

I am in full support of any rule which gives investors more transparency and clarity into the actual value of an investment. To give broker-dealers the option of showing an incorrect security value on a client statement for 3-5 years seems to contradict the fairness, transparency and investor protection that FINRA stands for.

With any other security, the commissions, sales charges, organization and offering expenses are all deducted, thereby providing the transparency and truthfulness investors deserve. For some reason, the non-traded REIT industry has been allowed for years to operated outside of this standard convention. The non-traded REIT industry has always "hoped" that the value of the underlying assets would one day "catch up or exceed" their client's initial purchase price, but as we all know, that is speculation. (Note: Behringer Harvard was forced to go mark-to-market on their real estate portfolio and their NAV dropped from \$10 per share to \$4.25 IN ONE DAY. We all know that the degradation in value occurred over many years, but investors were kept in the dark. On top of that, many registered representatives were touting non-traded REITs as "non-volatile" and "non-correlated", clearly two misleading statements.)

Non-traded REITs should be shown on client's statement NET of all upfront expenses, just like any other investment. Retail investors should not be kept in the dark as to the true value of their investment, not initially, and surely not for 3+ years. I would want to see the value on the client's statement reflect the purchase price less all fees and charges, and then require the underlying assets be appraised at least annually (and preferably quarterly) by and **INDEPENDENT 3RD PARTY MAI** appraiser. Allowing the REIT sponsor to do their own appraisals seems to be allowing the proverbial fox into the hen house.

This is what the investors deserve with regards to transparency. Just because this investment is illiquid does not provide the justification hide an investments actual market value from the retail investor.

Randy Lewis | President
Ascent Real Estate Securities, LLC
Member FINRA / SIPC

5251 DTC Parkway, Suite 935
Greenwood Village, CO 80111
303.220.3863 main
303.220.3866 direct
720.272.6500 cell

rlewis@JamesAlpha.com