

# GREAT NATION INVESTMENT CORPORATION

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**(Sent via email to: rule-comments@sec.gov)**

July 10, 2017

Department of Labor  
S-2521  
200 Constitution Ave. NW  
Washington, DC 20210

RE: IA-BD-Conduct-Standards

Ladies and Gentlemen:

My name is Byron Pat Treat and I am 64 years old. I am Chairman and C.E.O. of Great Nation Investment Corporation ("Great Nation"). Great Nation began in 1987 and has a staff of 7 people and approximately 30 registered representatives. Our motto is; "*Building a great nation, one church at a time!*" We finance Christian churches all over America using Church Bonds. Church Bonds are the only means available to churches to obtain true, fixed rate 20 to 25 year financing in America. These bonds are secured by the church's real estate and they pay a commercial ("lender's") rate of interest. Investors do not pay a commission to purchase Church Bonds because the church pays any commissions to firms like ours. Under the Securities Act of 1933, Church Bonds are exempt securities in order to separate Church and State. Virtually every state of the Union addresses Church Bonds as exempt securities and Church Bonds enjoy various exemptions on a state-by-state basis.

Basically, Church Bonds work like this: "Investors bless churches by providing the needed capital for expansion and ministry, and Churches bless investors by paying them a "lenders" rate of interest". The vast majority of church members who invest in their church's bond offering use funds held in their IRA or other tax advantaged retirement plans simply because these are available funds that cannot be given as a contribution to the church and by far are the most used funds to purchase Church Bonds.

Having explained the basics of Church Bonds, I must now direct your attention to the DOL's Fiduciary Rule ("Rule") regarding the exemptions promulgated within the text. Due to the fact Great Nation is the underwriter (on a best efforts basis) of Church Bonds for any given church, the new Rule now makes it impossible for us to offer bonds of a church to its members' IRAs! There is simply no workable exemption available for our firm to underwrite Church Bonds and then offer them to church members in self-directed IRAs. In effect, there is no possible way for our firm to comply with the Rule!

In the last 30 years, we have underwritten over \$1 Billion of Church Bonds. Churches struggle and always have struggled to obtain capital for expanding their facilities. Only the "cream of the crop" of churches can obtain conventional financing from bank sources and these loans are never fixed rate for 20 or 25 years! I don't believe it was the DOL's intent to stifle the ability of churches to raise capital for constructing new or additional facilities or purchasing new facilities.

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I could be mistaken, but I don't think it was the intention of the DOL to force me out of business at the age of 64 and after investing 30 years of my life in helping churches to grow in America! At this time in America, we are losing our way and, now more than ever, Americans still need the enormous influence that churches play in our society, not to mention all the aid churches provide in their communities.

Under Section IV of the BIC Exemption our firm will have to comply with the more stringent provisions of the full BIC Exemption for every piece of advice given. Furthermore, due to the fact there is no exemption that allows our firm (the "Financial Institution") to offer debt securities as an underwriter how will churches raise capital for expansion. Churches do not possess the expertise to file the required documentation to legitimately offer bonds. We underwrite all our Church Bond offerings. According to the proposed Rule, underwriters cannot offer Church Bonds to retirement accounts. The current exemption states the Debt Security must possess no greater than moderate risk. However, Church Bonds are not rated, but are secured by the real estate of the church. Most Church Bonds are in the \$1 million to \$10 million range and there is no rating agency that will rate a Church Bond offering and there is no Church Bond that can qualify as a BBB debt security. Secondly, the exemption states the Debt Security should be sufficiently liquid that the Debt Security could be sold at or near its carrying value within a reasonably short period of time. Church bonds are not exchange traded. What constitutes "a reasonably short period of time"? However, we do maintain an active secondary market for Church Bonds, but can make no guaranty that such will always be available since no one makes a market for Church Bonds.

In summation, the Fiduciary Rule in effect prevents churches in America from obtaining capital for expansion or to buy new facilities. Further, as far as we can determine, no IRA account could invest in any new offering of Church Bonds due to the lack of any workable exemption. Question: If the underwriter of Apple or Google was to offer additional securities in an Initial Public Offering such as stock, debt securities or preferred stock would it be a Prohibited Transaction for an IRA? If so, capital formulation in America will be negatively affected!

This Rule appears to be a very socialistic Rule by preempting Americans from choosing what securities they will invest in their retirement account. The DOL, in effect, is attempting to force all financial service firms/professionals to earn the same or very similar compensation regardless of how this industry has historically conducted business. The SEC and FINRA have strict limits on how much compensation can be charged for any particular security and they audit security firms at least every two years for sales practice violations and sundry other practices. How much regulation is needed before governmental entities will successfully run everyone, but the largest firms, out of business.

In closing, I want to reiterate that 30 of our agents and 7 employees will not have jobs on January 1, 2018. I hope that you will acknowledge there are securities businesses that are niche parts of the securities industry, unlike Wall Street, that provide valuable securities products to IRA holders as well as improving our society and the influences that operate within our society. Based upon your acknowledgement to preserve niche securities business, I hope and pray you can amend this Rule to (1) first do no harm and (2) to reduce the impact of the

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Rule in an industry that is already immersed in an onerous and enormous amount of paperwork and liability.

Finally, I know there are arguments from every angle and side, but it is my understanding that the primary concern of the DOL/ERISA Fiduciary Rule is primarily for Variable and Fixed Annuity Products and front loaded Mutual Funds based upon what I've read in the Federal Register. Why not allow the SEC and FINRA to continue regulating the securities industry? Changing the manner and increasing penalties for conducting securities business does not sound like an area the Department of Labor should be involved. I would bet they have never even heard of a Church Bond. However, my primary motive in writing is to inform you that not all securities businesses operate in the typical arena and this Rule does not consider the sundry purposes and product types that make up the securities industry. Moving forward with the Rule in its current content will force us into closure or bankruptcy. Lastly, if you are unable to change/amend the new Rule to accommodate Church Bonds, churches throughout America will be irreparably harmed!

Very sincerely yours,

B. Pat Treat, CEO  
Great Nation Investment Corporation