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U.S. DISTRICT COURT
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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NORTH CAROLINA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

LINVILLE GROUP, LLC
THE LINVILLE LONG-TERM GROWTH FUND,
THE LINVILLE SHORT-TERM FUND,
JAMES REUBEN BURTON, JR., and
CLIFFORD RAY BURTON I,

Defendants.

Civil Action No. 3:01-CV-332 MU

**COMPLAINT FOR INJUNCTIVE RELIEF, AN ACCOUNTING,
DISGORGEMENT, AND PENALTIES, FOR VIOLATIONS
OF THE FEDERAL SECURITIES LAWS**

Plaintiff Securities and Exchange Commission (the
"Commission") alleges as follows against the above-named
defendants:

SUMMARY OF ALLEGATIONS

1. This is a case about two illegally operating investment companies. Defendant Linville Group, LLC (the "Linville Group") is a North Carolina limited liability company that is controlled by two brothers, defendants James Reuben Burton and Clifford Ray Burton I. From at least January 3, 2001 to the present, the Linville Group has posted a web site at www.linvillegroup.com on the Internet. The web site states that the Linville Group "was formed in May 2000 to improve the quality of life for the 'little guy.' Our primary goal is to provide top-notch money management for those people who traditionally cannot afford it." A true and correct copy of the web site, as it existed on May 31, 2001, is attached as Exhibit A.

2. The Linville Group manages at least two investment funds -- the Linville Long-Term Growth Fund and the Linville Short-Term Fund (collectively, the "Funds"). The defendants have not registered the Funds as investment companies with the Commission, and their web site makes at least one representation about the Funds that is materially false and misleading. The defendants are making unregistered public offerings of securities, and they are effecting transactions in securities without being registered as broker-dealers. By engaging in the acts alleged herein, the defendants, directly and indirectly, have engaged in, and unless restrained and enjoined by the Court will continue to engage in,

transactions, acts, practices and courses of business that violate Section 7(a) of the Investment Company Act of 1940 [15 U.S.C. § 80a-7(a)], Section 5(a) and (c) and Section 17(a) of the Securities Act of 1933 [15 U.S.C. §§ 77e(a) & (c), 77q(a)], Section 10(b) and Section 15(a)(1) of the Securities Exchange Act of 1934 [15 U.S.C. §§ 78j(b), 78o(a)(1)], Rule 10b-5 under the Exchange Act [17 C.F.R. § 240.10b-5], and Section 206(1) and (2) of the Investment Advisers Act of 1940 [15 U.S.C. § 80b-6(1) & (2)].

3. The Commission seeks a judgment from the Court: (a) enjoining the Linville Group, the Linville Long-Term Growth Fund, the Linville Short-Term Fund, James Reuben Burton, Jr. and Clifford Ray Burton I from engaging in future violations of the above sections of the federal securities laws; (b) taking exclusive jurisdiction and possession of the Funds and their books, records and assets pursuant to Section 42(d) of the Investment Company Act of 1940 [15 U.S.C. § 80a-41(d)]; (c) requiring each of the defendants to account for and disgorge, with prejudgment interest, the illegal profits and proceeds they obtained as a result of their actions alleged herein; and (d) requiring each of the defendants to pay a civil money penalty pursuant to Section 42(e) of the Investment Company Act of 1940, Section 20(d) of the Securities Act of 1933, Section 21(d)(3) of the Securities Exchange Act of 1934 and Section 209(e) of the

FACTS

13. The web site that the defendants operate on the Internet states, under the heading of "Our Mission," that the Linville Group

"was formed in May 2000 to improve the quality of life for the 'little guy.' Our primary goal is to provide top-notch money management for those people who traditionally cannot afford it. The intent of its managers is also to ensure that the profits made from investments are secured from risk and reinvested to the fullest potential of the market."

The web site states that, "[f]or those who cannot afford a traditional brokerage relationship or who do not have the time or patience to trade their own assets, The Linville Group of mutual funds provides the best opportunity to profit from the market."

14. The defendants are operating illegally and without being registered with the Commission. First, the Commission has no record of the Linville Group or the Funds being registered as investment companies. Second, the defendants offer shares of the Funds to the public even though they have not filed any registration statement for such securities offerings. Third, even though they are effecting transactions in securities and inducing the purchase of securities, the Linville Group and the individual defendants are not registered as broker-dealers.

15. The defendants have made at least one material misrepresentation about the Funds to induce public investors to

buy shares of the Funds. From January 3, 2001 to the present, the defendants have claimed on their web site that "[w]e are a fully licensed financial institution." To the extent that this statement implies that the Linville Group is a Commission-regulated entity (such as an investment company), it is false. The Commission has no record of the Linville Group, of the Funds or of the two individual defendants being registered as investment companies or investment advisers. Furthermore, the defendants are not licensed or registered with the United States Office of the Comptroller of the Currency, the United States Federal Reserve, the Federal Deposit Insurance Corporation, the North Carolina Commissioner of Banks or the Securities Division of the North Carolina Secretary of State.

16. A number of the Linville Group's representations are outlandish, even though the Commission does not yet have conclusive proof that they are materially false and misleading. First, the Linville Group web site represents that, as of Friday, June 8, 2001, the year-to-date investment return for the Linville Long-Term Growth Fund is 136 percent and the year-to-date return for the Short-Term Fund is 211 percent. Thus, if a person had invested money in the Short-Term Fund at the beginning of January 2001, he or she (supposedly) would have tripled the investment in little over five months.

17. This is not the first time that the defendants have made fantastic statements about the Funds' investment returns. According to the Linville Group web site as it existed on January 3, 2001, the Linville Family Fund earned a return of 2,538 percent for the year ended December 31, 1999, and earned an average annual return of 8,864 percent since its inception on August 17, 1998. Sometime between January 25 and February 13, 2001, the defendants removed from the web site the representations as to the Family Fund's performance.

18. Second, the Linville Group web site announced that on May 2, 2001 it "purchased the brokerage firm IC Financial." However, the Commission's computer data bases show that IC Financial does not exist as an independent brokerage firm. There is an IC Financial Group that is an unincorporated division of Emmett A. Larken Company, but this firm denies that IC Financial has been sold to anyone. During the week of June 4, 2001, the Linville Group removed its announcement about IC Financial from its web site.

19. Third, as recently as June 6, 2001, the web site represented that "[t]he Funds invest in U.S. equity and index options with relative high volatility." To test the veracity of this statement, the Commission has tried but has been unable to locate any brokerage account in the name of the Funds or the

individual defendants through which such investments in equity or index options might be made.

20. The web site includes an "Account Registration Form," which asks the applicants to enclose an amount to be invested and to select either, or both, the "Linville Long-Term Growth Fund" or the "Linville Short-Term Fund" in which to invest his or her money.

FIRST CLAIM

The Defendants' Violations of Investment Company Act Section 7(a)

21. The Commission realleges and reincorporates herein paragraphs 1 through 20 above.

22. From at least January 3, 2001 to the present, the Linville Long-Term Growth Fund and the Linville Short-Term Fund, directly and indirectly, by use of the means or instrumentalities of interstate commerce or of the mails, have: (a) offered for sale and sold securities or interests in securities; (b) controlled an investment company that offered for sale and sold securities or interests in securities; (c) engaged in business in interstate commerce; and/or (d) controlled a company that is engaged in business in interstate commerce, without being registered under Section 8 of the Investment Company Act of 1940 [15 U.S.C. § 80a-8].

23. By reason of their actions alleged herein, the Linville Long-Term Growth Fund and the Linville Short-Term Fund each has violated Section 7(a) of the Investment Company Act of 1940 [15 U.S.C. § 80a-7(a)].

SECOND CLAIM

The Defendants' Violations of Securities Act Section 5(a) and (c)

24. The Commission realleges and reincorporates herein paragraphs 1 through 20 above.

25. From at least January 3, 2001 to the present, the Linville Group, the Linville Long-Term Growth Fund, the Linville Short-Term Fund, Reuben Burton and Clifford Burton, directly and indirectly, by use of the means or instrumentalities of interstate commerce or of the mails, have offered to sell and sold securities without a registration statement being in effect as to such securities. In particular, the Funds offer shares for purchase by investors, who are described as "shareholders;" and the Linville Group web site states that "[a]s a shareholder, you are entitled to your share of the Fund's income from interest and dividends and gains from the sale of investments." On April 30, 2001, the defendants announced that "[d]ue to high demand, we only have 1,400 more shares available for purchase in the Short-Term Fund," and on May 2, they announced that "[t]he Long-Term Growth Fund is also running out of available shares."

26. By reason of their actions alleged herein, the Linville Group, the Linville Long-Term Growth Fund, the Linville Short-Term Fund, Reuben Burton and Clifford Burton each violated Section 5(a) and (c) of the Securities Act of 1933 [15 U.S.C. § 77e(a) and (c)].

THIRD CLAIM

The Defendants' Violations of Exchange Act Section 15(a)(1)

27. The Commission realleges and reincorporates herein paragraphs 1 through 20 above.

28. From at least January 3, 2001 to the present, the Linville Group, Reuben Burton and Clifford Burton, directly and indirectly, have used the means or instrumentalities of interstate commerce or of the mails to effect transactions in securities and to induce or attempt to induce the purchase or sale of securities, without being registered in accordance with Section 15(b) of the Securities Exchange Act of 1934 [15 U.S.C. § 78o(b)]. In particular, the defendants have attempted to induce investors, whom the defendants' web site describes as "shareholders," to purchase shares; and the web site states that "[a]s a shareholder, you are entitled to your share of the Fund's income from interest and dividends and gains from the sale of investments." Further, under the heading of "Our Mission," the web site states that the Linville Group provides the best

opportunity to profit from the market "[f]or those who cannot afford a traditional brokerage relationship."

29. By reason of their actions alleged herein, the Linville Group, Reuben Burton and Clifford Burton each violated Section 15(a)(1) of the Securities Exchange Act of 1934 [15 U.S.C. § 78o(a)(1)].

FOURTH CLAIM

The Defendants' Violations of Securities Act Section 17(a)

30. The Commission realleges and reincorporates herein paragraphs 1 through 20 above.

31. From at least January 3, 2001 to the present, the Linville Group, the Linville Long-Term Growth Fund, the Linville Short-Term Fund, Reuben Burton and Clifford Burton, directly and indirectly, by use of the means or instrumentalities of interstate commerce or of the mails, in connection with the offer or sale of securities, have: (a) employed devices, schemes, or artifices to defraud; (b) obtained money or property by means of untrue statements of material fact or omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not

misleading; and/or (c) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon the purchasers of the securities offered and sold by the defendants.

32. In particular, from January 3, 2001 to the present, the defendants have falsely represented that "[w]e are a fully licensed financial institution," when they knew or were reckless in not knowing that they are not registered with the Commission or licensed as a financial institution.

33. By reason of their actions alleged herein, the Linville Group, the Linville Long-Term Growth Fund, the Linville Short-Term Fund, Reuben Burton and Clifford Burton each violated Section 17(a)(1), (2) and (3) of the Securities Act of 1933 [15 U.S.C. § 77q(a)(1), (2) and (3)].

SIXTH CLAIM

The Defendants' Violations of Exchange Act Section 10(b) and Rule 10b-5

34. The Commission realleges and reincorporates herein paragraphs 1 through 20 above.

35. From at least January 3, 2001 to the present, the Linville Group, the Linville Long-Term Growth Fund, the Linville Short-Term Fund, Reuben Burton and Clifford Burton, directly and indirectly, by use of the means or instrumentalities of interstate commerce or of the mails, in connection with the

purchase or sale of securities, have: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and/or (c) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon the purchasers of the securities sold by the defendants.

36. In particular, from January 3, 2001 to the present, the defendants have falsely represented that "[w]e are a fully licensed financial institution," when they knew or were reckless in not knowing that they are not registered with the Commission or licensed as a financial institution.

37. By reason of their actions alleged herein, the Linville Group, the Linville Long-Term Growth Fund, the Linville Short-Term Fund, Reuben Burton and Clifford Burton each violated Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5].

SEVENTH CLAIM

The Defendants' Violations of Investment Advisers Act Section 206(1) and (2)

38. The Commission realleges and reincorporates herein paragraphs 1 through 20 above.

39. From at least January 3, 2001 to the present, Reuben Burton, directly and indirectly, by use of the means or instrumentalities of interstate commerce or of the mails, and while holding himself out to the public as an investment adviser, has (a) employed devices, schemes, or artifices to defraud; and (b) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon clients or prospective clients.

40. In particular, from January 3, 2001 to the present, Reuben Burton has falsely represented that the Linville Group, the Linville Long-Term Growth Fund and the Linville Short-Term Fund "are a fully licensed financial institution," when he knew or was reckless in not knowing that they are not registered with the Commission or licensed as a financial institution.

41. By reason of his actions alleged herein, Reuben Burton has violated Section 206(1) and (2) of the Investment Advisers Act of 1940 [15 U.S.C. § 80b-6(1) and (2)].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court:

I.

Enter judgment in favor of the Commission finding that defendants the Linville Group, the Linville Long-Term Growth Fund, the Linville Short-Term Fund, Reuben Burton and Clifford Burton each violated the securities laws and Rule promulgated thereunder as alleged herein;

II.

Where applicable, permanently enjoin the defendants from violating Section 7(a) of the Investment Company Act of 1940, Section 206(1) and (2) of the Investment Advisers Act of 1940, Section 5(a) and (c) and Section 17(a) of the Securities Act of 1933, Section 10(b) and Section 15(a)(1) of the Securities Exchange Act of 1934, and Rule 10b-5 [15 U.S.C. §§ 77e(a) and (c), 77q(a), 78j(b), 78o(a)(1), 80a-7(a), 80b-6(1) & (2); 17 C.F.R. § 240.10b-5];

III.

Take exclusive jurisdiction and possession, pursuant to Section 42(d) of the Investment Company Act of 1940 [15 U.S.C. § 80a-41(d)], of the Linville Long-Term Growth Fund and the Linville Short-Term Fund, and of their books, records and assets.

IV.

Order each of the defendants to produce to the Commission a written, specific accounting of the disposition and present

location of all profits and proceeds they obtained from investors;

V.

Order each of the defendants to disgorge the profits and proceeds they obtained as a result of their actions alleged herein and to pay prejudgment interest thereon;

VI.

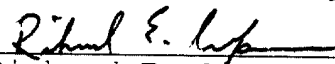
Order each of the defendants to pay a civil money penalty pursuant to Section 42(e) of the Investment Company Act of 1940, Section 209(e) of the Investment Advisers Act of 1940, Section 20(d) of the Securities Act of 1933, and Section 21(d)(3) of the Securities Exchange Act of 1934 [15 U.S.C. §§ 77t(d), 78u(d)(3), 80a-41(e), 80b-9(e)]; and

VII.

Grant such other relief as this Court may deem just and proper.

Dated: June 13, 2001

Respectfully submitted,



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PROSPECTUS ACCOUNT FORM

The Linville Group

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GENERAL INFORMATION

Our Mission

The Linville Group was formed in May 2000 to improve the quality of life for the "little guy." Our primary goal is to provide top-notch money management to those people who traditionally cannot afford it. The intent of its managers is also to ensure that the profits made from investments are secured from risk and reinvested to the fullest potential of the market. The past two years on the market have produced some extraordinary returns, and it is time for those who have been sitting on the sidelines of the market to begin to take advantage of those gains. For those who cannot afford a traditional brokerage relationship or who do not have the time or patience to trade their own assets, The Linville Group of mutual funds provides the best opportunity to profit from the market.

We are a fully licensed financial institution. For more information please contact us.

Contact Information

J. Reuben Burton, Jr., Chief Investment Strategist rburton@linvillegroup.com

Clifford R. Burton I, Director of Sales cburton@linvillegroup.com

Client Representatives:

A-F: Josh Van Epps, jvanepps@linvillegroup.com

G-Q: Ryan Gravender, rgravender@linvillegroup.com

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We welcome questions and/or comments.

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PROSPECTUS ACCOUNT FORM

Todays Share Price

MAY 29, 2001

SHARE PRICES:

| | |
|--------------------------------|---------|
| Linville Long-Term Growth Fund | \$60.64 |
|--------------------------------|---------|

| | |
|--------------------------|---------|
| Linville Short-Term Fund | \$69.30 |
|--------------------------|---------|

To calculate how much your portfolio is worth, multiply the number of shares you have in each Fund by the corresponding share price.

YEAR-TO-DATE RETURNS:

| | |
|--------------------------------|----------|
| Linville Long-Term Growth Fund | 123.846% |
|--------------------------------|----------|

| | |
|--------------------------|----------|
| Linville Short-Term Fund | 180.322% |
|--------------------------|----------|

ALL FUNDS ARE CLOSED TO NEW INVESTORS UNTIL AUGUST 18, 2001. PLEASE CONTACT US IF YOU WOULD LIKE TO RECEIVE AN INVESTOR'S PACKAGE WHEN THEY BECOME AVAILABLE THIS SUMMER.

Messages

5/9: On May 2, 2001, The Linville Group purchased the brokerage firm IC Financial. This will enable The Linville Group to set up individual brokerage accounts as well as handle IRA rollovers and 401k's. The two gentlemen that will be working with us are Jeff Davis and John Weston. They can be reached at (704) 358-0005. Keep in mind that they will be moving in on June 1, and it may take a day or two for the phone number to be transferred to our offices. While they will be working with The Linville Group, they will remain a separate entity in terms of client lists, reports, funds, etc. Therefore, it is your responsibility to contact these gentlemen if you wish to open a brokerage account or have them manage your retirement account. They will not have your contact information

until you give it to them. More information will be mailed this week with your April Account Statement.

5/2: The Long-Term Growth Fund is also running out of available shares. We only have approximately 1,100 shares remaining before we will have to close the Fund to new investments. As with the Short-Term Fund, a Long-Term "B" Fund will be opened at the same time as the new "Index" Fund in August.

4/30: Due to high demand, we only have 1,400 more shares available for purchase in the Short-Term Fund. Once these shares have been purchased, the Short-Term Fund will be closed. However, a Short-Term "B" Fund will be opened at the same time as the new "Index" fund in August.



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PROSPECTUS ACCOUNT FORM

Prospectus

The Linville Group

January 1, 2001

Profile of Funds

The following profile summarizes key features of The Linville Group's three Funds.

Investment Objective

The Funds seek to provide maximum long-term total return through the use of short-term option strategies.

Investment Strategies

The Funds invest in U.S. equity and index options with relative high volatility. The Funds' manager uses quantitative, or computer-driven, stock valuation models to manage the Funds. The models then are used to identify the most attractive stocks with volatile up swings or down swings. The portion of each Fund's assets invested in any one of the categories will vary over time based on the manager's expectation for each category's total return potential.

An investment in any of the Funds could lose money over short or even long periods. You should expect each Fund's share price and total return to fluctuate within a wide range, like the overall stock market. Each Fund's performance could be hurt by manager risk, which is the chance that poor security selection will cause the Funds to underperform other funds with similar investment objectives.

Expenses

All mutual funds have operating expenses. These expenses, which are deducted from a fund's gross income, are expressed as a percentage of the net assets of the fund. There will be a 10% per-quarter charge collected on the last day of the quarter for each of the Linville Group Funds. Management expenses, which compromise one part of the operating expenses, include investment advisory fees as well as other costs of managing a fund—such as account maintenance, reporting, accounting, legal, and other administrative expenses.

Risks

This prospectus describes the risks you would face as an investor in any of the Linville Group Funds. It is important to keep in mind one of the main axioms of investing: The higher the risk of losing money, the higher the potential reward. The reverse is also generally true: The lower the risk, the lower the potential reward. As you consider an investment in *any* mutual fund, you should take into account your personal tolerance for daily fluctuations in securities markets.

The following sections explain the investment strategies and policies that all Linville Group Funds use in pursuit of their objectives. The Funds' manager may change the Funds' investment objectives or strategies in the interest of shareholders, without a shareholder vote.

Finally, you'll find other important information on other features of the Funds.

Investment Strategy

Each Linville Group Fund, except for the Linville Short-Term Fund, will employ the use of short-term hedging techniques. All Funds will invest in short-term derivative products resulting in long-term capitalization. A derivative is a financial contract whose value is based on (or "derived" from) a traditional security (such as a stock or a bond), an asset (such as a commodity like gold), or a market index (such as the S&P 500 Index). Some forms of derivatives, such as exchange-traded futures and options on securities, commodities, or indexes, have been trading on regulated exchanges for more than two decades. These types of derivatives are standardized contracts that can easily be bought and sold and whose market values are determined and published daily. It is these characteristics that differentiate futures and options from other types of derivatives that may be more specialized or complex.

If used for speculation or as leveraged investments, derivatives can carry considerable risks. However, only a portion of the total Funds' assets will be invested into derivative products. Here is an example:

A Fund has \$1MM dollars to invest.

Using the discount features of U.S. T-bills and other agency discount issues we can purchase a \$1MM bond at less than the face value for a three-month maturity. Let's say we can get the bond at a 6.5% discount (assume yield is also 6.5%). That gives us \$16,350.00 to use in option investment. (The discounted bond cost us \$983,750.00 to purchase.) Two things can happen from here:

1) The option capital is lost on the market and the money is recouped at the end of the three month period, via the maturing T-bill.*

OR

2) The option has yielded a 75% profit and there are two months left before the bond comes mature. At this point we can reinvest the profits back into the option market and keep turning the profit over until the bond matures.*

***By using these techniques, the initial investment is protected.**

Note: The Linville Short-Term Fund is not a hedged investment fund, therefore the risks to the initial investment are substantial.

Temporary Investment Measures

The Funds may temporarily depart from their normal investment policies—for instance, by investing substantially in cash reserves—in response to extraordinary market, economic, political, or other conditions. In doing so, the Funds may succeed in avoiding losses but otherwise fail to achieve their investment objective.

Costs and Market-Timing

Some investors try to profit from a strategy called market-timing—switching money into investments when they expect prices to rise, and taking money out when they expect prices to fall. As money is shifted in and out, a fund incurs expenses for buying and selling securities. These costs are borne by *all* fund shareholders, including the long-term investors who do not generate the costs. This is why all Linville Group Funds (with the exception of the Linville Short-Term Fund) have adopted special policies to discourage short-term trading. Specifically:

Each Linville Group Fund reserves the right to reject any purchase request—including exchanges from other Linville Group Funds—that it regards as disruptive to efficient portfolio management. A Fund may reject a purchase request because of the timing of the investment or because of a history of excessive trading by the investor.

Each Linville Group Fund reserves the right to stop offering shares at any time.

The Costs of Investing

Costs are an important consideration in choosing a mutual fund. That's because you, as a shareholder, pay the costs of operating a fund, plus any transaction costs associated with the fund's buying and selling of securities. These costs can erode a substantial portion of the gross income or capital appreciation a fund achieves. Even seemingly small differences in expenses can, over time, have a dramatic effect on a fund's performance.

Turnover Rate

Although the Funds normally seek to invest for the long term (with the exception of the Linville Short-Term Fund), they may sell securities regardless of how long they have been held. Before investing in a mutual fund, you should review its turnover rate. A turnover rate of 100%, for example, would mean that the fund had sold and replaced securities valued at 100% of its net assets within a one-year period. This gives an indication of how transaction costs could affect the fund's future returns. In general, the greater the volume of buying and selling by the fund, the greater the impact that brokerage commissions and other transaction costs will have on its return. Also, funds with high turnover rates may be more likely to generate capital gains that

must be distributed to shareholders as income subject to taxes. The Linville Group Funds' turnover rate is 100%.

Distributions

The Funds distribute to shareholders virtually all of their net income (interest and dividends, less expenses), as well as any capital gains realized from the sale of its holdings. Distributions generally occur in February and August (with the exception of the Linville Short-Term Fund, which is at month-end). You can receive distributions of income dividends or capital gains in cash, or you can have them automatically reinvested in more shares of the Fund.

General Information

As a shareholder, you are entitled to your share of the Fund's income from interest and dividends and gains from the sale of investments. You receive such earnings as either an income dividend or a capital gains distribution. Income dividends come from both the dividends that the Fund earns from its holdings and the interest it receives from its money market and bond investments. Capital gains are realized whenever the Fund sells securities for higher prices than it paid for them. These capital gains are either short-term or long-term, depending on whether the Fund held the securities for one year or less, or for more than one year.

Basic Tax Points

The Linville Group will send you a statement each year showing the tax status of all your distributions. In addition, taxable investors should be aware of the following basic tax points:

Distributions are taxable to you whether or not you reinvest these amounts in additional Fund shares.

Distributions declared in December—if paid to you by the end of January—are taxable as if received in December.

Any dividends and short-term capital gains that you receive are taxable to you as ordinary income for federal income tax purposes

Any distributions of net long-term capital gains are taxable to you as long-term capital gains for federal income tax purposes, no matter how long you've owned shares in the Fund.

Capital gains distributions may vary considerably from year to year as a result of the Fund's normal investment activities and cash flows.

A sale or exchange of Fund shares is a taxable event. This means that you may have a capital gain to report as income, or a capital loss to report as a deduction, when you complete your federal income tax return (unless the account is protected under retirement guidelines).

State and local income taxes may apply to any dividend or capital gains distributions that you receive, as well as to your gains or losses from any sale or exchange of Fund shares.

Backup withholding. By law, The Linville Group must withhold 31% of any taxable distributions or redemptions from your account if you do not provide us with your correct taxpayer identification number and certify that it is correct. Similarly, The Linville Group must withhold from your account if the IRS instructs us to do so.

Foreign investors. The Linville Group Funds generally do not offer their shares for sale outside of the United States. Foreign investors should be aware that U.S. withholding and estate taxes may apply to any investment in Linville Group funds.

Tax consequences. This prospectus provides general tax information only. Please consult your tax advisor for detailed information about a fund's tax consequences for you.

Pricing

Each Fund's share price, called its net asset value, or NAV, is calculated each business day after the close of regular trading on the New York Stock Exchange (the NAV is not calculated on holidays or other days when the Exchange is closed). Net asset value per share is computed by adding up the total value of each Fund's investments and other assets, subtracting any of its liabilities (debts) and then dividing by the number of Fund shares outstanding:

$$\text{NET ASSET VALUE} = \frac{\text{TOTAL ASSETS} - \text{LIABILITIES}}{\text{NUMBER OF SHARES OUTSTANDING}}$$

Knowing the daily net asset value is useful to you as a shareholder because it indicates the current value of your investment. Each Fund's NAV, multiplied by the number of shares you own, gives you the dollar amount you would have received had you sold all of your shares back to the Fund(s) *that day*.

A Note on Pricing: The Funds' investments will be priced at their market value when market quotations are readily available. When these quotations are not readily available, investments will be priced at their fair value, calculated according to procedures adopted by the Funds' manager. The Funds also may use fair value pricing if the value of a security held by the Funds is materially affected by events occurring after the close of the primary markets or exchanges on which such security is traded. In these situations, prices used by the Funds to calculate their net asset value may differ from quoted or published prices for the securities.

Linville Group Fund Performance

Please visit our website at www.linvillegroup.com for year-to-date returns on the Linville Long-Term Growth Fund and the Linville Short-Term Fund.

Special Notes And Considerations

The following guidelines need to be read and understood before you open an account and send money.

A Note on Large Redemptions — It is important that you call The Linville Group *in advance* when you wish to redeem a large dollar amount. It is our responsibility to consider the interests of all Fund shareholders, and so we reserve the right to delay the delivery of your redemption proceeds—up to seven days—if the amount may disrupt the Fund's operation or performance.

Options for Redemption Proceeds:

- 1) Check*
- 2) Transfer redeemed shares to another Linville Group Fund
- 3) Federal Wire
- 4) Automatic bank draft

*If a dividend or capital gains distribution check mailed to your address of record is returned as undeliverable, The Linville Group will automatically reinvest all future distributions until you provide us with a valid mailing address.

Limits on Account Activity — Because excessive account transactions can disrupt the management of the Funds and increase the Funds' cost for all the shareholders, The Linville Group limits account activity as follows:

- You may make no more than TWO "round trips" through a Fund during any 12-month period.
 - Your round trips have to be at least 30 days apart.
 - The Fund may refuse a share purchase at any time, for any reason.
 - The Linville Group may revoke the membership of a shareholder at any time, without prior notice.
- * A round trip is defined as redemption in one Fund followed by a purchase back into the same Fund.

Statements and Reports

We will send you account and tax statements to help you keep track of your Fund account(s) throughout the year as well as when you are preparing your income tax statements.

In addition, you will receive financial reports about the Funds each quarter. These comprehensive reports will contain the complete activity of the Funds from the prior quarter as well as how the Funds are faring against some of the industry benchmarks (S&P 500, Russell, etc.).

Confirmation Statements — Sent each time you buy, sell, or exchange shares; confirms the trade date, settle date and the share price of the transaction.

Tax Statements — Generally mailed in January; reports previous year's dividend and

capital gain distributions and proceeds from the sale of shares.

Final Statement

The Linville Group was formed in May 2000 to improve the quality of life for the "little guy." Our primary goal is to provide top-notch money management to those people who traditionally cannot afford it. the intent of its managers is also to ensure that the profits made from investments are secured from risk and reinvested to the fullest potential of the market. The past two years on the market have produced some extraordinary returns, and it is time for those who have been sitting on the sidelines of the market to begin to take advantage of those gains. For those who cannot afford a traditional brokerage relationship or who do not have the time or patience to trade their own assets, The Linville Group of mutual funds provides the best opportunity to profit from the market.

This form may not be used to open an Individual Retirement Account (IRA), 403(b)(7), or any other type of retirement account. If you need assistance with any part of this form, you can contact us at linvillegroup@carolina.rr.com.

1. Account Information

Please select one type of account and provide all the information requested for that section.

- A. ☐ **Individual or Joint Account** * (One must be of legal age, for the state in which he/she resides, in order to be listed as an Individual or Joint Owner of an account.)

Owner (First, Middle, Last)

 - -

Social Security Number

Joint Owner (First, Middle, Last)

 - -

Social Security Number

*Joint accounts will be registered as joint tenants with rights of survivorship unless otherwise indicated on separate document.

- B. ☐ **Uniform Gifts/Transfers to Minors Account (UGMA/UTMA)** *

Custodian's Name (One name only: First, Middle, Last)

 - -

Social Security Number

Minor's Name (First, Middle, Last)

 - -

Social Security Number

*UGMA/UTMA Accounts will be registered under the minor's Social Security Number.

- C. ☐ **Business or Organization Account** (Additional documents may be needed before opening an account.)

Name(s) of Sole Proprietor, Partners, or Authorized Persons

Name of Business or Organization

 - -

Social Security Number

OR

 -

Employer Identification Number

2. Address / Citizenship Information (Please provide all information for the primary registrant only.)

Main Address (This information will be used as the address of record for all account mailings.)

Street Address and Apartment/Suite Number

City

State

Zip

Primary Telephone Number

E-Mail address (Optional)

Citizenship (Check One)

☐

US Citizen

☐

Resident Alien

☐

Non-resident Alien

Country of Residence (if non-resident alien)

3. Investment Information (Please select one or both of the following accounts.)

| X | Fund Name | Amount Enclosed |
|--------------------------|--------------------------------|-------------------------|
| <input type="checkbox"/> | Linville Long-Term Growth Fund | \$ <input type="text"/> |
| <input type="checkbox"/> | Linville Short-Term Fund | \$ <input type="text"/> |

4. Signatures of All Account Owners (Please read *CAREFULLY* and sign below exactly as registered in section 1.)

- I/We have full authority and legal capacity to purchase Fund Shares.
- I/We have received a current prospectus of the Fund and agree to be bound by its terms.
- Under penalty of perjury, I/We certify that:
 - The number(s) shown on this form is my/our correct taxpayer I.D. number(s).
 - I am/We are not subject to backup withholding because (i) we have not been notified by the Internal Revenue Service that I am/we are subject to backup withholding as a result of a failure to report all interest or dividends, or (ii) the IRS has notified me/us that I am/we are no longer subject to backup withholding. *Note: Cross out item "b" if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax return.*

Please Sign Here. (If Joint Account, all owners must sign. Please attach additional sheet if necessary.)

Signature (Account Owner, Custodian, Partner, etc.)

Date

Signature (Joint Account Owner, Minor, Partner, etc.)

Date

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PROSPECTUS ACCOUNT FORM

Feedback

Please tell us what you think about our web site, company, or services. If you provide us with your contact information, we will be able to reach you in case we have any questions.

Comments

Category

Contact Information