

Nancy M. Morris

Secretary, Securities and Exchange Commission

100 F Street, NE, Washington, DC 20549-1090.

Regarding: File No. S7-26-07

Thank you for the opportunity to respond and comment on the requested SEC Exemption. This is my sixth year as a Registered Representative working in the TIC industry. I am also a licensed Real Estate Salesperson. My expectation is that this Exemption will bring significant changes to the TIC industry. Admittedly there is resistance to change, but if the investor's situation can be improved by it, then the change is beneficial.

After reviewing the exemption request, I am in favor of a limited registration exemption that allows payment of advisory fees to professionals with verifiable real estate expertise. I also feel that the exemption will bring the most value to investors if it can integrate into the TIC market without undermining or conflicting with the investor protections that are in place today. While there are many issues to consider in the exemption, my comments focus on four points that I feel most familiar with through my daily work in the TIC marketplace.

Keep the suitability requirements a priority:

As a protection to investors, continue to ensure that suitability issues are at the forefront of the selling process. Do not permit the TIC investment to be sold first as a real estate product, with suitability being determined at a later point. Suitability is intended to address an investor's longer term financial well being. But if suitability is permitted to be placed in a secondary position, either in timing or importance, then it follows that more unsuitable TIC investments will take place. Leniency toward unsuitable investments will be further compounded by the fact that most TIC investors are involved in a 1031 exchange which operates under strict IRS imposed deadlines. To determine that an investor is unsuitable after the individual has spent time and effort evaluating TIC options will create additional problems, compromise their decision making process, and potentially lead to poor choices. I think a provision that allow suitability to be overridden or waived is ultimately a disservice to investors. Therefore, I strongly recommend that a securities licensed representative be present in the selling process as soon as the investor has expressed an interest in the concept of a TIC investment and well before any specific TIC offerings are considered by that investor. In that way, the investor's suitability is considered in a timely fashion.

Offer investors verifiable real estate and securities expertise:

The investor is best served by working with an advisor(s) that has product expertise. The components of the TIC product can be thought of as 1) a structured securities offering and 2) a commercial property.

Consequently, both securities and real estate knowledge are essential ingredients that the advisor brings to the client. And both areas of expertise should be present from the beginning of the selling process, whether the expertise comes in the form of one or more advisors. The complexities of the product niche (i.e., the structure of a TIC product, the workings of the TIC market, and the role of the TIC sponsors) should not be underestimated. Expertise in this area is offered by broker dealers and registered representatives who understand the package product they are selling and are licensed to sell securities. Expert advice in commercial real estate is also beneficial to investors. If the investor wishes to include a separate real estate advisor in the selling process, this individual should have demonstrated a sufficient level of expertise in commercial real estate to add value to the transaction. I believe a specific real estate industry designation such as CCIM or SIOR is the best method to verify this skill. Using an equivalency test of “substantial experience” (i.e., number or value of real estate transactions) presents difficulties as there is no party to validate, oversee and/or enforce its requirements.

Require that any contractual agreement with the client include both the real estate brokerage and the securities broker dealer:

Investors are entitled to use the best advisors they can find. Obviously expert advice has a price and the investor bears this costs. If an investor chooses to use a real estate professional in the process, they should be made aware at the outset that they will also be required to pay fees and commissions to a broker dealer and registered rep. I believe the SEC has an opportunity to help ward off the conflicts of interest that will otherwise develop in the fee setting process, and ultimately harm the investor, by requiring the upfront agreement with the investor to include both the real estate professional and the broker dealer. The client should be clear on the terms of the arrangement, the services to be provided, and the fees to be paid to various parties.

Make advisors responsible and liable for their own actions

The investors deserve to work with professionals that are responsible for their own actions. Generally speaking, this is a principle that works well in life. I don't feel that it is appropriate or fair to make the regulated securities community responsible for the actions of unregulated advisors. I have witnessed the lack of adherence to certain regulatory guidance in the securities industry by its own members or their registered representatives. Adding unregulated professionals to the selling process and asking broker dealers or registered representatives to be accountable for the unregulated professionals is unmanageable. As I understand the exemption's purpose, investors will have an opportunity to obtain

additional advice from a seasoned commercial real estate professional. The role of these professionals, who are understandably not educated in regulatory compliance issues, should be focused on the property itself. Their advice should overlay and compliment that of the registered rep who is selling the security under regulatory guidelines. The rep is responsible for his or her actions related to selling a security, and the real estate professional should be responsible for his or her role in providing real estate advice.

Again, thank you for the invitation to submit comments. I am concerned that the exemption as it is currently written is too lenient and invites unintentional or intentional abuses in selling to investors. I do think there are several key safeguards and processes in the current securities TIC market that benefit investors, and these are at risk if the exemption is written too broadly. I hope that the exemption will accommodate additional expert real estate advice while still placing control of the securities selling process in the hands of securities licensed individuals.

Respectfully submitted,

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