years or less experience** in the industry believed financial services professionals may have to engage in misconduct to get ahead; twice as many as the

18%



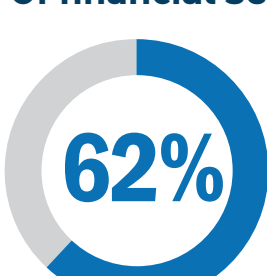
of professionals with **more than 20 years** in the field.

BRIGHT SPOTS

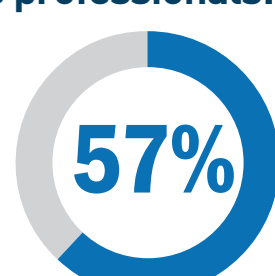
As enforcement actions are on the rise and new reforms have strengthened financial regulators and law enforcement authorities, the court of public opinion is following suit.



Of financial services professionals:



felt the SEC is an effective watchdog

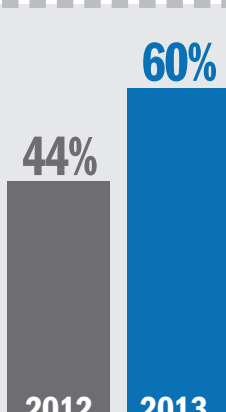


felt that FINRA is effective.

Increased Awareness:

60%

of respondents are aware of the SEC's Whistleblower Program compared to 44% in 2012.



When asked if they would report misconduct in the workplace if it could be done with the factors present in the SEC Whistleblower Program — anonymity, employment protections and a monetary award —

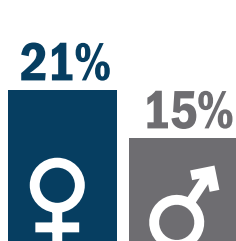
89% would do so.

Wall Street professionals' willingness to break their silence and report possible securities violations is extremely encouraging.

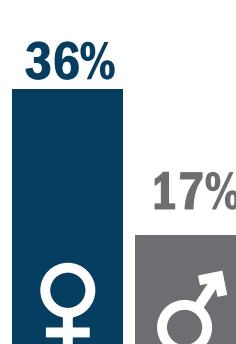
GENDER DIFFERENCES

There was a significant gender based differential, with 10% more women – a full one-third of all surveyed – feeling that compensation could incentivize misconduct.

Female respondents indicated less faith in their leadership.

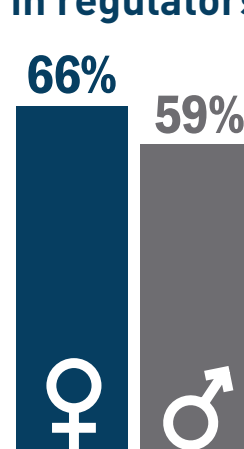


Percentage who believe in the likelihood that their leaders would ignore suspicions of misconduct involving a top performer

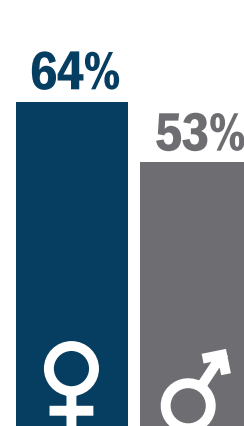


Percentage who believe that they would be retaliated against if they reported wrongdoing in the workplace

Women have more confidence in regulators.



Percentage who think that the SEC effectively detects, investigates and prosecutes misconduct



Percentage who have confidence in FINRA



The best way to ensure that the marketplace operates with greater transparency, fairness and accountability

is to recognize the ability of regulators, corporations and individuals to establish and strengthen a culture of integrity that will create lasting change in the financial markets.



We have the power to change course, but first we must admit that Wall Street has a significant and growing ethical crisis and act now to address the problem.

DOWNLOAD THE FULL REPORT: secwhistlebloweradvocate.com

Labaton
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