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December 12, 2007

Nancy M. Morris, Secretary
U.S. Securities and Exchange Commission
100 F St., NE.
Washington, DC 20549-9303

Dear Ms. Morris:

I would respectfully like to make several comments during this 'official comment period' on the NAR's request for exceptive relief.

No to Full Exclusion to Solicit and Sell Securities

NAR's approach is to allow full commission paid to real estate brokers for *soliciting* investors and *selling* TICs. We do not believe this to be wise for a number of reasons.

Item (2) e, page 5 of the Securities and Exchange Release No. 34-56779; File S7-26-07 states that a commercial real estate professional may discuss the real estate characteristics of a TIC property and arrange to inspect a property *BEFORE* introducing the client to the securities Broker/Dealer.

The request, as written, would allow Sponsors to directly market themselves and/or their offerings to real estate brokers.

As written, Sponsors that have their own broker/dealer or the several predominant managing broker dealers would need only sign off on suitability and close the transaction.

This effectively removes selling broker/dealers and the registered representatives from the transaction. Which we believe would not be in the best interest of investors. We believe Selling Broker Dealers and their Registered Representatives are an important part of the process and we suspect that the SEC believes that as well.

We believe this requested process violates the REG D General Solicitation restrictions by sending TIC offerings out to real estate professionals and allowing them to sell the offerings without any concern for suitability. This is the exact opposite standard required by registered representatives who must carefully determine suitability *prior* to showing a TIC offering. Item (2) e, page 5 of the request directly contradicts the securities law process and would put the non-registered real estate brokers in control of the selling process in a securities transaction.

This very request shows NAR's naiveté and disregard for one of our industries most basic guiding principles. It is clear that NAR does not understand our industry and have not taken the necessary steps to align their request with the basic methods in which we operate.

No to Exemption from Registration and Regulation

We disagree with NAR's statements that the proposed conditions would limit the role of the commercial real estate professional. As written, it puts the real estate professional in control of the process and only affords a final approval of the client's suitability prior to closing. We find no reason to believe that an exemption from **Regulation** is in the public's best interest. These are not "Buyer Beware" transactions and real estate agents are ignorant of the complexities of the SEC regulations concerning suitability in the TIC industry.

Comment to (5) b page 7, Obligations of the Selling Broker-Dealer

NAR has expressed a lack of understanding of our industry and of investor protection. NAR has requested that if the client is found not to be suitable for a TIC purchase that the real estate agent would simply get an investor to sign a "written affirmation" that he is aware it may not be a suitable purchase, and proceed with the transaction. We don't believe this is the appropriate course of action and we question the fact that the National Association of Realtors has even asked for this exclusion. It is indicative of the "Buyer Beware" mentality that is so contrary to the securities industry.

Pertaining to "Substantial Experience"

We believe that attaching a substantial experience requirement cannot be an effective tool in managing TIC proliferation by non-securities licensed individuals. Who will manage it? What reliance can an investor have that some designation or number of transactions qualify their agent to be excluded from securities liability? We believe it to be the wrong approach to include real estate professionals in the sale of a TIC interest.

Incentive to Sell TICS for Commercial Real Estate Professionals

Under the current request for exemption Real Estate professionals would be rewarded for focusing their efforts on selling securities. If approved as proposed, real estate professionals would be able to view securities meant for accredited investors only, show them to any client at will, and sell to unsuitable investors with just an affirmation letter.

It is not unforeseeable that the real estate industry would soon conduct the majority of sales in the TIC industry. The rewards and competitive advantages afforded a real estate agent in selling securities while not being regulated would encourage many to focus their sales efforts exclusively on the TIC industry.

We cannot agree to an exemption strategy that would encourage unregulated individuals to focus on securitized TIC business.

We believe one of the primary things wrong with the exemption is the basic approach of allowing real estate agents to work directly with Sponsors and have Managing Broker-Dealers sign off on their transactions. The proposed process removes a registered representative and their selling broker-dealer from the transaction in most cases, and ultimately the client does not meet a representative.

If we are expected to “know our customer” for the basis of suitability, how can the SEC expect the proposed process to work? How can an unregulated real estate agent, a Sponsor with the incentive to sell and a Managing broker-dealer 1000 miles away from the customer combine to properly represent the investor? We submit that it cannot and is a very bad idea.

However, we are not opposed to allowing NAR and its constituents to bring value to the client and the current approved SEC process while being compensated.

An Exemption Solution –An Advisory Based Solution

We believe the appropriate process would be to allow a real estate agent to contact a registered representative of a selling broker/dealer with a referral. After meeting the client the registered representative can determine if the client is suitable and what TIC properties are suitable investments. The registered representative can review the available securities his broker/dealer has to offer and submit a PPM for review by the client. The Real Estate Agent can then review the properties selected by the registered representative on behalf of the client. For this advisory the real estate agent could be compensated.

This keeps the securities in the hand of securities licensed professionals, maintains the integrity of the REG D offering, allows the SEC to maintain control over the process and the professionals involved, and satisfies NAR’s desire to have their industry compensated and able to offer value to the process. We would suggest the following Guidelines for a Advisory Fee Policy:

1. **No Expertise Required** - Advisory Fees can be earned from any real estate agent regardless of expertise. This eliminates the need to track and verify experience.
2. **Limits on Advisory Fees**- Advisory Fees are limited to no more than 20% of the total compensation made available as sales commission to selling broker-dealers. The limit rewards real estate agents for their expertise but keeps the compensation low enough not to encourage them to focus on selling securities. If a real estate agent wants to sell TICs as a core part of their business we recommend they get series 22 and 63 licenses.
3. **Standardized Advisory Fees**-Advisory Fees should be standardized in the industry by making a maximum amount that can be paid by a Sponsor. This will stop Sponsors from inflating referral fees and paying defacto full sales commissions disguised as advisory fees. It also prevents real estate agents from shopping their customers for the highest advisory fee.
4. **Unrelated Third party to Sponsor** -A Referral must go to a registered representative of a third party broker-dealer not a sham of a registered representative set up by a managing Broker-Dealer or a Sponsor.
5. **No Solicitation of Real Estate Agents**- Sponsors should not distribute information or PPM's to real estate agents about TICs, nor should they advertise their companies to real estate agents if their primary business is TICs. If the agent wants to see a property, then the Sponsor should refer the real estate agent to an unrelated third party registered representative.

We have other Questions Related to this Exclusion that Should be Considered Prior to an Approval:

Can Sponsors buy their own real estate agencies and proliferate their offerings through their real estate agents?

If an exclusion is made, will the SEC ban non-securitized TIC offerings?

How will you stop real estate agents from showing TIC properties to other real estate agents that are not covered in the exclusion?

Real estate commissions are paid to brokers directly, not to individuals. How will the SEC regulate commission splitting within a real estate brokerage firm?

In the event a real estate agent misrepresents his knowledge and experience, what are the consequences? Who is checking? Who is liable?

If I am dually licensed, may I elect to be paid through my real estate broker rather than through my broker dealer?

When a real estate licensee is not licensed in the state where the property is located, can he still receive a real estate commission?

Will real estate agents E&O insurance cover their acts while selling a security?

As a matter of fact, I am a securities licensed real estate professional who holds a series 63, series 22, series 39, and a North Carolina Real Estate License. I am also the Managing Director of the Real Estate Capital Advisory group at MICG Investment Management, LLC, a broker/dealer.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Monroe", with a long horizontal flourish extending to the right.

Ken Monroe
Managing Director

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