

**From:** chip@tscma.com [mailto:chip@tscma.com]  
**Sent:** Friday, July 24, 2015 1:08 PM  
**To:** EBSA, E-ORI - EBSA  
**Subject:** Conflict of Interest Hearing Rule

EBSA Representative:

Please let this email serve as my request to testify at the Conflict of Interest Rule Hearing on one of the dates indicated between August 10-12. My name is Chip Morton, President of Direct 401k, LLC.

**Claiborne B. "Chip" Morton, III, RF**

President/Senior Consultant

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**From:** chip@tscma.com [mailto:chip@tscma.com]  
**Sent:** Friday, July 24, 2015 2:47 PM  
**To:** EBSA, E-ORI - EBSA  
**Cc:** Piacentini, Joseph - EBSA  
**Subject:** Conflict of Interest Hearing Rule

Please add this brief outline to my request to testify in strong support of the Fiduciary Regulation:

- 1) Identify the core meaning of Fiduciary in general
- 2) Note the over complication of the meaning for purposes of supporting DOL definition (Do unto others). In light of this, how can anyone be against the concept of doing the right thing; thus, the fear of the reg must be motivated by some other financial principal, not a fiduciary concern.
- 3) Should be no distinction between the 1933/1940 Acts. All "people" should put others interests first in any walk of life, to include ERISA plans. Commission or fee based compensation is no reason to distinguish a difference, hence RIA v BD is not important.
- 3) Problem: Industry distributes by non-specialists in the majority small market segment. Compensation needs to be such that it creates incentive for an individual to distribute; however, that cost exceeds the best interest of the client, so the expenses in the small plan market are NOT in line with fiduciary standards, nor do they breed a distribution source with the knowledge to act as a Fiduciary.
- 4) Problem: Wealth management and Insurance distributors do not specialize in the 401k market. They may act as fiduciaries and wealth management experts, and further support this with continuing education and credentials for the products they know; however, just because they know

wealth management and carry a license to “sell”, does not mean they know about the retirement plan market yet continue to distribute without accountability.

4) Solution: For plan distribution in the small market, “Robo” solutions apply technology to scale and provide fiduciary services at the cost structure of the large and more efficient market. As in wealth management, this is a healthy trend.

5) Solution: BD/RIA firms can outsource investment fiduciary services under section 3(38)

6) Solution: Create a new Series “X”(i.e. Series 6,7 etc.) license with continuing education for ERISA market to create more understanding on the needs of the retirement plan sponsor and participant.

7) Close: "Do unto others" should be the guideline of the hearing, everything else will fall into place. This is all Ms Borzi is asking for, so please take a deep breath and embrace the concept for the betterment of all.

**Claiborne B. "Chip" Morton, III, RF**

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