



U.S. Capital Advisors®

## **USCA RIA LLC**

**1330 Post Oak Blvd., Suite 900  
Houston, Texas 77056  
(713) 366-0500**

**Firm website: [www.uscallc.com](http://www.uscallc.com) or [www.uscapitaladvisorsllc.com](http://www.uscapitaladvisorsllc.com)**

**April 29, 2013**

**FIRM BROCHURE  
Form ADV – Part 2A and 2B  
SEC File No: 801-70897**

This brochure provides information about the qualifications and business practices of USCA RIA LLC, the investment advisor subsidiary of U.S. Capital Advisors LLC. If you have questions about the contents of this brochure please contact us at the phone number above. 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 USCA RIA LLC is also available  
on the SEC's website at <http://www.adviserinfo.sec.gov>.

## ITEM 2 - MATERIAL CHANGES

This summary of material changes is part of that other-than annual amendment. Since our last update on March 31, 2013, this document has been amended as follows:

- Updated advisory services and included expanded descriptions of each program/service;
- Updated assets under management as of April 24, 2013;
- Added discretionary accounts managed by Financial Advisor, George Howe; and
- Expanded information under the heading, Other Financial Industry Activities and Affiliations including information regarding new affiliate, USCA Municipal Advisors LLC;

### ITEM 3 - TABLE OF CONTENTS

<b>ITEM 4 – ADVISORY BUSINESS.....</b>	<b>4</b>
THE FIRM.....	4
TYPES OF ADVISORY SERVICES.....	4
ADVISOR MODEL MANAGEMENT PROGRAM (“AMM”).....	4
SEPARATELY MANAGED ACCOUNTS (“SMA”).....	4
WRAP STRATEGISTS PROGRAM (“WSP”).....	5
PORTFOLIO ADVISING ACCOUNTS.....	5
GENERAL ADVISORY SERVICES.....	5
CUSTOMIZATION OF ADVISORY SERVICES.....	5
WRAP FEE PROGRAMS VS. NON-WRAP ADVISOR SERVICES.....	5
BREAKDOWN OF ASSETS OF UNDER MANAGEMENT.....	6
<b>ITEM 5 – FEES AND COMPENSATION.....</b>	<b>6</b>
HOW WE ARE COMPENSATED.....	6
FEE PAYMENT PROCESSES.....	6
OTHER TYPES OF FEES AND EXPENSES.....	7
PREPAYMENT OF FEES AND TERMINATION OF SERVICES.....	8
SALES CHARGES, SERVICE FEES AND OTHER FIRM COMPENSATION.....	8
<b>ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....</b>	<b>8</b>
<b>ITEM 7 – TYPES OF CLIENTS.....</b>	<b>9</b>
<b>ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....</b>	<b>9</b>
DISCRETIONARY ACCOUNTS MANAGED BY CHRISTIAN BAUMAN AND MATTHEW WEST.....	9
DISCRETIONARY ACCOUNTS MANAGED BY DAVID HARRIS.....	11
DISCRETIONARY ACCOUNTS MANAGED BY WILLIAM RICHARD HURT AND TITUS HOLLIDAY HARRIS III.....	11
DISCRETIONARY ACCOUNTS MANAGED BY DAVID KING.....	12
DISCRETIONARY ACCOUNTS MANAGED BY GEORGE HOWE.....	12
<b>ITEM 9 – DISCIPLINARY INFORMATION.....</b>	<b>12</b>
<b>ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....</b>	<b>12</b>
<b>ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....</b>	<b>14</b>
<b>ITEM 12 – BROKERAGE PRACTICES.....</b>	<b>14</b>
<b>ITEM 13 – REVIEW OF ACCOUNTS.....</b>	<b>16</b>
<b>ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION.....</b>	<b>16</b>
<b>ITEM 15 – CUSTODY.....</b>	<b>16</b>
<b>ITEM 16 – INVESTMENT DISCRETION.....</b>	<b>17</b>
<b>ITEM 17 – VOTING CLIENT SECURITIES.....</b>	<b>17</b>
<b>ITEM 18 – FINANCIAL INFORMATION.....</b>	<b>18</b>
<b>FORM ADV PART 2B – BROCHURE SUPPLEMENT.....</b>	<b>19</b>

## ITEM 4 – ADVISORY BUSINESS

### The Firm

USCA RIA LLC (“USCA RIA” or “the Firm”) is an investment advisor registered with the Securities & Exchange Commission (“SEC”)<sup>1</sup>. The Firm initiated business operations in 2010. In January 2011, the Firm changed its registration from Texas to the SEC. The Firm is affiliated with a registered broker-dealer, USCA Securities LLC, member FINRA and SIPC. Advisors of the Firm are dually registered with USCA Securities LLC. Both the Firm and USCA Securities are wholly-owned subsidiaries of U.S. Capital Advisors LLC (“USCA”), a Texas-based financial services firm that initiated business operations in 2010. The offices of USCA, and its subsidiaries USCA RIA and USCA Securities, are located at 1330 Post Oak Blvd., Suite 900, Houston, Texas 77056. USCA is a privately held Texas limited liability company. Approximately 24% of USCA is owned by individual investors, the remainder of the ownership units of the company are owned by, or currently reserved for, USCA employees.

### Types of Advisory Services

The types of investment advisory services available to clients of the Firm consist of the following: (i) discretionary management of client accounts by a qualified Firm Financial Advisor; (ii) discretionary management of separate client accounts by one or more third party money managers as recommended by a Firm Financial Advisor; (iii) actively managed third party portfolios of either mutual funds and/or ETFs where the Financial Advisor assists the client in selecting from target asset mixes and model portfolios to meet the client's investment objectives and risk tolerance; (iv) advice and services in connection with non-discretionary accounts utilizing various portfolio approaches and investment recommendations 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, review of accounts to assist with adherence to investment policy guidelines, financial planning and investment performance evaluations.

### Advisor Model Management Program (“AMM”)

This program allows select USCA Financial Advisors to act as discretionary portfolio managers for client accounts. The Financial Advisor will build and maintain a series of model portfolios designed to meet clients' investment objectives and risk tolerance (please refer to Methods of Analysis, Investment Strategies and Risk of Loss for more details). The Advisor has multiple tools to assist in constructing, trading, monitoring and rebalancing portfolios of equities, mutual funds and exchange-traded funds.

### Separately Managed Accounts (“SMA”)

This program offers clients discretionary professional asset management in separately managed accounts. The client has direct ownership of the securities in the portfolio. The third party portfolio managers can make minor adjustments to fit the portfolio to the client's situation, for example by restricting certain securities or accommodating existing securities owned by the client. In this program each security has a separate cost basis, so capital gains and losses can be

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<sup>1</sup> Registration with the SEC allows the Firm to conduct business only; it is neither an endorsement nor implication of a certain level of skill or training.

managed for tax purposes. The USCA Financial Advisor will recommend particular asset managers designed to meet client's investment objectives and risk tolerance.

### **Wrap Strategists Program ("WSP")**

This program provides actively managed third party portfolios of either mutual funds and/or ETFs. The USCA Financial Advisor assists the client in selecting from target asset mixes and model portfolios to meet the client's investment objectives and risk tolerance. The program may include regular rebalancing to maintain the client's agreed to asset allocation.

### **Portfolio Advising Accounts**

Non-discretionary accounts in which the Client's USCA Financial Advisor recommends portfolio approaches appropriate to the Client's investment objectives and risk tolerance and provides other services as requested by Client such as asset allocation, research, analysis and performance reporting.

### **General Advisory Services**

In connection with non-discretionary accounts, which may be wholly independent of USCA or maintained as USCA accounts, the Client's USCA Financial Advisor provides agreed to advisory services such as 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.

We offer wrap fee programs sponsored by Envestnet, such as the SMA and the WSP; we also utilize Envestnet's wrap fee administrative and technical services to co-sponsor AMM and Portfolio Advising Accounts. For more detail on the Envestnet wrap fee programs and platform, please see Envestnet Asset Management, Inc., Form ADV Part 2A Appendix 1 which is located <http://www.adviserinfo.sec.gov>.

### **Customization of Advisory Services**

The Firm offers a full range of investment advisory services which can be tailored to meet the specific objectives of each client. In order to provide appropriately customized services, the client's Financial Advisor will work with the client to obtain information regarding the client's financial circumstances, investment objectives, overall financial condition, income and tax status, personal and business assets, risk profile, and other information regarding financial and investment needs. Generally clients are permitted to impose reasonable restrictions on investing in certain securities or types of securities in their advisory accounts; however some restrictions may not be accommodated when utilizing ETFs, mutual funds or with respect to certain third party products or services made available through the Firm. 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.

### **Wrap Fee Programs vs. Non-Wrap Advisor Services**

The Firm offers clients "wrap fee programs" where clients are charged a single fee for combined advisory, brokerage, custody and processing services associated with the account. This single, combined fee is referred to as a "wrap fee" and is usually calculated as a percentage of the total assets under management. The Firm and the Financial Advisor receive a portion of the wrap fee.

Occasionally the Firm may provide clients limited advisory services for a fixed fee outside of a wrap fee program, this will occur where the client obtains brokerage, custody or processing services away from the Firm or separate from the Firm's programs. In such cases the client and the Financial Advisor will agree on the services to be provided and the fee to be charged for such services. Advisory services in such non-wrap accounts held away from the Firm may involve the Financial Advisor providing investment directions directly to the client or an agent to effectuate the investment decisions, whereas in wrap fee program accounts the Financial Advisor is generally able to effectuate the investment decisions directly. Therefore portfolio management services between wrap and non-wrap fee advisory accounts will differ primarily in the comprehensiveness and directness of the services provided.

### **Breakdown of Assets of Under Management**

USCA through its affiliates USCA Securities LLC and USCA RIA LLC manage total client assets of \$2.3 billion. As of April 24, 2013, USCA RIA LLC managed \$ 500,421,067 assets on a discretionary basis and \$ 345,318,871 assets on a non-discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

### **How We Are Compensated**

The Firm is compensated through the fees charged to clients for advisory services. The maximum allowed wrap fee that a client can be charged is 3%. In wrap fee program accounts where fees are calculated as a percentage of client assets the Firm retains only a portion of the fee charged; the rest is paid to the third party asset management platform used by the Firm to provide access to portfolio managers and related advisory services and programs selected by the client, if any, and to the clearing firm for providing execution, clearing and custodial services on the client account. The amount of such wrap fee that is paid to the third party platform and the clearing firm can vary depending on the services provided; the range can be as low as 9% of the total fee charged to a high of 90% or more. Of the remaining amount of the wrap fee that is paid to the Firm, a portion, generally 48%, is paid to the USCA Financial Advisor (or team of advisors) servicing the client relationship. The amount of the 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. Advisory fees outside of wrap fee programs may include charges to be paid by the Firm to the clearing firm and other third party providers; after deducting for any such charges, a portion of the remaining amount of the fee, generally 48%, will be paid to the USCA Financial Advisor (or team of advisors) servicing the client relationship and the remainder will be retained by the Firm.

### **Fee Payment Processes**

Generally clients in wrap fee accounts will pay fees quarterly through automatic deductions from their accounts. Fixed fees agreed to with clients outside of wrap fee programs, or fee based services on assets in DVP accounts or held with non USCA custodians, may be invoiced and paid by check or authorized debits as agreed to with the client. Other than occasional fixed fee agreements, in fee-based accounts the client will pay an annualized fee based on the total eligible assets under management. The rate, schedule of fees, or fixed fee amount will be set out in the Specific Services Addendum to the USCA RIA Client Agreement for Advisory Services. As reviewed and approved by the Firm, the Financial Advisor on the account is responsible for determining the

rate (or in fixed fee agreements, the amount) 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 selected third party advisory account programs, and complexity and mix of the portfolio. Quarterly fees are calculated by multiplying the market value of the eligible assets under management by the agreed to rate and then dividing by 4. Generally fees will be deducted from the client's account(s) within thirty (30) days following the end of the quarter in which the fees are incurred. Fee based accounts opened in mid-quarter will be assessed a pro-rated amount based on the number of calendar days remaining in the quarter. If a client deposits assets (cash and/or securities) with a market value of ten-thousand dollars (\$10,000) or more in an account on any given day after the inception of a calendar quarter the additional amount will become subject to fees before the end of the quarter. If for any reason fees are not automatically billed the Firm will manually bill the affected accounts the agreed to amount. Advisory fee billings will be reflected on the client's monthly account statement.

### **Other Types of Fees and Expenses**

Although clients will generally not be separately charged fees other than the wrap or asset based fee in an advisory account, the fee may not cover certain other charges and fees that occur in connection with transactions in the account. These costs and fees are typically 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<sup>2</sup>; (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. In addition to the additional costs noted above, clients may incur brokerage commissions or other charges, including contingent deferred sales charges ("CDSC"), imposed upon the liquidation of "in-kind assets" that are transferred to a managed account program and liquidated. Clients should be aware that if they transfer in-kind assets into a managed program, the assets may be liquidated immediately or at a future point in time which may incur a charge such as a CDSC. Clients may also be subject to taxes upon the liquidation of such assets. Clients should consult with their financial advisor and tax consultant before transferring in-kind assets into a managed account program. For more information on brokerage accounts and brokerage fees please refer to section titled Other Financial Industry Activities and Affiliations of this brochure. Other expenses include an IRA custodial fee of \$35 a year for IRA advisory accounts; transfer charges of \$50 for non-retirement accounts transferred away from the firm; and a \$75 termination fee for retirement accounts transferred away from the firm. Alternative investments may involve additional fees and charges, such as registration, custody and valuations fees charged by our clearing firm National Financial Services LLC ("NFS"), if NFS agrees to accept custody of such alternative investments. Other fees and charges will be disclosed in the respective offering documents. With prior written notice and agreement, clients may also be charged for performance reporting services provided by

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<sup>2</sup> 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.

Black Diamond, depending on the services selected such as aggregating multiple outside accounts and the size of the account or client relationship.

### **Prepayment of Fees and Termination of Services**

Generally fees are payable quarterly in advance. The client may terminate the relationship with the Firm, cancel a grant of discretion or convert an advisory account to a transaction based brokerage account at any time, effective upon receipt by the Firm of written notice from the client. Cancellation of the advisory fee agreement however generally requires 30 days written notice. Although a pro rata portion of the pre-paid quarterly fee will be reimbursed upon closing of the account (based on the number of days remaining in the quarter), the client may be charged for an additional 30 days after receipt of notice or closing of the advisory account. If a client terminates the advisory relationship with the Firm within the first twelve months, the Firm may impose an additional administrative fee of \$100 to offset associated termination costs. Notwithstanding the above, if the appropriate disclosure statement was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory contract with the Firm, the client has the right to terminate the fee contract without penalty, within five (5) business days after entering into the contract.

### **Sales Charges, Service Fees and Other Firm Compensation**

The Firm and its employees do not accept additional compensation in discretionary advisory accounts in the form of service fees for the sale of mutual funds (often referred to as 12b-1 fees). Such mutual fund fees that are paid to the Firm based on mutual fund investment activity in a client discretionary advisory account are offset against the fees charged to clients. If an investment is made in a fee based account that includes a sales charge included in the cost of the investment and paid to the Firm then the value of that investment will not be subject to assessment of fees for a 12-month period after the purchase.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The Firm and its employees do not charge performance based fees, which are fees based on a share of capital gains on or capital appreciation of client assets, and do not participate in side-by-side management, which refers to the practice of managing accounts that are charged performance based fees while at the same time managing accounts that are not charged performance based fees. Qualified advisory clients may choose to invest in certain alternative investments made available or recommended by their Financial Advisor which may charge performance based fees. Under an agreement between CrossCap Management Inc. ("CrossCap") and USCA, certain USCA clients may be introduced to CrossCap as potential investors in alternative investment funds managed by CrossCap affiliates. CrossCap receives fees for managing these funds based on the performance of the client's account in the fund and, pursuant to the agreement with USCA, will pay 35% of the total client fees, including any performance-based fees, to USCA. Performance based fees may create an incentive for CrossCap to make investments that are riskier or more speculative than would be the case in the absence of performance based fees. The potential to obtain 35% of the client fees charged, including the possibility of the performance based fees, may create an incentive for USCA to recommend that clients invest in the CrossCap funds, however it should be noted that none of the fees are paid



out to USCA Financial Advisors. In addition, USCA intends to use a portion of the fees paid to it under the agreement with CrossCap to offset clients' total fees charged by the CrossCap funds.

## **ITEM 7 – TYPES OF CLIENTS**

The Firm offers investment advisory services to individuals, trusts, estates, charitable organizations and business entities. All fee-based accounts opened with USCA RIA LLC are considered Firm advisory accounts and generally require an initial minimum portfolio value of \$50,000.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Firm clients may agree to a wide range of investment strategies in their advisory accounts, including higher risk or aggressive investment strategies. The Firm has four Financial Advisors who offer discretionary portfolio management of client assets held in accounts maintained by NFS. In addition, through arrangements with Envestnet Asset Management, one of the world's largest third party asset managers, and our clearing firm NFS, a Fidelity Investments company, the Firm offers clients a fee-based asset management platform called Managed Account Solutions ("MAS")<sup>3</sup>. Through the MAS platform clients can choose from over 600 investment disciplines. In formulating investment advice USCA Financial Advisors will generally use a mix of fundamental, technical and quantitative analysis. Generally investment strategies will include asset allocation and diversification along with a mix of growth and value strategies. Clients' stated investment objectives and risk tolerance will guide the Financial Advisor in making suitable recommendations. Clients should be aware however that investing in securities and following any investment strategy or approach involves a risk of loss that clients should be prepared to bear.

### **Discretionary Accounts Managed by Christian Bauman and Matthew West**

Mr. Bauman and Mr. West offer seven (7) separate discretionary portfolio approaches: Total Return; Balanced, Balanced Growth, Fixed Income, Tax Efficient, Dividend Growth, and S&P 100 Dividend Strategy. Mr. Bauman serves as the portfolio manager. Investments may include but not limited to index exchange traded funds ("ETFs"), sector ETF's, mutual funds, individual stocks and stock options. Accounts are diversified across multiple funds and issuers. At the time of purchase no single fund will represent more than 10% of the client's account assets; however the value of a fund may grow through market changes to 20% of the client's account assets before required rebalancing. The Total Return portfolio has a primary objective of capital appreciation and may consist of 100% equity funds. Mr. Bauman may supplement the portfolio with fixed-income funds under certain conditions as a hedge against declines in the equity markets. The Balanced portfolio has the objectives of both capital appreciation and current income and offers exposure to equity

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<sup>3</sup> For more information about the programs and services available through the Envestnet MAS platform please see Envestnet Asset Management, Inc. Form ADV which is located <http://www.adviserinfo.sec.gov>.

funds with about 60% of the portfolio. The remaining 40% will be allocated to fixed-income funds. The Balanced Growth portfolio is a traditional asset allocation model with an objective of diversification and long-term growth while attempting to reduce risk and overall volatility. This portfolio will vary in the asset allocation mix of stocks and bonds ranging from 30% to 70% stocks and 70% to 30% bonds; the managers selected will have an emphasis on the generation of alpha over time. Alpha is a measure of performance on a risk-adjusted basis (e.g., alpha takes the volatility of a fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's alpha). The Fixed Income portfolio has the primary objective of current income and preservation of capital. The portfolio is invested more conservatively with about 20% invested in equity funds. The balance of the portfolio will be invested in fixed income funds, consisting largely of high-quality (investment grade) corporates and/or U.S. government bonds. The Tax Efficient portfolio has an objective of current income and a target equity fund exposure of about 20%; in addition investments are made to be tax efficient where possible. Client accounts will be actively reviewed and monitored by Mr. Bauman and Mr. West and positions will be rebalanced to stay in line with the maximum amounts noted above. However due to market fluctuations there may be some lag in the rebalancing causing the amount of equity funds to exceed the maximum amount for short periods of time. The Dividend Growth portfolio is a quantitative and fundamental approach focusing on companies that have increased their dividends each year for a minimum of the last 10 years. Its primary objective is capital appreciation driven by growth reflected in a consistent rise in dividends. Its secondary objective is income received through the growing dividends. Stocks must meet certain criteria which screens for upper levels of both current and forecasted revenue and earnings growth. The S&P 100 Dividend Strategy seeks current income with potential for capital appreciation. The portfolio employs the use of covered calls and/or uncovered puts contingent upon the qualified or non-qualified status of the account.

These discretionary portfolios use leveraged and inverse exchange-traded funds (ETFs). A leveraged ETF generally seeks to deliver *multiples* of the daily performance of the index or benchmark that it tracks. An inverse ETF generally seeks to deliver the *opposite* of the daily performance of the index or benchmark that it tracks. Some ETFs are both inverse and leveraged, because they seek a return that is a multiple of the inverse performance of the underlying index. In addition to ETFs, some mutual funds are leveraged or inverse. To accomplish their objectives, leveraged, inverse and leveraged inverse funds use a range of investment strategies, including swaps, futures contracts and other derivative instruments. Each of the portfolio approaches may use inverse, leveraged or leveraged inverse funds as a way to profit from or hedge exposure to downward-moving markets. The use of leveraged and inverse ETFs may carry increased risk in volatile markets. FINRA has noted that while "such products may be useful in some sophisticated trading strategies; they are highly complex financial instruments that are typically designed to achieve their stated objectives on a daily basis. Due to the effects of compounding, their performance over longer periods of time can differ significantly from their stated daily objective. Therefore, inverse and leveraged ETFs that are reset daily typically are unsuitable for retail investors who plan to hold them for longer than one trading session, particularly in volatile markets."<sup>4</sup> Before using any leveraged, inverse or leveraged inverse ETF Mr. Bauman evaluates

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<sup>4</sup> See FINRA Regulatory Notice 09-31 at <http://www.finra.org> (from the FINRA home page go to Industry Professionals, then Regulation, then Notices) Additional information can be found at the FINRA website, see [www.finra.org/Investors/ProtectYourself/InvestorAlerts/MutualFunds/P119778](http://www.finra.org/Investors/ProtectYourself/InvestorAlerts/MutualFunds/P119778).

available information on the fund including how the fund is designed to perform, how it achieves that objective, the impact on performance from market volatility, the use of leverage and the appropriate holding period. The use of leveraged, inverse and leveraged inverse funds is monitored as part of the trading and hedging strategy. In addition no client account will hold more than 20% of its value in such funds. This 20% maximum may be exceeded for very short periods due to market fluctuations that necessitate portfolio rebalancing.

### **Discretionary Accounts Managed By David Harris**

Mr. Harris offers two portfolios, one that is equity-oriented and the other that is balanced. With respect to both equity and fixed income securities, Mr. Harris focuses on larger, higher quality companies, and those in less economically sensitive industries. In selecting investments for the portfolios Mr. Harris looks for balance sheet strength, high return on equity, excess free cash flow, steadily increasing dividends, and sustainable earnings growth. He generally employs a value approach that seeks to invest in companies when the stock price doesn't fully reflect the underlying fundamentals either because of a broad sell-off in the market or because of company specific issues that are over-discounted in the market, obfuscating the fundamental value of the business. He employs standard valuation metrics such as price/earnings ratio, price/book ratio and price/EBITDA ratio to determine a stock's attractiveness in terms of valuation. He tends to hold securities for many years, but he will sell if either the underlying fundamentals deteriorate or if a stock reaches over-valuation based on the metrics he uses. Mr. Harris diversifies the portfolios in terms of industry and sector, as well as geographically.

The allocation of Mr. Harris' Balanced portfolio may range from 25% to 65% fixed income, depending on market conditions and client requirements. The fixed income portion generally consists of individual high-grade bonds with maturities ranging from months to twenty years, depending on the yield curve and interest rate expectations; he may also invest in a global bond fund for added diversity. The Equity portfolio may occasionally invest in a closed-end fund or an exchange traded fund for additional diversification or sector or industry exposure. The Equity portfolio is generally designed for long-term growth with moderate risk and seeks to use dividend-paying investments where appropriate. The Balanced portfolio generally uses a total return approach, with moderate to conservative risk. In addition to the general market risks involved with all investments, the use of long-term value strategies may present the risk of opportunity costs since value strategies are generally less volatile but may reflect less growth and return than the general market in certain market environments.

### **Discretionary Accounts Managed By William Richard Hurt and Titus Holliday Harris III**

Mr. Hurt and Mr. Harris each offer flexible, customized discretionary portfolio management as agreed to with their individual clients. The suitability of the portfolio approach is determined based on information obtained regarding each client's financial situation, goals, investment objectives, risk tolerance, time horizon and other relevant considerations. Regardless of the specific management style chosen, each client's account is managed within the parameters of the client's financial situation, need for liquidity, investment objectives and instructions. In managing client portfolios Mr. Harris and Mr. Hurt may each employ a wide variety of methods, including charting, fundamental analysis and technical analysis to make investment selections and strategy decisions.

### **Discretionary Accounts Managed By David King**

Mr. King offers two portfolio approaches, an Equity Income portfolio and a Large Cap Growth & Income portfolio. The Equity Income portfolio will generally focus on energy and related industries and will typically concentrate investments in MLPs, Gas utilities, Electric Utilities, Energy & Petroleum, Coal and Shipping and may also invest in special situations in high yielding closed-end funds. The portfolio may select investments that employ leverage and hedges. Portfolio selections will generally be based on a history of, or potential for, attractive annual dividend growth. The portfolio employs a "Core-Satellite" approach with larger core positions that stay in the portfolio between 1 and 3 years, along with smaller trading positions with average holding periods of between 30 days and 6 months. A typical portfolio may have between 10 to 15 core positions and between 5 to 10 trading positions. Generally clients will not transfer existing positions into the portfolio. The Large Cap Growth & Income Portfolio will focus primarily on large, well established ("blue chip") United States based companies with the objective of the total portfolio having a higher dividend yield than that of the S&P 500. The portfolio will also typically include smaller allocations to international equities and U.S. mid cap and small cap stocks. The portfolio has a total return goal, meaning investments will be selected for capital appreciation and/or dividend income potential. Clients will be allowed to transfer in existing positions which will be evaluated by Mr. King and held, reduced, or replaced as determined by Mr. King in order to balance the need to mitigate the realization of capital gains taxes and the desire to enhance returns and portfolio quality. The primary risk for both portfolio approaches is the volatility that comes with full exposure to the stock market.

### **Discretionary Accounts Managed by George Howe**

Discretionary accounts managed by Mr. Howe are generally offered to clients seeking growth with an investment horizon greater than 5 years. Mr. Howe employs a flexible model approach, offering 3 models: 100% equity; 70/30 equity/fixed income; and 60/40 to 50/50 equity/fixed model. He typically invests in individual equities and bonds, with some ETFs and mutual funds. He customizes the holdings in individual client accounts as necessary to meet their specific circumstances. Mr. Howe's discretionary management approaches contain general market and investment risks such as credit, interest rate, and volatility risks.

## **ITEM 9 – DISCIPLINARY INFORMATION**

As a registered investment adviser, the Firm is required to disclose all material facts regarding any legal or disciplinary event that would be material to a client's evaluation of the Firm or the integrity of management personnel. The Firm and its management personnel have no legal or disciplinary events to disclose.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The Firm generally does not engage in business practices that present a conflict of interest with clients. However, from time to time USCA, USCA RIA and or its affiliates may engage in certain business practices or may receive compensation or other benefits that create a potential for conflict between the interests of clients and the interests of USCA and its subsidiaries. USCA and

its subsidiaries, including USCA RIA, generally address potential conflicts of interest by disclosing them to clients through documents provided to clients, prior to entering into agreements with them. In addition, USCA RIA is subject to policies and procedures that require its employees to: provide investment advice that is appropriate for advisory clients (based upon the information provided by such clients); make full disclosure of all potential, material conflicts of interest; act with good faith in dealings with advisory clients; and seek to obtain "best execution" of advisory client transactions.

The Firm is affiliated with a registered broker dealer, USCA Securities LLC, and both companies are wholly owned by U.S. Capital Advisors LLC. USCA Securities LLC operates its brokerage business under a fully disclosed clearing relationship with NFS, a Fidelity Investments company. For this reason advisory clients will generally open a brokerage account with USCA Securities LLC and NFS and the custody, clearing and execution in such accounts will be handled by NFS. Through its clearing relationship with NFS, the Firm offers clients access to the MAS program and related services offered by Envestnet Asset Management. In connection with the Firm's clearing relationship with NFS and the related arrangement with Envestnet, Firm employees may receive certain limited benefits from NFS and its affiliated companies such as business consulting and professional services, as well as payment or reimbursement of expenses such as travel, lodging, meals and related costs to attend conferences or meetings. The Firm's parent company USCA has agreed to a lending facility with NFS. Under the terms of the clearing agreement USCA may earn certain business development credits based on the amount of assets placed with NFS and USCA may use those credits to offset indebtedness of USCA under the lending facility. The potential and actual receipt of economic benefits by the Firm, its affiliate or its parent company from its relationship with NFS may present a potential conflict of interest and is a factor in USCA's choice of NFS for custody and brokerage services. The Firm however does not believe that these relationships present a material conflict of interest with clients.

Other affiliates of USCA RIA, under common control of the parent company USCA, include: USCA Municipal Advisors LLC; USCA Family & Estate Services; USCA Insurance Agency LLC; USCA Badger Midstream LLC; USCA CR Fund II Levered LP; USCA CR II Unlevered LP; and USCA LL&B Co-Investment LP. USCA Municipal Advisors LLC provides financial advisory services to municipalities and other governmental entities. USCA Family & Estate Services LLC offers tax consulting and services and estate planning to individuals and family offices. USCA Insurance Agency LLC facilitates the offering to clients of USCA RIA and USCA Securities of certain limited insurance products from major carriers. It does not conduct any independent insurance business or offer its own insurance products. The Badger, CR Fund and LL&B affiliates are entities formed by USCA to facilitate client investments in select private equity deals.

The Firm also has an agreement with Black Diamond Performance Reporting through which it offers performance-reporting capabilities to clients. The Firm may enter into additional relationships and arrangements in the future in order to offer clients additional services and service providers. The Firm does not believe that such relationships present a material conflict of interest with clients, but will disclose any potential conflicts if they arise.

The Firm's parent company employs Lea Connor, an attorney with expertise in corporate retirement and pension plans. In appropriate circumstances Ms. Connor will provide Firm clients general advice regarding their benefits under their corporate retirement and benefit plans and will conduct educational seminars on such topics. Ms. Connor may perform limited legal consulting

work outside of her employment by U.S. Capital Advisors LLC. Ms. Connor's legal consulting does not present material conflicts with the Firm or its clients, and Ms. Connor will not undertake any future work that presents any such conflicts.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

The Firm has a Code of Ethics as required by Rule 204A-1 under the Investment Advisers Act of 1940. The Code of Ethics contains provisions that remind employees of their obligations to clients and obligations to comply with federal securities laws, set forth standards of conduct, restrict personal securities trading and require reporting of personal securities transactions and holdings. Clients and prospective clients may request a copy of the Firm's Code of Ethics by contacting the firm, either through their Financial Advisor or by use of the number or e-mail on the front of this brochure.

The Firm does not buy and sell securities for its own accounts and does not permit the purchase or sale of securities on a principal basis from its clients, however it may from time to time effect trades on a riskless principal basis allowing for mark-ups and mark-downs. Financial Advisors may buy or sell securities identical to those securities recommended to clients and therefore may have an interest or position in certain securities that are also recommended and bought or sold to Clients. USCA has implemented policies designed to ensure that its employees will not put their interests before a client's interest. For example, employee trading is monitored to ensure that Financial Advisors do not trade ahead of clients or obtain a better price for themselves than for a client for the same securities traded on the same day. The Firm is required to maintain a list of all securities holdings for its associated persons. USCA employees are prohibited from trading on non-public information or sharing such information. The Firm conducts its securities and investment advisory business in accordance with all applicable Federal and State securities regulations. USCA and its subsidiaries do not maintain an inventory of investments for resale and does not buy or sell securities for itself that it recommends to (or purchases or sells for) clients.

## **ITEM 12 – BROKERAGE PRACTICES**

Advisory clients will generally have brokerage accounts with the Firm's affiliate USCA Securities LLC and its clearing firm NFS. USCA Securities selected NFS as its primary custodian/broker to hold client assets and execute transactions on terms that are advantageous when compared to other available providers and their services. In making this determination a wide range of factors was taken into account, including, (1) the combination of transaction execution services and asset custody services; (2) the ability to execute, clear and settle trades; (3) the ability to facilitate transfers and payments to and from accounts; (4) the range of available investment products and services; (5) quality of services and firm reputation, size and stability; and (6) price competitiveness.

The Firm does not receive research or other products or services other than execution from NFS in connection with client transactions. In other words the Firm does not use "soft dollars" to obtain

research or other services as allowed under Section 28(e) of the Securities and Exchange Act of 1934. The Firm is able to access certain research and other services through the affiliation with NFS and Envestnet, however those services are provided pursuant to the overall size of the relationship, generally as measured by the amount of client assets, and is not related to the costs charged to clients for investment transactions in client accounts.

USCA operates as a full service wealth management firm by offering brokerage services through its subsidiary USCA Securities LLC and advisory services through its subsidiary USCA RIA LLC. Firm clients therefore usually have accounts with and obtain services from both the Firm and its affiliated broker dealer USCA Securities LLC, and this approach is not in the nature of directing clients to a broker in exchange for client referrals.

For client accounts that NFS maintains, the Firm has determined that having NFS execute client trades is consistent with the Firm's duty to seek "best execution" for client trades. Best execution means the most favorable terms for a transaction based on all relevant factors. NFS actively manages customer orders through a proprietary order routing system, and monitors multiple execution quality criteria, execution price, price improvement, execution speed, and effective spread. NFS, through Fidelity Capital Markets, has an internal order flow management team that is independent from its market making and specialist desks. This team directs order flow to the best performing market makers and market centers. The order flow management team uses both internal and external technology to generate reports that identify any order that executes outside the National Best Bid or Offer ("NBBO").

Financial Advisors may "bunch" or aggregate transactions when trading individual equity and bond securities. All accounts that are allocated trades from a bunched order receive the average price of the execution of the bunched order. Generally aggregating trades can result in better prices than may be achieved through individual transactions and offer more efficient and consistent management of discretionary portfolios. Clients do not incur different costs for aggregated or non-aggregated trades.

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. In a brokerage relationship clients pay for trading and execution on a per transaction basis and any investment advice provided is considered incidental to the provision of the brokerage services. In an advisory relationship the primary service clients pay for is the provision of financial advice and in some cases the discretionary management of client assets either by a USCA Financial Advisor or a Third Party Manager. Certain portfolio managers, investment programs and levels of performance reporting may only be available to fee based advisory clients whereas other investments, for example mutual funds, may be purchased in either type of account. Whether transaction or fee based, the costs incurred in any investment account are impacted by many factors including the size of the portfolio, mix of product types, administrative or management fees and the level of trading. Therefore it is difficult to directly

compare the costs of a transaction based versus a fee-based account. A client may incur more or less costs in a fee based advisory account than making comparable investments separately in a transaction based brokerage account.

## **ITEM 13 – REVIEW OF ACCOUNTS**

All client transactions by Financial Advisors of the Firm are reviewed for suitability on a next day basis by a designated supervisory principal. Transactions in accounts managed on a discretionary basis by third party managers are not subject to per transaction suitability reviews by the Firm; instead the Firm will rely on the controls in place with the third party manager. Firm management will also review on an as needed basis client accounts that may be flagged for various reasons such as over concentration in a single security, heavily traded accounts or significant increases/decreases in performance. Summary reports for accounts managed on a discretionary basis by USCA Financial Advisors may be reviewed at the discretion of the designated supervisory principal, but not less than annually. The reviews will confirm quality standards and continued suitability with client investment objectives. The Firm does not verify performance data provided to it by third parties. Clients will receive (at a minimum) annual performance reports, which may be written or accessed electronically (or both) and will receive either quarterly or monthly account statements and confirmations in paper form or electronically through on-line access. Account statements reflect all securities and cash transactions in the account as well as current positions and values. Performance reports will aggregate data (provided by NFS and other custodians) for related accounts and will reflect holdings and values as well as performance data including comparisons to benchmarks.

On at least an annual basis the Financial Advisor will contact the client to update financial and personal information and to determine if there have been any changes in the client's investment objectives or personal circumstances that could impact the ongoing suitability of the Account. Reviews may also be conducted at the request of the client.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

With the exception of benefits we receive or may receive through our relationship with NFS (which are noted above under Other Financial Industry Activities and Affiliations), the Firm does not receive economic benefits from any non-client for providing investment advice or other advisory services to clients. The Firm does not compensate any person or entity for client referrals.

## **ITEM 15 – CUSTODY**

Generally Firm advisory accounts require opening a brokerage account with a clearing firm where the transactions will occur. The Firm currently has a clearing relationship with NFS and may enter into similar clearing relationships with other qualified clearing firms. Through its clearing



relationships, the Firm arranges for execution of trades, custody of all client assets, and the provision of account statements and confirmations either in paper form or through on-line access. In its sole discretion, the Firm may provide advisory services to clients who have other custodial arrangements for their advisory accounts, understanding that any such non-standard arrangements will impact fees and the level of available services and reporting. The custodian is responsible for providing clients account statements and confirmations. Therefore the NFS or other custodian's account statements and confirmations are the only official record of activity in client accounts and clients should carefully and timely review such account statements and confirmations and contact the Firm if there are any problems or concerns. The account information from NFS will be provided to third parties under proper confidentiality provisions in order to provide clients robust performance reports. Other than the performance reports from such third parties using the custodian's data, the Firm will not provide its own account statements to the client.

## **ITEM 16 – INVESTMENT DISCRETION**

Firm advisory accounts require written authorization from the client granting discretionary authority to: (1) automatically deduct fees from the accounts; (2) provide data on the accounts as necessary to provide performance reporting; and in some cases to (3) make investment decisions and direct the purchase and sale of securities in the accounts without first contacting the client; or (4) make limited discretionary trades to rebalance the portfolio to an agreed to asset allocation. The discretion granted may allow the Firm to direct third parties to allow the deduction of fees and to share account data for performance reporting purposes. The discretionary authority to direct investments in the account may be granted by the client to a specific qualified USCA Financial Advisor or to qualified Third Party Managers. USCA Financial Advisors and Third Party Managers who are granted discretion by the client act as Portfolio Managers on the selected advisory accounts. Any limitation to the trading authorization that the client wishes to impose on the Portfolio Manager must be submitted in writing by the client and agreed to by the Portfolio Manager.

Clients have full access to USCA Financial Advisors, including any that may act as a discretionary portfolio manager. The Firm has no established restrictions on the ability of clients to contact and consult with third party Portfolio Managers other than requiring that the USCA Financial Advisor be involved or informed as appropriate. The Firm cannot guarantee that a third party Portfolio Manager will be available to meet client requests or will provide the amount or scope of access that a client may want.

## **ITEM 17 – VOTING CLIENT SECURITIES**

The Firm will not provide notice, render any advice, or take any action in connection with proxies or class action litigation associated with securities purchased or held in client accounts and the granting of discretion in connection with the management of client accounts will not impose any such obligation on the Firm. Certain third party asset managers with whom clients invest through the Firm may adopt policies for proxy voting, which will be disclosed to the client by the third party

manager. Generally clients will receive their proxies or similar solicitations directly from the custodian or transfer agent and not from the Firm.

## **ITEM 18 – FINANCIAL INFORMATION**

The following statements conform to the specific requests required by the SEC with respect to this portion of this Form ADV brochure. The Firm does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. The Firm has discretionary authority over client accounts but does not have custody of client assets. The Firm has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. The Firm has never been subject of a bankruptcy petition.

**FORM ADV PART 2B – BROCHURE SUPPLEMENT**

**April 29, 2013**

**USCA RIA LLC  
1330 Post Oak Blvd, Suite 900, Houston, Texas 77056  
(713) 366-0500**

**This Brochure Supplement provides information about the supervised persons of USCA RIA LLC which supplements the information provided in the rest of this Firm Brochure. Please contact the Firm's Chief Compliance Officer if you have any questions about the contents of this Brochure Supplement.**

**Additional information about the following supervised persons is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov):**

**David Harris and Ann Deaton**

**Christian Bauman and Matthew West**

**David King and Barry Guinn**

**Michael McConnell and Myles Scott**

**Daniel Vickery**

**Gil Beer**

**Titus Holliday Harris III**

**William Richard Hurt**

**Kim-Ha T. Nguyen**

**Jean Neustadt**

**George Howe**

## FINANCIAL ADVISOR INFORMATION

**Ann Deaton and David Harris** Mr. Harris and Ms. Deaton work as a team and are assisted in serving clients by Amabelle Cowan, Jackie Hampton and Elisa Flores. Mr. Harris and Ms. Deaton provide investment advice and services to advisory clients.

David Harris was born in 1956 and did undergraduate studies at Swarthmore College and Kalamazoo College. He earned a Certified Investment Analyst Management ("CIMA") certification from the Wharton School of Business at the University of Pennsylvania in 2003. Mr. Harris joined USCA as a Managing Director in December 2010, before that he was a Financial Advisor with UBS Financial Services from 2004 to 2010, Smith Barney from 1989 to 2004 and Drexel Burnham from 1978 to 1989. Mr. Harris has no material legal or disciplinary events. He is not engaged in any investment related business or occupation away from USCA and receives no additional compensation or economic benefits for providing advisory services to persons or entities that are not clients of the Firm.

Ann Deaton was born in 1955 and did her undergraduate studies at the University of North Carolina at Chapel Hill, graduating with a BS in political science in 1977. She earned a Master's in Public Policy, with a specialty in economics from the University of California at Berkeley in 1980. She obtained CIMA certification from the Wharton School of Business at the University of Pennsylvania in 1992. She joined USCA as a Managing Director in December 2010, before that she was a Financial Advisor with UBS Financial Services Inc. from March 2006 to December 3, 2010. Ms. Deaton previously held positions with financial services companies such as Redstone Consulting, Smith Barney and Davis, Hamilton & Jackson. Ms. Deaton has no material legal or disciplinary events. Ms. Deaton serves on the investment committee that oversees an investment consultant for a non-profit, the Greater Houston Community Foundation, but receives no compensation. She is not engaged in any other investment related business or occupation away from USCA and receives no additional compensation or economic benefits for providing advisory services to persons or entities that are not clients of the Firm.

**Christian Bauman and Matthew West** Mr. Bauman and Mr. West work in a team with Scott Selzer. The team is assisted in serving clients by Lindsay Scott, Monique Winningham, Stacy Davis, Katherine Garcia and Jack Tubbs. Mr. Bauman and Mr. West provide investment advice to advisory clients.

Christian Bauman was born in 1972 and earned two BA degrees from Tufts University in 1994. He has been a Certified Financial Planner ("CFP") since 2002. Mr. Bauman has been a Managing Director with USCA since October 2010. He was previously a Financial Advisor and Sr. Portfolio Manager PMP Program at UBS Financial Services Inc. from 2002 to October 2010 and from 1998 to 2002 he was a Financial Consultant and Certified Financial Manager with Merrill Lynch. Mr. Bauman has ten years of experience performing discretionary portfolio management for client accounts and completed portfolio manager training both at UBS Financial Services and Merrill Lynch. Mr. Bauman has no material legal or disciplinary events. He is not engaged in any investment related business or occupation away from USCA and receives no additional compensation or economic benefits for providing advisory services to persons or entities that are not clients of the Firm.

Matthew West was born in 1969 and earned a BA degree from Stephen F. Austin State University in 1994. Mr. West has been a Managing Director with USCA since October 2010. He was previously a Financial Advisor at UBS Financial Services Inc. from 2002 to October 2010 and prior to that he was a Financial Consultant with Merrill Lynch from 1997 to 2002. Mr. West has no material legal or disciplinary events. He is not engaged in any investment related business or occupation away from USCA and receives no additional compensation or economic benefits for providing advisory services to persons or entities that are not clients of the Firm.

**David King and Barry Guinn** Mr. King and Mr. Guinn work in a team along with Rachel Zick, Rae Leas and Leslie Rich. Mr. King and Mr. Guinn provide investment advice to advisory clients.

David King was born in 1969 and received a BA from the University of Texas at Austin in 1991. In 1994 he earned an MBA from the American University in Washington D.C. with a concentration in International Finance. He joined USCA as a Managing Partner in January 2011 where he leads the Institutional Client Group, prior to that he was a Managing Director with the Institutional Equities Group of UBS Financial Services Inc. where he worked from July 2002 until January 2011. Mr. King previously worked at Deutsche Bank. Mr. King holds the Chartered Financial Analyst Certification. Mr. King has no material legal or disciplinary events. He serves on the Board of Directors for Badger Midstream Energy, LP and is not engaged in any other investment related business or occupation away USCA and receives no additional compensation or economic benefits for providing advisory services to persons or entities that are not clients of the Firm.

Barry Guinn was born in 1977 and received a BBA from Texas A&M University in 2000. He joined USCA as a Managing Director in January 2011. From 2002 through 2011 he was a Financial Advisor with UBS Financial Services Inc. in its Institutional Equities Group; prior to that he worked for Deutsche Bank Securities. Mr. Guinn has no material legal or disciplinary events. He is not engaged in any investment related business or occupation away from USCA and receives no additional compensation or economic benefits for providing advisory services to persons or entities that are not clients of the Firm.

**Michael McConnell and Myles Scott.** Michael McConnell and Myles Scott work as team providing advice to advisory clients.

Michael McConnell was born in 1968 and obtained a BS in Economics with financial applications from Southern Methodist University in Dallas in 1990 and an MBA from Thunderbird School of Global Management, in Glendale, Arizona in 1991. Mr. McConnell joined USCA as a Managing Director in March 2011, prior to that he was a Financial Advisor with Morgan Stanley Smith Barney from May 2009 until March 2011. He was a Portfolio Manager for the equity fund Spring Street Partners from March 2001 through March 2007. He worked at Forest Hill Capital from March 2007 until February 2008. Between leaving Forest Hill Capital and joining Morgan Stanley he co-owned Stratoslegal Services. Mr. McConnell has no material legal or disciplinary events. He maintains the following outside business activities: serves on the Board of Managers for Greenbrier Minerals; serves as a Managing Member for CWSA Investments LLC; and serves on the Board of Directors for Badger Midstream Energy, LP. At this time, he is not engaged in any other investment related business or occupation away from USCA and receives no additional compensation or economic benefits for providing advisory services to persons or entities that are not clients of the Firm.

Myles Scott was born in 1981 and graduated from Brigham Young University Idaho in 2006 with a B.S. in Economics. He is a candidate to receive an M.B.A. from the Jones Graduate School of Business at Rice University class of 2013. Mr. Scott joined USCA in June 2012 as a Financial Advisor. Prior to joining USCA, Myles worked as a Financial Analyst at Merrill Lynch from November 2006 to June 2012. Mr. Scott has no material legal or disciplinary events. He is not engaged in any investment related business or occupation away from USCA and receives no additional compensation or economic benefits for providing advisory services to persons or entities that are not clients of the Firm.

**Gil Beer** was born in 1978 and obtained a BBA from Texas A&M University in 2001. He joined USCA as a Financial Advisor in January 2011 from UBS Financial Services Inc. where he had been a Financial Advisor since January 2006. Mr. Beer has no material legal or disciplinary events. He is not engaged in any investment related business or occupation away from USCA and receives no additional compensation or economic benefits for providing advisory services to persons or entities that are not clients of the Firm.

**Daniel Vickery** was born in 1971 and obtained a BS degree from Sam Houston State University in 1998. He became a registered representative at Morgan Stanley in 2001 and then moved to UBS Financial Services Inc. in December 2001. He completed Financial Advisor training programs and Morgan Stanley and UBS. He held the position of Branch Office Administrator at UBS from 2004 through 2008, then was a Registered Service Associate for UBS until September 2010 when he joined USCA as a Financial Advisor. Mr. Vickery has no material legal or disciplinary events. He is not engaged in any investment related business or occupation away from USCA and receives no additional compensation or economic benefits for providing advisory services to persons or entities that are not clients of the Firm.

**Titus Holliday Harris III** was born in 1960. He earned a Bachelor of Economics in 1982 from Washington & Lee University and in 1984 received a Masters of Business Administration in Finance from the University of Chicago. Mr. Harris joined USCA as a Managing Director in September 2011; prior to USCA he served as an Executive Vice President at Sanders Morris Harris Inc. from April 2003 through August 2011. Mr. Harris has the following securities registrations: FINRA Series 7 (General Securities Representative); Series 63 (State Securities Agent); and Series 66 (Investment Advisor Representative). Mr. Harris has no material legal or disciplinary events. He is not engaged in any investment related business or occupation away from USCA and receives no additional compensation or economic benefits for providing advisory services to persons or entities that are not clients of USCA.

**William Richard Hurt** was born in 1954. He earned a Bachelor of Arts in 1976 from the University of Virginia and in 1986 received a Masters of Business Administration in Finance from the University of Houston. Mr. Hurt joined USCA as a Managing Director in September 2011; prior to USCA he served as an Executive Vice President at Sanders Morris Harris Inc. from May 2001 through August 2011. Mr. Hurt was a Fund Manager with J.P. Morgan Investment Management from November 1990 through May 1998 and was a Senior Vice President at J.P. Morgan Private Bank from November 1998 through April 2001. Mr. Hurt was also a Vice President at Texas Commerce Bank from February 1981 through November 1990. Mr. Hurt has the following securities registrations: FINRA Series 7 (General Securities Representative); Series 24 (General Securities Principal); Series 63 (State Securities Agent); and Series 65 (Investment Advisor

Representative) Series 79 (Investment Banking). Mr. Hurt has no material legal or disciplinary events. He is not engaged in any investment related business or occupation away from USCA and receives no additional compensation or economic benefits for providing advisory services to persons or entities that are not clients of USCA.

**Kim-Ha T. Nguyen** was born in 1960. She earned a Bachelor's degree in Computer Science from the University of Houston. Ms. Nguyen joined USCA as a Managing Director in October 2011; prior to USCA she served as a Vice President, Investments at UBS Financial Services Inc., where she had been employed since September 1999. Ms. Nguyen is a Certified Financial Planner and also completed over 150 hours of advanced wealth advisor training. Ms. Nguyen has no material legal or disciplinary events. She is not engaged in any investment related business or occupation away from USCA and receives no additional compensation or economic benefits for providing advisory services to persons or entities that are not clients of USCA.

**Jean Neustadt, Jr.** was born in 1950. He graduated from St. Edward's University in Austin, Texas in May, 1973 with a Bachelor of Business Administration in Finance Management. Mr. Neustadt joined USCA as a Managing Director in December 2011. Mr. Neustadt started his career in 1974 with Rotan Mosle in Houston; he joined PaineWebber in 1991 and was a Financial Advisor with PaineWebber and its subsequent companies for the next twenty years until joining USCA. Mr. Neustadt has no material legal or disciplinary events. He is not engaged in any investment related business or occupation away from USCA and receives no additional compensation or economic benefits for providing advisory services to persons or entities that are not clients of USCA.

George Howe was born in 1955. He graduated from Duke University in 1978 with Bachelor of Science degree in Political Science, with a minor in Economics. Mr. Howe joined USCA as a Financial Advisor and Director in April 2013. He is based in Austin, Texas. Prior to joining USCA he was a Financial Advisor at Raymond James, where he had been since February 2003. He was an advisor with Axa Advisors from September 2001 until February 2003 and was Vice President, Sales with Hoovers Inc. from January 1999 through October 2000. He was a Vice President with Standard & Poors Inc. from May 1983 to January 1999. He has no material legal or disciplinary events. He is not engaged in any investment related business or occupation away from USCA and receives no additional compensation or economic benefits for providing advisory services to persons or entities that are not clients of USCA.

## **SUPERVISION**

The Firm's Financial Advisors are supervised by their Branch Managers. Patricia Trieglaff is the Houston Branch Manager. Mrs. Trieglaff has a BBA from Texas A&M University at College Station. She has been in the financial services industry for over 28 years, 22 years at UBS, with earlier positions at Drexel Burnham Lambert and Smith Barney. She has spent the last decade as a Branch Manager. Ford McTee is the Austin Branch Manager. Mr. McTee has a B.B.A. in Management from The University of Texas at Austin and is a Certified Financial Planner and a FINRA arbitrator. Prior to joining USCA in 2012 he was with Wells Fargo Advisors (and its predecessor firms Wachovia Securities and Prudential Securities) for 21 years where he held positions as a Branch Manager and Complex Manager. The supervision of the Firm's Financial Advisors involves review and approval of client accounts, oversight of the advisors' activities and

knowledge and familiarity with the business conducted by the Financial Advisors. Mrs. Trieglaff and Mr. McTee have extensive direct supervisory experience in all of these areas. They report to and are assisted in their supervisory duties by Mr. Mendenhall who earned a BS in Business Administration from Oregon State University in 1981. Mr. Mendenhall has more than 25 years of experience in financial services. He founded USCA and serves as its CEO; he is also the Designated Principal for USCA RIA LLC and USCA Securities LLC. From August 1990 through August 2009 he was with UBS Financial Services Inc., primarily in management roles. He served as a Managing Director and Market Area Manager for UBS Financial Services' largest Houston branch. Mr. Mendenhall, Mrs. Trieglaff and Mr. McTee are assisted in their supervisory responsibilities by USCA's management team, which consists of, , Julieta Sandoval, Chief Administrative Officer; Deborah Palmer, Head of Operations; Melissa McKee, Control Officer, Jack Repa, Chief Compliance Officer, and Steve Gott Sr. Compliance Officer and designated AML Compliance Officer.

## DESCRIPTIONS OF CERTIFICATIONS

**CIMA, Certified Investment Analyst Management** The CIMA certification signifies that an individual has met initial and on-going experience, ethical, education, and examination requirements for investment management consulting, including advanced investment management theory and application. Prerequisites for the CIMA certification are three years of financial services experience and an acceptable regulatory history. To obtain the CIMA certification, candidates must pass an online Qualification Examination, successfully complete a one-week classroom education program provided by a Registered Education Provider at an AACSB accredited university business school, and pass an online Certification Examination. CIMA designees are required to adhere to IMCA's Code of Professional Responsibility, Standards of Practice, and Rules and Guidelines for Use of the Marks. CIMA designees must complete 40 hours of continuing education credits, including two ethics hours, every two years to maintain the certification. The designation is administered through Investment Management Consultants Association ("IMCA").

**CFP, Certified Financial Planner** The CFP certification is a voluntary certification recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. CFP certification requires (i) a Bachelor's degree and completion of an advanced course of study addressing the financial planning subject areas including insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning; (ii) passing the comprehensive CFP Certification Examination; (iii) completion of at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and (iv) agreement to be bound by CFP Board's *Standards of Professional Conduct*. Continued use of the designation requires completion of 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*; and renewing the agreement to be bound by the *Standards of Professional Conduct* which require that CFP professionals provide financial planning services at a fiduciary standard of care.



**CFA, Chartered Financial Analyst** The CFA designation is a globally recognized, graduate level curriculum that focuses on securities analysis and portfolio management, while emphasizing the highest ethical and professional standards. Successful CFA candidates spend an average of 300 hours preparing for each of the three CFA exams. The average charter holder takes 4 years to pass all three tests. The exams are rigorous, as of June 2009, the CFA Institute reported an approximate about 35% pass rate for Level One exam pass and an approximate 50% pass rate for the Level 2 and Level 3 exams. The CFA curriculum requires in depth knowledge of economics, quantitative methods, financial reporting and analysis, corporate finance, equities, fixed income, derivatives, alternative investments, wealth planning, portfolio management and professional ethics. In addition to passing the three exams, CFA charter holders must have four years of approved work experience and have met certain professional and ethical requirements.