



## **SCF Investment Advisors, Inc.**

### **Form ADV 2A Brochure**

SEC File No: 801-71206

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This brochure provides information about the qualifications and business practices of SCF Investment Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at: 800.955.2517, or by email at: [info@scfsinc.com](mailto:info@scfsinc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about SCFIA is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

March 2011

## Material Changes

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 800.955.2517 or by email at: [info@scfinc.com](mailto:info@scfinc.com).

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## Advisory Business

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### **Firm Description**

SCF Investment Advisors, Inc. ("SCFIA") was founded in 2003.

SCFIA provides personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates and charitable organizations. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

SCFIA is strictly a fee-only financial planning and investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is affiliated with SCF Securities, Inc. a broker/dealer that sells financial products or securities. SCFIA may, on occasion, be paid cash by or receive some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients. Dependent on services provided, commissions may be accepted in lieu of or in addition to advisory fees.

Investment advice is an integral part of financial planning. In addition, SCFIA advises clients regarding cash flow, college planning, retirement planning, tax planning and estate planning.

Investment advice is provided, with the client making the final decision on investment selection. SCFIA does not act as a custodian of client assets. The client always maintains asset control. SCFIA, and third party managers to whom clients are referred, may place trades for clients under a limited power of attorney.

Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

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**Principal Owners**

SCF Holdings, Inc. is a 75% or greater stockholder; Randy L. Meadows is a 5% or less stockholder. Mark A. Townsend is a 5% or less stockholder.

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**Types of Advisory Services**

SCFIA provides investment supervisory services, also known as asset management services; manages investment advisory accounts not involving investment supervisory services and furnishes investment advice through consultations.

On more than an occasional basis, SCFIA furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that often include estate planning.

As of March 17, 2011, SCFIA manages approximately \$77.8 million in assets for approximately 747 clients. Approximately \$77.8 million is managed on a discretionary basis, and \$ 0.00 is managed on a non-discretionary basis.

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**Tailored Relationships**

The goals and objectives for each client are documented in our client relationship management system. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

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**Types of Agreements**

The following agreements define the typical client relationships.

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**Financial Planning Agreement**

A financial plan is designed to help the client with all aspects of financial planning without ongoing investment management after the financial plan is completed.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

The fee for a financial plan is predicated upon the facts known at the start of the engagement. The financial plan fee is set at the onset of the engagement

and is negotiable. Terms of payment are also negotiable and may consist of partial payment in advance, full payment upon completion of the project or a combination thereof. Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments.

In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary for up to one month. Follow-on implementation work is billed separately at the rate of \$ 100.00 per hour.

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### **Advisory Service Agreement**

Most clients choose to have SCFIA manage their assets in order to obtain ongoing in-depth advice and life planning. All aspects of the client's financial affairs are reviewed, including those of their children. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement includes: cash flow management; insurance review; investment management; education planning; retirement planning; estate planning; and tax preparation, as well as the implementation of recommendations within each area.

The annual Advisory Service Agreement fee is based on a percentage of the investable assets according to the following schedules:

### ***STANDARD ADVISORY SERVICE FEE SCHEDULE***

Asset base up to \$ 500,000.....	3.00%*	per year
Asset base up to \$1,000,000.....	2.75%*	
Asset base up to \$1,500,000.....	2.50%*	
Asset base greater than \$1,500,000.....	2.00%*	

The minimum annual fee is 2.00% and is negotiable. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

## **NON-STANDARD ADVISORY SERVICE FEE SCHEDULE**

The firm provides advice to Clients on managing their assets and are provided as a “Non-Standard Advisory Services” program in that there is no charge for “ticket charges” and the annual fee is inclusive of advisory fees and commissions, assessed against assets under management ranges from 2.5% to 3.25% according to the following schedule:

Asset base up to \$ 50,000.....	3.25%* per year
\$ 50,001 to \$ 100,000.....	3.00%*
\$100,001 to \$ 250,000.....	2.75%*
\$250,000 to \$1,000,000.....	2.5%*
\$1,000,000 and up	Negotiable

\*These services may be available at lower fees; all fees are negotiable

Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client’s discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

Neither SCF Investment Advisors, Inc. nor its Advisors provide legal or tax advice. Please consult with your attorney or tax professional.

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### **Investment Management Agreement**

An *Investment Management Agreement* may be executed when financial planning is not provided as part of the relationship. The fee for an *Investment Management Agreement* is \$ 100.00 per hour and is negotiable.

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### **Tax Preparation Agreement**

Neither SCF Investment Advisors, Inc. nor its Advisors provide legal or tax advice. Please consult with your attorney or tax professional.

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### **Hourly Planning Engagements**

SCFIA provides hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is \$100.00 and is negotiable.

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## **Asset Management**

Assets are invested primarily in no-load or low-load mutual funds and exchange-traded funds and may also include: equities (stocks), corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U.S. government securities, alternative investments, options contracts and interests in partnerships. Investments may be purchased through its affiliated broker/dealer, discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Brokerage firms may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. SCFIA does not receive any compensation, in any form, from fund companies.

Initial public offerings (IPOs) are not available through SCFIA.

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## **Wrap Fee Disclosure**

The Firm offers investment advisory and consulting services to individuals, trusts, estates, charitable organizations and business entities. All fee based accounts opened with the Firm are considered managed advisory accounts and generally require an initial minimum portfolio value of \$50,000. In contrast to a non-advisory brokerage account, in a managed advisory account clients are charged a single fee for combined advisory, brokerage, custody and processing services associated with the account. This single, combined fee is typically referred to as a “wrap fee”. Investment advisory services begin with gathering client information regarding financial circumstances, investment objectives and risk tolerance.

The Firm’s Advisors use this information to determine the appropriate services to offer to the client and the type of investments and programs to recommend or select for a client account. At least annually the Firm’s Advisors will review with clients their financial circumstances, investment objectives and risk profile. For the Firm to provide effective advisory services, it is important that clients provide accurate and complete information to the Firm and update their information when there is any change in circumstances, objectives or risk tolerance.

The amount of the wrap fee charged to clients will vary according to the type of advisory account services and programs, selections made within the programs and rates negotiated with the client. For all advisory accounts the client pays an annualized fee based on the client’s total eligible assets under management. The maximum allowed wrap fee that a client can be charged is

3.75%. The advisor on the account is responsible for determining the rate to charge each client based on factors such as total amount of assets involved in the relationship, type of program, any base rate charged for the selected advisory account program, and complexity and mix of the portfolio.

Although clients will generally not be separately charged for any fees other than the wrap fee in an advisory account, the wrap fee may not cover certain other charges and fees that occur in connection with transactions in the account.

These costs and fees will generally be priced into the investments and include costs such as: (i) dealer markups, markdowns or spreads charged on transactions in over-the-counter securities; (ii) costs relating to trading in certain foreign securities; (iii) the internal charges and fees that may be imposed by any collective investment, such as mutual funds and closed-end funds, unit investment trusts, exchange-traded funds or real estate investment trusts (Such costs may include fund operating expenses, management fees, redemption fees, 12b-1 fees and other fees and expenses. Information regarding charges and fees assessed in such products may be found in the product prospectus or offering document.); (iv) charges imposed by certain broker-dealers or entities who may clear a particular trade; (v) the charge to carry tax lot information on transferred mutual funds or other investment vehicles, postage and handling charges, wire fees, returned check charges, transfer taxes; stock exchange fees or other fees mandated by law.

The Firm reserves the right to pass on charges imposed by its custodian or other service providers to its institutional clients.

Asset based or wrap fee accounts occur in connection with an investment advisor relationship, which is governed by the rules and regulations set out in the Investment Advisors Act of 1940 and applicable state laws governing investment advisors.

Transaction based accounts occur in connection with a broker-dealer relationship, which is governed by the rules and regulations set out in the Securities and Exchange Act of 1934, the Securities Act of 1933, as well as applicable state laws and the rules of self-regulatory organizations such as the Financial Industry Regulatory Authority (FINRA) and the New York Stock Exchange.

In an advisory relationship the advisor has a fiduciary duty to the client. Federal law does not impose a fiduciary duty on advisors in a brokerage relationship.

The broad types of managed advisory services available to clients of the Firm consist of the following: (i) discretionary management of client accounts by a qualified SCF Financial Advisor; (ii) discretionary management of separate client accounts by one or more third party money managers; (iii) non-discretionary construction of model portfolios by an SCF Financial Advisor with limited discretion to rebalance the portfolio to maintain agreed to asset

allocation levels; (iv) non-discretionary accounts utilizing various portfolio approaches along with asset allocation, research, analysis and performance reporting; and (v) other general advisory services such as providing investment policy advice and assistance, developing asset allocation strategies, manager selection and evaluation, and review of accounts to assist with adherence to investment policy guidelines.

Through its clearing relationship with National Financial Services LLC, the Firm will make available to clients certain investment management and investment advisory services offered by Envestnet Asset Management Inc., an investment management firm headquartered in Chicago, Illinois (“Envestnet”).

The Firm may make services and products available to its clients from other companies similar to Envestnet. Of the total fee charged to clients by the Firm a portion, ranging from .10% to 1.50% will be paid to Envestnet as compensation for the use of advisory services and programs selected by the client.

The Firm will also pay a portion of the total fee charged to the client to National Financial Services LLC as compensation for providing execution, clearing and custodial services on the client account. Of the remaining amount of the fee charged to clients, a portion will be paid to the SCF Financial Advisor (or team of advisors) servicing the client relationship. The remainder of the fee is paid to the Firm.

SCF Financial Advisors recommending advisory accounts to clients receive compensation as a result of the client’s participation in the advisory program. The amount of such compensation may be more than what the Financial Advisor would be paid if the client participated in different wrap fee advisory programs or paid separately for investment advice, brokerage, and other services. To the extent this occurs there may be a financial incentive to recommend the wrap fee program over other programs or services.

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### **Termination of Agreement**

A Client may terminate any of the aforementioned agreements at any time by notifying SCFIA in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, SCFIA will refund any unearned portion of the advance payment.

SCFIA may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, SCFIA will refund any unearned portion of the advance payment.

## Fees and Compensation

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### Description

SCFIA bases its fees on a percentage of assets under management, hourly charges, fixed fees (not including subscription fees), subscription fees and/or commissions.

Financial plans are priced according to the degree of complexity associated with the client's situation.

Fees are negotiable.

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### Fee Billing

Investment management fees are customarily billed quarterly, or as mutually agreed upon by the client (e.g. monthly), in advance and/or arrears dependent on agreed upon terms, meaning that we invoice you either before or after the agreed upon billing period has begun and/or ended. Payment in full is expected upon invoice presentation or to facilitate billing, fees may be automatically deducted from the account based on a separate client agreement. The client must consent in advance to direct debiting of their investment account.

The fee for financial plans is predicated upon the facts known at the start of the engagement. The financial plan fee is set at the onset of the engagement and is negotiable.

Terms of payment are negotiable and may consist of partial payment in advance, full payment upon completion of the project or a combination thereof.

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### Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

SCFIA, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

New Advisory Service Agreement fees are calculated on a formula basis and adjusted for complexity of individual situations. *The formula is based on gross income, gross assets and other financial considerations.*

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**Expense Ratios**

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to SCFIA.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

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**Past Due Accounts and Termination of Agreement**

SCFIA reserves the right to stop work on any account that is in arrears. In addition, SCFIA reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in SCFIA's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded at account closing.

## Performance-Based Fees

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**Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

SCFIA does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## Types of Clients

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**Description**

SCFIA generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and corporations or business entities.

Client relationships vary in scope and length of service.

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**Account Minimums**

The minimum account size is \$50,000 of assets under management, which equates to an annual fee of \$ 1000.00.

SCFIA has the discretion to waive the account minimum. Accounts of less than \$ 50,000.00 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$ 50,000.00 within a reasonable time. Other exceptions will apply to employees of SCFIA and their relatives, or relatives of existing clients.

Clients receiving ongoing asset management services will be assessed a \$ 1000.00 minimum annual fee. Clients with assets below the minimum account size may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

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### **Methods of Analysis**

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that SCFIA may use include Morningstar Principia mutual fund information, Morningstar Principia stock information, , Advisor Intelligence, and other specialized analysis software, as well as the World Wide Web.

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### **Investment Strategies**

The primary investment strategy used on client accounts is strategic asset allocation utilizing a core and satellite approach. This means that we use passively-managed index and exchange-traded funds as the core investments, and then add actively-managed funds where there are greater opportunities to make a difference. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing including covered options.

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**Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## Disciplinary Information

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### Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present advisory clients.

## Other Financial Industry Activities and Affiliations

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### Financial Industry Activities

SCFIA is affiliated with SCF, Securities, Inc. a registered securities broker-dealer and SCF Marketing, Inc. an insurance agency. Clients may wish to purchase securities and/or insurance products through the affiliated firms. However, no advisory client is in any way obligated to purchase any recommended products or to purchase them through the affiliated firms.

Advisory clients should be aware that there always exists a potential conflict of interests in any such arrangement in which the same person or related firms will receive compensation both for recommending certain products and also for effecting transactions in those recommended products.

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### Affiliations

SCFIA has arrangements that are material to its advisory or its clients with related entities that are a broker-dealer and/or insurance marketing agency.

## Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

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### Code of Ethics

The employees of SCFIA have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### Participation or Interest in Client Transactions

SCFIA and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the SCFIA Compliance Manual.

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### Personal Trading

The Chief Compliance Officer of SCFIA is Rick Almaguer. He reviews all employee trades each quarter. His trades are reviewed by SCFIA CEO

Randy Meadows. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment. Since most employee trades are small mutual fund trades or exchange-traded fund trades, the trades do not affect the securities markets.

## Brokerage Practices

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### Selecting Brokerage Firms

SCFIA does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. SCFIA recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

SCFIA recommends discount brokerage firms such as National Financial Services, LLC., a division of Fidelity Investments®.

SCFIA does not receive fees or commissions from any of these arrangements.

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### Best Execution

SCFIA reviews the execution of trades at each custodian each quarter. The review is documented in the SCFIA *Compliance Manual (waiting on reply from MOB)* Trading fees charged by the custodians is also reviewed on a quarterly basis. SCFIA does not receive any portion of the trading fees.

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### Order Aggregation

Most trades are mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

## Review of Accounts

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### Periodic Reviews

Account reviews are performed quarterly by Rick Almaguer, Chief Compliance Officer. Account reviews are performed more frequently when market conditions dictate.

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### Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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### **Regular Reports**

Clients receive periodic communications on at least an annual basis. *Advisory Service Agreement* clients, *Investment Management* clients receive written quarterly updates. The written updates may include a net worth statement, portfolio statement and a summary of objectives and progress towards meeting those objectives.

## **Client Referrals and Other Compensation**

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### **Incoming Referrals**

SCFIA has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

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### **Referrals Out**

SCFIA does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Custody**

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### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

## **Investment Discretion**

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### **Discretionary Authority for Trading**

SCFIA accepts discretionary authority to manage securities accounts on behalf of clients. SCFIA has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, SCFIA consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. SCFIA does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

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**Limited Power of Attorney**

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

## **Voting Client Securities**

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**Proxy Votes**

SCFIA does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, SCFIA will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

## **Financial Information**

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**Financial Condition**

SCFIA does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because SCFIA does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance. (waiting on 1200.00 clarification from MOB)

## **Business Continuity Plan**

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**General**

SCFIA follows the Business Continuity Plan of its affiliated broker/dealer, which provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people. The BCP can be found online at [www.scfsecurities.com](http://www.scfsecurities.com).

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**Disasters**

The Business Continuity Plan covers natural disasters such as earthquakes, snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily onsite and archived offsite weekly.

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**Alternate Offices**

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

## **Information Security Program**

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**Information Security**

SCFIA maintains an information security program to reduce the risk that your personal and confidential information may be breached.

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**Privacy Notice**

SCFIA is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

## Brochure Supplement (Part 2B of Form ADV)

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### Education and Business Standards

In addition to the examinations any given state may require each investment adviser representative to pass they must also be registered and licensed in order to give investment advice in that state, the firm employs associates who demonstrate a history of successful experience within the securities and or insurance industry. The firm requires that its representatives have at least a high school education.

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### Professional Certifications

Some employees have earned certifications and credentials that are required to be explained in further detail.

Certified Financial Planner (CFP): Certified Financial Planners are licensed by the CFP Board to use the CFP mark. CFP certification requirements:

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board ([www.cfp.net](http://www.cfp.net)).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.

Chartered Financial Analyst (CFA): Chartered Financial Analysts are licensed by the CFA Institute to use the CFA mark. CFA certification requirements:

- Hold a bachelor's degree from an accredited institution or have equivalent education or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.

- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

## Biographies of Officers & Owners

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### **Randy L. Meadows, President & CEO**

#### Educational Background:

- Date of birth: February 8, 1960
- Institutions: Randy attended Seward Community College, Kansas State University, Oral Roberts University, and Arizona State University from 1979 – 1983. He holds FINRA Series 7, 26, 63 and 65 licenses as well as his insurance license.

#### Business Experience:

Randy has been licensed as a series 6 registered representative since 1985. Randy initially obtained his series 26 principal registration in April 1988 and again in June 1994.

In 1992 Randy co-founded SCF Marketing, Inc. ("SCFM"), of which Randy is President & C.E.O. As a principal of SCFM, Randy operated as a Special Markets Director for Midland National Life Insurance Company and North American Management, a broker/dealer. As a Special Market Director, Randy had responsibility for over 5,000 insurance agents and assisted the broker/dealer principal in an oversight capacity for more than 900 registered representatives.

In March 1994, Randy became OSJ branch manager of Centaurus Financial, Inc. At Centaurus, Randy was designated as OSJ Branch Manager with supervisory responsibility for over 300 registered representatives. In April 1996 Randy became 20% owner of Centaurus and acted as President of the Federation of Financial Services, Inc., which was the parent company of Centaurus.

In 1998, Randy became registered with Wall Street Financial Group, assisting in the management and supervision of their largest branch with over 150 Representatives, as well as five other branch offices.

In May 1998, Randy co-founded SCF Securities, Inc. (registered 10/99) and has operated in the capacity of President and C.E.O. In November 2002, Randy co-founded SCF Investment Advisors, Inc. Randy is President & C.E.O. of the investment advisor.

Disciplinary Information: None

Other Business Activities: SCF Securities, Inc. and SCF Marketing, Inc.

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**David Haskin, Executive Vice President**

Educational Background:

- Date of birth: February 13, 1955
- Institutions: Mr. Haskin received his degree from Kings River College in 1977, studied business at California State University, Fresno, and pre-law at Central California College of Law in Fresno. He holds FINRA Series 6, 26 and 66 licenses as well as his insurance license.

Business Experience:

David entered the financial services industry in 1982 as an insurance agent. In 1983 he obtained his series 6 registration and marketed mutual funds and life insurance products.

In 1992, David joined SCF Marketing at its inception to provide agency support. He was appointed with Centaurus Financial in January 1995 and obtained his series 26 license to provide principal services for SCF's branch office of over 300 representatives, providing prescreening of new representatives and assistance in reviewing new business transactions through the branch.

David was also dually registered with Brokerage Design and Development, Inc. a broker/dealer that was established to provide expertise to other broker/dealers in the area of variable insurance products. In 1998, David was registered with Wall Street Financial Group as a registered principal, co-managing SCF's branch office of nearly 150 reps. David then became a registered principal of SCF Securities, Inc. in January of 2000.

He has been involved in the development of the compliance, accounting and commission systems. He oversees the operations of the SCF companies as a system.

Disciplinary Information: None

Other Business Activities: SCF Securities, Inc. and SCF Marketing, Inc.

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**Rick Almaquer, Chief Compliance Officer**

Educational Background:

- Date of birth: October 2, 1959
- Institutions: Mr. Almaguer attended National University and 4C's College from 1984 –1987 and received an accounting degree from 4C's College. He holds FINRA Series 7, 24, 53, 63 and 65 licenses as well as his insurance license.

#### Business Experience:

Rick became involved in the securities business in 1990 as a General Securities representative with Baraban Securities, Inc. After a successful career with Baraban, Rick joined New York Life where he received his life agent license and intense training in fixed and variable life insurance products.

Rick then joined Bucheim Funeral Home as a sales manager supervising six agents in the sale of funeral plans funded by life insurance. He was responsible for getting the business through underwriting with the various companies the firm used. In April 1995 Rick joined SCF Marketing as an agent support specialist where his duties included product design and overseeing pending business. He obtained his series 24 license in May 2000.

Rick Almaguer communicates with all the SCFS representatives on a regular basis through e-mail, the firm's monthly newsletter, and on the telephone. He sends out information on FINRA actions against representatives in the industry and discusses what is involved in building quality business at SCF Securities.

Disciplinary Information: None

Other Business Activities: SCF Securities, Inc. and SCF Marketing, Inc.

## **Acknowledgement of Receipt**

### **Of the SCFIA Brochure**

By signing below, the client(s) do certify that s/he (they) has (have) received and read carefully this disclosure brochure and had the opportunity to ask such questions as may have occurred in reading and/or discussing the services provided and the costs of those services.

Signed: \_\_\_\_\_ date: \_\_\_\_\_

Signed: \_\_\_\_\_ date: \_\_\_\_\_

Note to Advisor: Please submit copy of Signed Acknowledgement to SCFIA