



STANSBERRY & ASSOCIATES INVESTMENT RESEARCH

March 19, 2014

Laura Smith, Esq.
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Re: Your Inquiry into Stansberry & Associates Investment Research, LLC

Dear Laura:

It was nice talking with you on Monday and I wanted to follow up with you on how we are addressing your concerns.

First, you made a few statements in your letter to me on Monday that I want to correct. Neither Mr. Stansberry nor I are of the opinion that our advertising or testimonials are deceptive. To the contrary, when we received your letter we were surprised and upset to hear that someone would perceive our marketing efforts as deceptive, as you seem to. That is why we appreciate you bringing these things to our attention - we don't want anyone - you, our current subscribers, or our prospective subscribers to have that impression of our company.

As I explained to you in detail in our call, Mr. Stansberry, the company's founder, has spent his entire professional life building a business that treats its subscribers the way he would want someone to treat his parents.

This may seem like an exaggeration but this is actually how we approach things in our company. This philosophy is deeply ingrained in our business practices and is demonstrated in a number of ways: unlike any other newsletter publisher that we know of, we publish an annual "report card" in which we give our editors grades on their performance, we track the success and failure of our editors so that the subscribers will know how good, or bad, we have analyzed the markets, we archive our past issues so that new customers can go back and see how our editors have done in the past before they subscribed, we train our customer service department to put the customer first and to make sure that everyone who contacts our customer service department has a pleasant experience, and, perhaps most importantly, if a subscriber is not totally satisfied with any product that they purchase, we have a generous refund policy which allows subscribers to receive their money back simply by making a phone call.

To our knowledge, no other financial publisher in the world values accountability and transparency like we do and goes to such lengths to make sure that they treat their customers the way they would want to be treated.

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Obviously, I am proud of our organization and how we approach things. But, that does not mean that there isn't room for improvement. As I said during our call, we are always looking for ways to improve what we do and how we do it. Your letter presented us with an opportunity to internally review our testimonials and improve upon them going forward.

After I received your forty-three page list of problematic testimonials yesterday afternoon, I did not realistically expect that we as an organization would be able to address the 200+ items that you cited in a way that would satisfy you, especially to meet your deadline which was a little more than twenty-four hours away.

But, I am pleased to report that we have deactivated all of the items on your forty-three page list. Make no mistake this was no easy task nor was it without cost. In the past twenty-four hours, I have had dozens of calls with the highest executives in our organization and interrupted the vacations of at least two of our senior executives. And, deactivating our promotional materials will undoubtedly result in fewer sales and thus have direct economic costs to our company in the near term. Despite the effort it took and the economic costs that will result from deactivating those items, we were happy to take these steps because, as I indicated earlier, we care about how our current and prospective customers perceive our company and are constantly looking to improve.

In addition to deactivating all of the items on your forty-three page list, we have revised our website to give customers extensive notice about the risks involved in investing in the markets generally and with acting on any information that we publish in our newsletters and materials. We also disclosed the nature of our testimonials- that they are from real subscribers in real letters and emails and none of the subscribers were paid by us for those testimonials. I should note that, based on the advice of our legal counsel, we doubt such disclosures are legally required of us since our editors are financial journalists and we are a publishing company. Nevertheless, until we have the chance to review the issue in greater detail, we would rather err on the side of the subscriber by including such warnings and alerting the customers of such risks, in case they were unaware of them.

These are the steps that we have taken in the short term to address your concerns. In the longer term, our senior executives will be meeting early next week to discuss how we can incorporate these and other improvements into our future promotions and testimonials. I invite you to follow that progress if you are so inclined. I expect that we will have more clarity on those issues by the end of this month.

Thank you again for bringing these issues to our attention Laura and if you have additional questions, please give me a call.

Sincerely,



Mark Arnold