

**Item 1 – Cover Page**

**Synergy Investment Group, LLC**

2622 Dale Earnhardt Boulevard  
Kannapolis , North Carolina 28083  
(704) 333-7637  
IARD #: 46035

**Investment Advisory and Financial Planning  
Brochure (“ADV Part 2A”)**

**June 27, 2012**

This Brochure provides information about the qualifications and business practices of Synergy Investment Group, LLC, hereafter known as “Synergy” or “Advisor”. If you have any questions about the contents of this Brochure, please contact us at (704) 333-7637. 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.

Advisor is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

## Item 2 – Material Changes

This Brochure dated June 27, 2012 is a new document prepared according to requirements and rules. Since the last amendment to the Brochure on March 25, 2012, the Advisor has undergone some material changes. In April 2012, Ryan P. Duffie was replaced by Joseph Hayes in the role of Chief Compliance Officer. Further, Advisor has made a business decision whereby it will continue to offer investment advisory services as an investment advisory firm registered with various states versus the Securities & Exchange Commission. In March 2012, Synergy Investment Group, LLC ceased operations as a separately registered broker/dealer. At or about this time, Synergy merged with its broker/dealer operations with Sterne, Agee & Leach. Consequently, locations of Synergy became branch offices of Sterne, Agee & Leach, Inc. and agents of Synergy at the time became broker/dealer representatives of Sterne, Agee & Leach in offering broker/dealer services. Also, the Advisor moved its headquarters from its prior location at 8320 University Executive Park Drive, Suite 112, Charlotte, North Carolina 28262 to 2622 Dale Earnhardt Boulevard, Kannapolis, North Carolina 28033.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to regulations, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Joseph Hayes, Chief Compliance Officer, at (704) 333-7637 or [jhayes@synergyinvestments.com](mailto:jhayes@synergyinvestments.com).

Additional information about Advisor is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Advisor who are registered, or are required to be registered, as investment adviser representatives of Advisor.

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## Item 4 – Advisory Business

### ABOUT US

Synergy Investment Group, LLC (“Advisor”) is a financial institution providing investment advisory, financial planning, and investment products and services since 1999. Advisor is currently registered as an investment advisory firm. As of May 14, 2012, Advisor manages assets totaling \$11,486,381, all of which is managed on a discretionary basis. Advisor is principally owned by Synergy Holdings Group, which is predominantly owned by Jeffrey D. Jones.

The following paragraphs provide a description of the investment advisory and financial planning programs and services offered by Advisor.

### PORTFOLIO MANAGEMENT SERVICES

The following Portfolio Management Program(s) are programs where the Client’s assets are managed by the Advisor, meaning that the Advisor recommends and/or selects securities for which the Client’s assets are invested. As discussed below under each program, assets are either managed on a discretionary and/or non-discretionary basis.

#### **Managed Account Program**

The Managed Account Program is a fee-based program offering investment management services and continuous advice to Clients. Accounts managed by the Advisor may be invested in a wide range of securities including mutual funds, exchange traded funds, individual equities, fixed income securities, and many more. The minimum investment amount is \$25,000 in assets, unless otherwise waived at the discretion of the Advisor. In the event Client withdrawals cause the account asset value to fall below the minimum, Client understands that the Managed Account Program may be subject to immediate termination. Client understands that the Managed Account Program is designed as a long-term vehicle and that asset withdrawals may impair the achievement of the Client’s investment objectives.

Under this program, the Advisor will obtain pertinent information concerning the Client such as financial condition, investment objectives, tax status, and general risk characteristics. The information may be collected by the Advisor through investor profiles, account forms completed by the Client, and through communication with the Client. On the basis of this information, the Adviser will tailor the advisory services to the needs of the Client. The Advisor will utilize various securities to implement the customized portfolio. Client reserves the right to impose restrictions or guidelines on the management of the Client’s assets, including any limitations on the purchase or sale of particular securities or types of securities.

The Advisor can manage the assets on a discretionary basis, thereby allowing the Advisor to determine what securities and investments are to be bought or sold, the amount of transactions, and the timing of transactions, or on a non-discretionary basis where the Advisor will provide recommendations to the Client and the Client has ultimate authority for the approval of such transactions. The Advisor maintains discretion in the selection of a broker/dealer for the custodying of Client assets and the execution of transactions.

Clients will receive account statements from the custodian no less than quarterly concerning all transactions, balances and portfolio holdings within their account.

### FINANCIAL PLANNING PROGRAMS

Advisor offers financial planning services to Clients seeking advice and direction on various aspects of financial planning. The level and extent of such financial planning services is dependent upon the level of services desired by the Client. Such advice may include, but is not limited to, analysis of financial plans, retirement planning, budget analysis, estate planning, college planning, and cash flow analysis. The extent and nature of the financial planning is tailored to the desires and needs sought by the Client. Services may include the development of a written plan, providing analysis or recommendations, or may only involve consultation(s). Three basic types of financial planning are offered to Clients to select are:

- Comprehensive Financial Planning
- Limited Financial Planning
- Hourly Financial Planning & Consultation

Each type of financial planning is discussed below.

In determining or selecting to receive financial planning services, the Advisor is informing you that a conflict exists between the interests of the Advisor and the interests of the Client; the Client is under no obligation to act upon the Advisor's recommendation; and, if the Client elects to act on any of the recommendations, the Client is under no obligation to effect the transaction through the Advisor.

### **Comprehensive Financial Planning**

The Advisor will thoroughly review of all pertinent Client information, including financial condition, tax status, and cash flow concerns, discuss Client objectives and needs, assess risk tolerance, and mutually agree upon a set of assumptions. On the basis of this information, the Advisor will provide Client with a customized written report of all analyses and recommendations. The purpose of comprehensive financial planning is to conduct a holistic review of the Client's financial situation, goals, and risk so as to provide advice and recommendations on all aspects of the Client's financial situation disclosed to the Advisor. Services will be rendered to the Client within six months of entering into an agreement.

### **Limited Financial Planning**

The Advisor will thoroughly review of all pertinent Client information, including financial condition, tax status, and cash flow concerns, discuss Client objectives and needs, assess risk tolerance, and mutually agree upon a set of assumptions as it pertains to the area(s) of financial planning services desired by the Client. On the basis of this information, the Advisor will provide Client with a customized written report of all analyses and recommendations. Unlike Comprehensive Financial Planning, the purpose of such planning is to target particular area(s) of financial planning services for which the Client desires. The financial planning activities of the Advisor are not a holistic review of the Client's financial situation, goals, and risk.

It is the responsibility of the Client to indicate to the Advisor what areas of financial planning the Client seeks information and a written report. Among the areas the Client can choose among are:

- College Funding
- Charitable Planning
- Retirement Planning
- Investment Planning and Analysis
- Estate Planning
- Business Planning
- Budget Analysis
- Insurance Planning
- Cash Flow Management

- Review of Prior Financial Plans

Services will be rendered to the Client within six months of entering into an agreement.

### **Hourly Financial Planning & Consultation**

The Advisor will review pertinent Client information provided to it by the Client, discuss Client objective and needs, and analyze and assess other factors necessary in providing information and recommendations concerning area(s) of financial planning for which the Client seeks advice. The Advisor is not responsible for providing a written report of analyses and recommendations. The purpose of hourly financial planning is to provide a way for Clients to openly discuss financial planning matters affecting them, their families, and/or their businesses. The Advisor reserves the right, based on information obtained during consultations or through submissions, to provide advice and recommendations at a time other than any consultations, as additional time may be necessary to provide quality advice and recommendations. It is the responsibility of the Client to indicate to the Advisor what areas of financial planning the Client seeks information and potential recommendations.

## **Item 5 – Fees and Compensation**

### **PORTFOLIO MANAGEMENT SERVICES**

#### **Managed Account Program**

For providing such services to the Client, the Client will be assessed the following annual fees. The following fees are negotiable between the Advisor and Client; however, no fee may exceed the stated level below listed.

<u>Asset Under Management</u>	<u>Standard Fee</u>
\$ 0 - \$ 249,999	2.20%
\$ 250,000 - \$ 749,999	1.75%
\$ 750,000 - \$1,999,999	1.25%
\$2,000,000 +	0.75%

\*Lower fees for comparable services may be found from other sources.

The annual fees provided above are payable in advance or in arrears of services rendered. The frequency of billing can be monthly or quarterly subject to agreement by the Advisor and Client.

For assets billed in advance, the initial fee will be based on the value of assets at the inception of Client's program account(s). Thereafter, the Client will be billed based upon the value of the Client's account as of the last business day of the preceding month or quarter, depending on the frequency of billing selected. For assets billed in arrears, the Client will be billed based on the value of the account as of the last business day of the month, quarter, or year, depending on the frequency of billing selected. For contributions made during a month, quarter, or year, the fee for such contribution will be prorated for the remainder of the month, quarter, or year, depending on the frequency of billing selected, and will be due at the time of the next billing cycle. The Client authorizes the Advisor and custodians to debit fees for the Client's account(s) under management by the Advisor.

In addition to the annual fees state above, the Client may incur additional charges from the broker/dealer and custodian. Such fees include commission charges, account maintenance fees, safekeeping fees, administrative fees, transfer fees, and transaction expenses, such as ticket charges and mailing and posting charges. For mutual funds, the Advisor will seek to purchase mutual funds not possessing a sales charge; however, in some instances the Advisor will need to purchase a mutual fund with a sales charge since a comparable mutual fund without a sales charge is not available in meeting the Client's objectives. For mutual funds, the Client may incur periodic charges related to administrative charges, 12b-1 fees, and other costs.

In the event the Client or Advisor wishes to terminate their relationship with the Advisor or Client, respectively, written notice shall be provided by the Client to the Advisor, or vice-versa. Said termination shall be effective immediately upon receipt of the termination notice by the other party. Client's death shall not terminate the authority granted to the Advisor hereunder until the Advisor has received actual notification of said death. If the Form ADV was received less than 48 hours before the Client signed the Agreement, the Client has the right to cancel the Agreement without penalty within five business days of executing the Agreement. Any fees for Services paid in advance for which Services have not been rendered will be refunded on a pro-rated basis.

Item 12 further describes the factors that Adviser considers in selecting or recommending broker/dealers for client transactions and determining the reasonableness of their compensation (e.g. commissions).

## **FINANCIAL PLANNING PROGRAMS**

### **Comprehensive Financial Planning**

The Client will be assessed a maximum fee of \$15,000. The fee can be negotiated between the Client and Advisor. For the Client to negotiate the fee, the Client must communicate to the agent of the Advisor in writing or orally their desire to pay an alternative amount. Prior to providing any such services, the agent of the Advisor and Client must agree to the amount of compensation negotiated, which will be stated in the Financial Planning Agreement.

A portion of the fee will be payable upon execution of an agreement for services with the remaining amount due within one month of completion of the service. Clients will receive invoices from the Advisor for Services. Services will be rendered to the Client within six months of entering into an agreement. Lower fees for comparable services may be found from other sources.

In the event the Client or Advisor wishes to terminate their relationship with the Advisor or Client, respectively, written notice shall be provided by the Client to the Advisor, or vice-versa. Said termination shall be effective immediately upon receipt of the termination notice by the other party. Client's death shall not terminate the authority granted to the Advisor hereunder until the Advisor has received actual notification of said death.

The Client will not be eligible for a refund if the Advisor has provided a customized written report of all analyses and recommendations. If a customized written report has not been provided to the Client, the Client will receive a refund of their entire amount paid in advance if notice is received within 10 days of execution of an agreement to provide Comprehensive Financial Planning Services. After the 10<sup>th</sup> day from the date of execution of an agreement to provide the services, the Client will receive a pro-rated amount of any fees paid in advance based on the level of completion as of the date of termination. However, if the monetary value of the level of completion exceeds the amount paid in advance, the Client will not receive a pro-rated amount of any fees paid in advance and will be subject to a pro-rated amount of the agreed upon fee for the services. The calculation of the monetary value of the level of completion will be determined based on the amount of time spent as a percentage of the anticipated amount of time to be spent on the services times the dollar amount agreed to by Client and Advisor for the services.

### **Limited Financial Planning**

The Client will be assessed a maximum fee of \$250/hour. Fees are negotiable between the Client and Advisor. For the Client to negotiate the hourly fee, the Client must communicate to the agent of the Advisor in writing or orally their desire to pay an alternative amount. Prior to providing any such services, the agent of the Advisor and Client must agree to the amount of compensation negotiated, which will be stated in the Financial Planning Agreement.

A portion of the fee will be due and payable to Advisor either upon completion of the Services or in monthly installments based on the accrued number of hours spent to date on financial planning. No fees will be due upon

execution of an agreement for services. Clients will receive invoice(s) from the Advisor for Services. Lower fees for comparable services may be found from other sources.

In the event the Client or Advisor wishes to terminate their relationship with the Advisor or Client, respectively, written notice shall be provided by the Client to the Advisor, or vice-versa. Said termination shall be effective immediately upon receipt of the termination notice by the other party. Client' death shall not terminate the authority granted to the Advisor hereunder until the Advisor has received actual notification of said death. The Advisor is entitled to fees accrued to date based on the number of hours spent by the Advisor as of the date of termination. The Client will not be eligible for the refund of fees earned by the Advisor for limited financial planning. Limited financial planning and consultations are billed in arrears.

### **Hourly Financial Planning and Consulting**

The Client will be assessed a maximum fee of \$200/hour. Fees for hourly financial planning services are negotiable between the Client and Advisor. For the Client to negotiate the hourly fee, the Client must communicate to the agent of the Advisor in writing or orally their desire to pay an alternative amount. Prior to providing any such services, the agent of the Advisor and Client must agree to the amount of compensation negotiated, which will be stated in the Financial Planning Agreement.

A portion of the fee will be due and payable to Advisor upon completion of the Services or monthly based on the accrued number of hours spent to date on financial planning. Clients will receive invoice(s) from the Advisor for Services. Lower fees for comparable services may be found from other sources.

In the event the Client or Advisor wishes to terminate their relationship with the Advisor or Client, respectively, written notice shall be provided by the Client to the Advisor, or vice-versa. Said termination shall be effective immediately upon receipt of the termination notice by the other party. Client' death shall not terminate the authority granted to the Advisor hereunder until the Advisor has received actual notification of said death. The Client will not be eligible for the refund of fees earned by the Advisor for hourly financial planning and consultations are billed in arrears. The Client will be responsible for any hourly fees accrued up to the date of termination.

### **ADDITIONAL DISCLOSURES**

The Advisor frequently recommends Sterne, Agee & Leach as broker/dealer. For Client assets custodied at Sterne, Agee & Leach, Synergy will receive a portion of any commissions received for any transactions executed through the broker/dealer as a branch office of Sterne, Agee & Leach. Agents of the Advisor, in serving as a broker/dealer representative of Sterne, Agee & Leach, will receive a percentage of commissions received by Synergy. Synergy nor its agents receive any other transaction related fees. Commissions for the sale of investments may be the result of transactions conducted as part of the above-stated programs pursuant to an agreement entered into by the Client or for transactions in Client accounts and assets that are not being managed pursuant to an advisory agreement executed by a Client. Agents of the Advisor may also receive compensation for the sale of insurance products as insurance agents. Any compensation or commissions received by an agent for insurance transactions are received outside the scope of an advisory agreement executed by a Client.

Inherently, Synergy and its agents do have a conflict of interest to recommend Sterne, Agee & Leach in order to receive additional compensation, in the form of commissions. Such conflict could result in agents recommending investment products based on commission rather than client need. Also, by recommending the use of Sterne, Agee & Leach, the Advisor and its agents may be unable to achieve most favorable execution of Client transactions, which may cost Clients more money than if the execution was done through another broker/dealer. The Advisor has adopted policies for the review of transactions along with the quality of executions as part of its procedures to mitigate potential negative consequences to the Client, such as unsuitable transactions and the payment of higher



commissions relative to the enhanced ability of the Advisor and its agents to service Clients. The Advisor has also adopted practices for the review of accounts.

Presently, the Advisor generates more than 50% of its revenues from advisory clients in the form of advisory fees. The Advisor and its agents may reduce the negotiable fee for assets under management due to anticipated levels of commission activity or otherwise or may simply determine to absorb commission costs instead of the Client paying for such costs. As a matter of practice, the Advisor and its agents do not reduce advisory fees from billing cycle to billing cycle based on commissions generated.

Clients have the option to purchase investment products recommended by the Advisor or its agents through other brokers or agents who have no affiliation or relationship with the Advisor.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

The Advisor does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a Client).

#### **Item 7 – Types of Clients**

The Advisor provides investment advisory services to individuals, high net worth individuals, corporate pension and profit-sharing plans, trusts and estates, and business entities. The Advisor requires a minimum account size of \$25,000 to open an account as part of its Managed Account Program. This minimum requirement is negotiable. The Advisor does not require a minimum account size to receive financial planning services.

#### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

The Advisor may utilize educational seminars, product sponsor presentations, and various sales literature provided by product sponsors in analyzing various products and offerings that may be offered to Clients. This is in addition to financial newspapers and magazines, research materials prepared by others, corporate rating services, company press releases, and annual reports, prospectuses, and filings with the SEC as a means of analyzing securities.

Under the Portfolio Management Program(s), the Advisor may employ a variety of investment strategies and securities to tailor a portfolio that meets the needs of its Clients. Among the strategies that may be utilized with a Client are as follows: 1) an asset allocation program utilizing mutual funds and/or exchange-traded funds to provide customers broad-based diversification among asset and sector classes; and 2) investing in financially strong, undervalued stocks of companies. Additional strategies or methods may be employed based on the needs and desires of the Client.

In using mutual funds, as part of an asset allocation program or not, the Client may be subject to sales loads, otherwise known as commissions, in the purchase or sale of a mutual fund. Sales loads vary widely based on the underlying portfolio, class of share selected, and dollar amount invested. The Advisor and its agents will seek to purchase mutual funds possessing no sales load. For no-load funds or mutual funds possessing a sales load, a Client's mutual fund holding will be subject to annual fees that are assessed by the mutual fund. Sales loads and annual fees negatively impact the net performance of a mutual fund. The objectives and positions of mutual funds vary in nature and type. Accordingly, the performance of mutual funds may deviate significantly to the performance of market benchmarks, such as the Dow Jones Industrial Average or the Standard and Poors 500 Index.

In using stocks as an investment vehicle, the Client is advised that use of stocks of companies may result in a commission charge based on the program selected. Clients are advised that stocks may fluctuate widely due to firm specific events, financial market events, political events, and changes in regulations. The degree to which a stock may fluctuate is not certain or predictable; however, it is noted that some stocks move in a higher degree of correlation to overall stock markets. Conversely, the investment in financially strong, undervalued stocks may be

indicative of stocks whose price movement has been generally less than that of the overall markets. Investing in individual securities provides less diversification by themselves than investments in multiple stocks, a mutual fund comprised of securities of multiple companies or issuers, or through the use of multiple types of investment vehicles (i.e. stocks, bonds, mutual funds, etc.).

For any strategy employing the frequent trading of securities, investment performance may be negatively impacted due to increased transactions costs (i.e. commissions) as well as higher tax rates due to differentials in tax rates between short-term and long-term holdings. Clients are advised to be mindful of these potential negative consequences.

There can be no guarantee of success of the strategies or programs offered by the Advisor. Investment portfolios may be adversely affected by general economic and market conditions such as interest rates, availability of credit, inflation rates, changes in laws, national and international political circumstances and numerous other issues that cannot be predicted. These factors may affect the level and volatility of security pricing and the liquidity of an investment.

Investing in securities involves risk of loss that Clients should be prepared to bear.

#### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Advisor or the integrity of the Advisor's management. In reviewing the below information, the following actions were initiated by FINRA, a self-regulatory organization overseeing broker/dealer activities. With the exception of the November 2, 2006 action involving JBS Liberty Securities, all actions involve Synergy in serving in the capacity of a broker/dealer. As of March 2012, Synergy made a business decision to no longer offer broker/dealer services as a separately registered broker/dealer; however, the firm's affiliate, JBS Liberty Securities continues as a separately registered broker/dealer and agents of the Advisor may serve as broker/dealer agents of other broker/dealers.

On June 29, 2011, FINRA initiated an action alleging Synergy the firm failed to establish, maintain, and enforce an effective supervisory system pertaining to the receipt of securities certificates and private securities transactions conducted by registered representatives away from Synergy. More so, Synergy failed to timely disclose complaints, arbitrations, and an order issued by Nebraska to FINRA on registered representatives' registration form. Without Synergy admitting or denying FINRA's findings, the matter was resolved with Synergy accepting a fine of \$20,000 and censure.

On April 5, 2011, FINRA initiated an action alleging Synergy did not maintain adequate written supervisory procedures pertaining to the due diligence of private placements and did not enforce procedures that were in effect at the time regarding private placements. Without Synergy admitting or denying FINRA's findings, the matter was resolved with Synergy accepting a fine of \$20,000, a censure, and restitution payments to customers in the amount of \$148,750. Jeffrey D. Jones was fined in the amount of \$10,000 and was suspended from acting in a principal capacity for a period of 3 months.

On December 8, 2009, FINRA initiated an action alleging Synergy engaged in securities business while failing to maintain the required minimum net capital, maintained materially inaccurate net capital computations, and submitted inaccurate FOCUS IIA reports to the SEC and FINRA as a result of failing to reflect an unsecured debit balance on its books and records. Without Synergy admitting or denying FINRA's findings, the matter was resolved with Synergy accepting a monetary fine of \$25,000 and a censure.

On August 7, 2009, FINRA initiated an action alleging. FINRA alleged Synergy failed to adequately enforce its own procedures or otherwise comply with NASD regulations governing anti-money laundering. FINRA alleged the firm: 1)

failed to establish and implement policies designed to detect and cause the reporting of suspicious customer activity; 2) failed to detect, investigate, and conduct due diligence when red flags associated with suspicious activity were present; 3) failed to file suspicious activity reports; 4) did not follow its supervisory procedures in not conducting an appropriate risk-based due diligence for correspondent accounts of foreign financial institutions and monitoring suspicious activity within those accounts; 5) did not file suspicious activity reports on individuals possibly engaged in insider trading; 6) failed to perform customer identification reviews in accordance to its procedures; 7) did not adequately test its anti-money laundering program for a period of two years; and 8) did not conduct training on anti-money laundering. FINRA further alleged Synergy 1) did not provide its customer documents disclosing the compensation being paid to foreign finders; 2) the firm used foreign finders who did not meet the requirements to receive such compensation; 3) confirmations to customers who were referred by foreign finders did not indicate a referral fee was being paid to the foreign finder; 4) failed to establish and maintain a supervisory system reasonably designed to achieve compliance rules relating to its foreign finders and foreign associates business; 5) failed to establish and maintain a supervisory system designed to achieve compliance with FINRA's advertising rules; 6) failure to approve additions and changes to the firm's web site; 7) failing to maintain all advertisements in a separate file; 8) failing to meet FINRA requirements that advertisements containing references to options, mutual funds, and variable annuities require filing with FINRA; 9) used advertisements that did not meet option communication standards; and using a web site containing links to misleading web sites and that contained exaggerated and unwarranted statements. Without Synergy admitting or denying FINRA's findings, the matter was resolved with Synergy accepting a monetary fine of \$75,000 and a censure.

On November 2, 2006, FINRA initiated an action against Synergy's affiliate, JBS Liberty Securities, for failing to file termination notices within required time periods. Without JBS Liberty Securities admitting or denying FINRA's findings, the matter was resolved with Synergy accepting a monetary fine of \$7,500 and a censure.

On April 4, 2006, FINRA entered into an action against Synergy and Jeffrey D. Jones, Chief Compliance Officer at the time and management personnel of Synergy, for failing to establish, maintain, and enforce a supervisory system reasonably designed to achieve compliance with laws, rules, and regulations concerning Synergy's on-line and discount brokerage business. Without Synergy or Jeffrey D. Jones admitting or denying FINRA's findings, the matter was resolved with Synergy and Jeffrey D. Jones accepting jointly and severally a monetary fine of \$25,000 and a censure with Jeffrey D. Jones being suspended from serving as a principal for ten business days.

On March 26, 2004, FINRA entered an action against Synergy and Jeffrey D. Jones, Chief Compliance Officer at the time and management personnel of Synergy, for failing to report transactions to FINRA through the Order Audit Trail System and failing to have adequate supervisory system for reporting events through the Order Audit Trail System. Without Synergy or Jeffrey D. Jones admitting or denying FINRA's findings, the matter was resolved with Synergy and Jeffrey D. Jones accepting jointly and severally a monetary fine of \$9,000 and a censure with requirements to correct its supervisory system.

On January 14, 2004, FINRA entered an action against Synergy and Jeffrey D. Jones, Chief Compliance Officer at the time and management personnel of Synergy, for receiving customer complaints and failing to report the customer complaints timely to FINRA. Without Synergy or Jeffrey D. Jones admitting or denying FINRA's findings, the matter was resolved with Synergy and Jeffrey D. Jones accepting jointly and severally a monetary fine of \$5,000 and a censure.

#### **Item 10 – Other Financial Industry Activities and Affiliations**

The primary activities of Synergy Investment Group, LLC and its principal executive officers is broker/dealer and investment advisory related. Approximately 70% of all time spent on business development and operations as a broker/dealer branch office of Sterne Agee & Leach. The remaining 30% of time is spent on investment advisory activities. Agents of the Advisor who are not members of Synergy's senior management are typically registered as

broker/dealer agents of Sterne Agee & Leach. Agents of the Advisor may also serve as insurance agents in conducting business through various insurance agencies.

As discussed in Items 5 and 12, the Advisor and its agents will frequently select Sterne, Agee & Leach as the broker/dealer of record for maintaining Client accounts and executing transactions on behalf of Clients. This inherently creates a conflict of interest as Synergy will receive a portion of commissions received for any transactions executed through the broker/dealer as a branch office of Sterne, Agee & Leach. Agents of the Advisor, in serving as a broker/dealer representative of Sterne, Agee & Leach, will receive a percentage of commissions received by Synergy. Accordingly, Synergy does have a conflict of interest to recommend Sterne, Agee & Leach in order to receive additional compensation, in the form of commissions, rather than providing the most favorable execution to a Client. By recommending the use of Sterne, Agee & Leach, the Advisor may be unable to achieve most favorable execution of Client transactions, which may cost Clients more money than if the execution was done through another broker/dealer. The Advisor has adopted policies for the review of transactions along with the quality of executions as part of its procedures on best execution to mitigate potential negative consequences to the Client, such as the payment of higher commissions relative to the enhanced ability of the Advisor and its agents to service Clients. The Advisor has also adopted practices for the review of accounts.

Synergy Investment Group, LLC is also affiliated through common ownership with JBS Liberty Securities, Inc., a registered broker/dealer with the Financial Industry Regulatory Authority, Inc., the Securities & Exchange Commission, and numerous states in which it conducts securities business. Some of the management of Synergy is registered with JBS Liberty Securities, Inc.

#### **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Advisor has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. The Advisor's Clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Joseph Hayes.

Subject to satisfying this policy and applicable laws, officers, directors and agents of Advisor and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Advisor's Clients. This presents a conflict of interest as agents of the Advisor could receive an execution for a transaction for an account in which they have financial interest that is superior to that received by a Client. To address this conflict, the Code of Ethics is designed to assure that the personal securities transactions as well as all activities and interests of the supervised persons of the Advisor will not interfere with 1) making decisions in the best interest of advisory clients and 2) implementing such decisions while, at the same time, allowing agents to invest for their own accounts. Further, the Advisor requires agents, in conducting accounts in which they have beneficial ownership or control, to only affect transactions in their accounts after all allocations have been made to Clients unless their order is entered in concert with other Client orders at the same time to receive the same execution price.

Neither the Advisor nor any of its supervised persons, including agents, maintain a material financial interest in any securities recommended to a Client for purchase. Supervised persons are prohibited from making recommendations in securities in which they have a material financial interest.

It is the Advisor's policy to not permit the firm or its agents to effect any agency cross securities transactions for Client accounts. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

It is the Advisor's policy to not effect principal transactions for Client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any Client.

### **Item 12 – Brokerage Practices**

The Advisor, in providing Portfolio Management Service(s), has discretion in the selection of broker/dealers. Frequently, the Advisor and its agents will select Sterne, Agee & Leach as the broker/dealer of record for maintaining Client accounts and executing transactions on behalf of Clients.

For assets held at Sterne, Agee & Leach, Synergy will receive a portion of commissions received for any transactions executed through the broker/dealer as a branch office of Sterne, Agee & Leach. Agents of the Advisor, in serving as a broker/dealer representative of Sterne, Agee & Leach, will receive a percentage of commissions received by Synergy. Synergy nor its agents receive any other transaction related fees. Any research received by the Advisor and its agents is not based on the volume of transactions routed through its broker/dealer as such research is made available regardless of volume of transactions or fees. Any research obtained can be used in servicing the Clients of the Advisor and is not contingent upon Client's assets or frequency of transactions.

Inherently, Synergy does have a conflict of interest to recommend Sterne, Agee & Leach in order to receive additional compensation, in the form of commissions, rather than providing the most favorable execution to a Client. By recommending the use of Sterne, Agee & Leach, the Advisor may be unable to achieve most favorable execution of Client transactions, which may cost Clients more money than if the execution was done through another broker/dealer. The Advisor has adopted policies for the review of transactions along with the quality of executions as part of its procedures on best execution to mitigate potential negative consequences to the Client, such as the payment of higher commissions relative to the enhanced ability of the Advisor and its agents to service Clients. The Advisor has also adopted practices for the review of accounts.

The Advisor does not receive any referral fee in recommending Sterne, Agee & Leach or any other broker/dealer for routing transactions to a particular broker/dealer for Portfolio Management Services.

The Client is advised that not all advisers recommend, require, or request their Clients to direct brokerage through a particular broker/dealer, whether affiliated or not affiliated. Accordingly, the Client may have more flexibility in the selection of a broker/dealer through which to direct brokerage at an adviser other than Synergy.

In the execution of transactions, the Advisor may aggregate transactions into a single order for various Client accounts. The Advisor permits its agents to engage in such a practice if the action will be of positive impact to the Client. By aggregating transactions, the Advisor may be able to reduce transaction costs and time necessary to individually place transactions for each Client account. In those cases where aggregation is not utilized, Clients may receive multiple execution prices and increased transaction-related charges. Depending on movements in the price of securities being traded, each individual Client may or may not receive a better execution price for aggregating orders versus not doing so. The Advisor has adopted policies concerning the aggregation of orders for Client accounts.

### **Item 13 – Review of Accounts**

The Chief Compliance Officer and any designee he/she may appoint are daily reviewing transactions in Client accounts. A sample of accounts is monitored by the Chief Compliance Officer. In such a review, the Chief Compliance Officer is evaluating transaction history relative to the Client's profile and the underlying agent's compliance with firm policies and fiduciary standards. Additional account reviews may be triggered by a specific Client request; a customer complaint; or, as needed, based on activity levels within an account. A sample of financial plans will be reviewed as needed by the Chief Compliance Officer.



Agents of the Advisor are responsible for continuously monitoring Client accounts in taking into account the client's profile, various events (i.e. political, market, etc.), and changes in securities and companies that are currently being held by a Client. Agents providing financial planning services are responsible for reviewing such financial plans in accordance to any contractual agreements entered into by the Client.

At the present time, Synergy does not provide any reports regarding the assets and account(s) of Clients. The qualified custodian provides no less than quarterly account statements concerning the Client's assets.

#### **Item 14 – Client Referrals and Other Compensation**

The Advisor does not compensate any person or entity for Client referrals. The Advisor does not receive any economic benefit from anyone or any entity other than the Client.

#### **Item 15 – Custody**

The Advisor does not serve as a qualified custodian. All Client assets are maintained with a qualified custodian. Clients will receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains Client's investment assets. Synergy urges you to carefully review such statements. The Advisor does not provide alternative statements.

For all states in which the Advisor is deemed to have "custody" because Client fees for advisory services are withdrawn from the Client's account(s) through debiting, the Advisor will: 1) send an invoice or similar purpose document to the custodian or trustee at the same time an invoice or similar purpose document is sent to the Client; 2) will require the custodian of the Client's assets to send quarterly statements to Clients showing all disbursements for the Client's account, including the amount of the advisory fees; and 3) will request from Clients written authorization permitting the Advisor to be paid directly for Client's accounts held by the custodian of the Client's assets or trustee.

#### **Item 16 – Investment Discretion**

The Advisor usually receives discretionary authority from the Client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold, broker or dealer to be used, and commission rates to be applied. The Advisor obtains such authority through the execution of an advisory agreement which provides for and Client consents to discretionary authority being granted to the Advisor. The Client reserves the right, with agreement by the Advisor, to request and have their assets managed on a non-discretionary basis.

In all cases, discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Client account. When selecting securities and determining amounts, the Advisor observes the investment policies, limitations and restrictions of the Clients for which it advises. For registered investment companies, the Advisor's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Investment guidelines and restrictions must be provided to the Advisor in writing.

The Advisor maintains discretion on the selection of brokers/dealers to be used, unless agreed to otherwise by the Client and Advisor. The Advisor will frequently recommend Sterne, Agee & Leach to serve as a broker/dealer, which enable agents of Advisor, who are often registered as broker/dealer representatives of Sterne, Agee & Leach, to have some discretion on the amount of commissions to be paid.

#### **Item 17 – Voting Client Securities**

As a matter of policy and practice, the Advisor does not have any authority to and does not vote proxies on behalf of Clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in Client portfolios. The Advisor may provide advice to Clients regarding the clients' voting of proxies. All proxies or other

solicitations for proxy voting come directly from the custodian or transfer agent and not from the Advisor. Clients having questions about proxies or other solicitations may contact their agent at the Advisor. Contact information for the agent is provided for in the ADV Part 2B, which provides contact and other details concerning the agent.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the Advisor's financial condition. The Advisor has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. The Advisor has not been subject to any bankruptcy petition at any time.

The Advisor can manage Client assets on a discretionary or non-discretionary basis pursuant to the terms and conditions stated in Section 4 and the agreement executed between the Advisor and Client. For those Client's assets managed on a discretionary basis, discretion is limited to the purchase and sale of securities and investments, with discretion as to which securities and investments are to be bought or sold, the amount of transactions, and the timing of transactions. The Advisor does not have discretion with respect to the deposit, remittance, and transfer of Client securities and funds.

The Advisor does not solicit prepayment of more than \$500 in fees per Client six months or more in advance.

### **Item 19 – Requirements for State-Registered Advisers**

The Advisor, to the best of its knowledge, has disclosed all material conflicts of interests herein throughout this document regarding the Advisor and its agents, which could be reasonably expected to impair the rendering of unbiased and objective advice. The Advisor does not charge performance-based fees, which is defined as an investment advisory fee based on a share of capital gains on, or capital appreciation of, Client assets. The Advisor does charge advisory fees based on assets under management, which is not defined as a performance-based fee. The Advisor nor its management has any relationship or arrangement with any issuer of securities.

Registered investment advisers that are registered with state(s) are required in this Item to provide you certain information concerning the Advisor's executives and management persons. Accordingly, the following information is being provided.

#### **Jeffrey D. Jones**

##### Year of Birth

1965

##### Education

Pfeiffer College, B.S. Sociology/ Criminal Justice, 1983-1987

Campbell School of Law, Juris Doctrate, 1987-1990

##### Business Experience

Synergy Investment Group, LLC, President, 08/2011-Present

Synergy Investment Group, LLC, General Counsel, 1998-Present

Synergy Investment Group, LLC, Broker/Dealer Registered Representative, 03/2001-03/2012

JBS Liberty Securities, Inc., President, 08/2011-Present

JBS Liberty Securities, Inc., Chief Compliance Officer, 06/2007-01/2012; 04/2012-Present

JBS Liberty Securities, Inc., Broker/Dealer Registered Representative, 06/2007-Present

##### Other Business Activities

In addition to Jones' role with the Advisor, Jones is engaged in other business activities. Jones serves as President of JBS Liberty Securities, LLC, an affiliate of Synergy Investment Group, LLC that is registered as a broker/dealer with FINRA, the SEC, and various states. Jones does not service clients nor sells any securities for Synergy Investment Group, LLC or JBS Liberty Securities, LLC. Jones also owns and operates Jones Law Firm, engaged in the practice of general law. He also owns and operates Jebito, LLC, a building leasing company.

#### Disclosure Events

The following disclosures are applicable to Jones.

On June 29, 2011, FINRA initiated an action alleging Synergy the firm failed to establish, maintain, and enforce an effective supervisory system pertaining to the receipt of securities certificates and private securities transactions conducted by registered representatives away from Synergy. More so, Synergy failed to timely disclose complaints, arbitrations, and an order issued by Nebraska to FINRA on registered representatives' registration form. Without Synergy admitting or denying FINRA's findings, the matter was resolved with Synergy accepting a fine of \$20,000 and censure.

On April 5, 2011, FINRA initiated an action alleging Synergy did not maintain adequate written supervisory procedures pertaining to the due diligence of private placements and did not enforce procedures that were in effect at the time regarding private placements. Without Synergy admitting or denying FINRA's findings, the matter was resolved with Synergy accepting a fine of \$20,000, a censure, and restitution payments to customers in the amount of \$148,750. Jeffrey D. Jones was fined in the amount of \$10,000 and was suspended from acting in a principal capacity for a period of 3 months.

On December 8, 2009, FINRA initiated an action alleging Synergy engaged in securities business while failing to maintain the required minimum net capital, maintained materially inaccurate net capital computations, and submitted inaccurate FOCUS IIA reports to the SEC and FINRA as a result of failing to reflect an unsecured debit balance on its books and records. Without Synergy admitting or denying FINRA's findings, the matter was resolved with Synergy accepting a monetary fine of \$25,000 and a censure.

On August 7, 2009, FINRA initiated an action alleging. FINRA alleged Synergy failed to adequately enforce its own procedures or otherwise comply with NASD regulations governing anti-money laundering. FINRA alleged the firm: 1) failed to establish and implement policies designed to detect and cause the reporting of suspicious customer activity; 2) failed to detect, investigate, and conduct due diligence when red flags associated with suspicious activity were present; 3) failed to file suspicious activity reports; 4) did not follow its supervisory procedures in not conducting an appropriate risk-based due diligence for correspondent accounts of foreign financial institutions and monitoring suspicious activity within those accounts; 5) did not file suspicious activity reports on individuals possibly engaged in insider trading; 6) failed to perform customer identification reviews in accordance to its procedures; 7) did not adequately test its anti-money laundering program for a period of two years; and 8) did not conduct training on anti-money laundering. FINRA further alleged Synergy 1) did not provide its customer documents disclosing the compensation being paid to foreign finders; 2) the firm used foreign finders who did not meet the requirements to receive such compensation; 3) confirmations to customers who were referred by foreign finders did not indicate a referral fee was being paid to the foreign finder; 4) failed to establish and maintain a supervisory system reasonably designed to achieve compliance rules relating to its foreign finders an foreign associates business; 5) failed to establish and maintain a supervisory system designed to achieve compliance with FINRA's advertising rules; 6) failure to approve additions and changes to the firm's web site; 7) filing to maintain all advertisements in a separate file; 8) failing to meet FINRA requirements that advertisements containing references to options, mutual funds, and variable annuities require filing with FINRA; 9) used advertisements that did not meet option communication standards; and using a web site containing links to misleading web sites and that contained exaggerated and unwarranted statements. Without Synergy admitting or denying FINRA's findings, the matter was resolved with Synergy accepting a monetary fine of \$75,000 and a censure.



On November 2, 2006, FINRA initiated an action against Synergy's affiliate, JBS Liberty Securities, for failing to file termination notices within required time periods. Without JBS Liberty Securities admitting or denying FINRA's findings, the matter was resolved with Synergy accepting a monetary fine of \$7,500 and a censure.

On April 4, 2006, FINRA entered into an action against Synergy and Jeffrey D. Jones, Chief Compliance Officer at the time and management personnel of Synergy, for failing to establish, maintain, and enforce a supervisory system reasonably designed to achieve compliance with laws, rules, and regulations concerning Synergy's on-line and discount brokerage business. Without Synergy or Jeffrey D. Jones admitting or denying FINRA's findings, the matter was resolved with Synergy and Jeffrey D. Jones accepting jointly and severally a monetary fine of \$25,000 and a censure with Jeffrey D. Jones being suspended from serving as a principal for ten business days.

On March 26, 2004, FINRA entered an action against Synergy and Jeffrey D. Jones, Chief Compliance Officer at the time and management personnel of Synergy, for failing to report transactions to FINRA through the Order Audit Trail System and failing to have adequate supervisory system for reporting events through the Order Audit Trail System. Without Synergy or Jeffrey D. Jones admitting or denying FINRA's findings, the matter was resolved with Synergy and Jeffrey D. Jones accepting jointly and severally a monetary fine of \$9,000 and a censure with requirements to correct its supervisory system.

On January 14, 2004, FINRA entered an action against Synergy and Jeffrey D. Jones, Chief Compliance Officer at the time and management personnel of Synergy, for receiving customer complaints and failing to report the customer complaints timely to FINRA. Without Synergy or Jeffrey D. Jones admitting or denying FINRA's findings, the matter was resolved with Synergy and Jeffrey D. Jones accepting jointly and severally a monetary fine of \$5,000 and a censure.

## **Joseph Hayes**

### Year of Birth

1955

### Education

Boston College, Economics Major, 1975-1978

### Business Experience

Sterne Agee Financial Services, Inc., Broker/Dealer Registered Representative, 03/2012-Present

Synergy Investment Group, LLC, Chief Compliance Officer, 04/2010-6/2011; 03/2012-Present

Synergy Investment Group, LLC, Investment Advisory Agent, 02/2007-Present

Synergy Investment Group, LLC, Broker/Dealer Registered Representative, 08/2005 –03/2012

JBS Liberty Securities, Inc., Chief Compliance Officer, 01/2012-04/2012

JBS Liberty Securities, Inc., Registered Representative, 06/2007-Present

### Other Business Activities

Joseph Hayes is not engaged in any other business activities.

### Disclosure Events

Joseph Hayes has been subject to one disclosable event. On August 24, 2004, a tax lien of \$4,830 was issued by the State of Maine. Hayes has indicated the matter involved him working for eight months in 1999 in Maine and that he did not receive notice of the lien until 2009. The matter is currently pending.

