



Investment Advisor Disclosure Brochure

This brochure provides important information about the qualifications and business practices of USA Financial Securities Corporation. If you have questions about the contents of this brochure, please contact our compliance department at (888) 407-8198. The information contained in this document has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or any state securities authority. This brochure is being updated on March 21, 2024. Our previous brochure update was March 31, 2023.

Additional information about USA Financial Securities is also available on the SEC's website at www.adviserinfo.sec.gov.

Please consider carefully before becoming a client. USA Financial Securities is an SEC registered adviser, SEC File No. 801-68276. SEC registration does not imply a certain level of skill or training.

USA Financial Securities
6020 E. Fulton St., Ada, MI 49301
www.usafinancial.com/usaf-securities

ITEM 2: MATERIAL CHANGES

USA Financial Securities' last brochure update was March 31, 2023. Since then, we have added additional clarity surrounding representative portfolio fee schedules. We have expanded the information related to other industry affiliations and provided additional information surrounding conflicts of interest from these affiliations through common ownership by USA Financial Corporation. In Item 5, we also added the ability for USA Financial Securities to share information regarding client accounts with other members of their household. USA Financial Securities has discontinued use of T.D. Ameritrade (now Schwab) and removed all references to such. We added information surrounding USA Financial Securities' advisory services that include offering accounts with independent third-party money managers as well as advisory services that include permitting some representatives to offer investment strategies in a sub-adviser relationship with USA Financial Exchange, an affiliated TAMP.

Please read the remainder of this brochure as it contains other important information related to our business. Also, you can find our Form CRS in this document or on our website at <https://www.usafinancial.com/forms-and-disclosures>. The Form CRS is a relationship summary that provides simplified disclosures and information related to how you can engage with our firm and what conflicts or disclosures you should be aware of when working with us. The website contains the expanded disclosure information that could not fit within Form CRS's page-limit confines.

You may request a copy of our Brochure, including Form CRS, by contacting the compliance department at (888)407-8198. The ADV Brochure can also be found on our website: <https://www.usafinancial.com/forms-and-disclosures>.

Additional information about our firm is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any individuals affiliated with us who are registered, or are required to be registered, as investment adviser representatives of the firm.

TABLE OF CONTENTS

Item 2: MATERIAL CHANGES	2
Item 4: ADVISORY BUSINESS	4
Item 5: FEES AND COMPENSATION	7
Item 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	10
Item 7: TYPES OF CLIENTS.....	10
Item 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	10
Item 9: DISCIPLINARY INFORMATION	11
Item 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS AND CONFLICTS OF INTEREST	12
Item 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	14
Item 12: BROKERAGE PRACTICES.....	15
Item 13: REVIEW OF ACCOUNTS	16
Item 14: CLIENT REFERRALS AND OTHER COMPENSATION.....	16
Item 15: CUSTODY.....	18
Item 16: INVESTMENT DISCRETION	18
Item 17: VOTING CLIENT SECURITIES.....	19
Item 18: FINANCIAL INFORMATION.....	19

ITEM 4: ADVISORY BUSINESS

A. USA Financial Securities is an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Our firm is also registered as a broker-dealer. USA Financial Securities was founded in 1998 and is a wholly owned subsidiary of USA Financial Corporation. Michael Walters and Brent Enders own USA Financial. Detailed information regarding our owners, directors, and officers can be found by visiting: www.adviserinfo.sec.gov.

Our firm utilizes investment adviser representatives. Our representatives frequently work with individuals who are either planning for retirement or are currently retired, however, neither our firm nor our representatives specialize in any specific area or type of investment advice.

B. USA Financial Securities offers three categories of advisory services: financial planning, advisory account management, and representative guided investment strategies that offer limited distribution. Our representatives may charge a comprehensive financial planning fee and also receive an asset-based fee for any dollars managed on behalf of a client. In rare cases, upon firm approval, representatives may offer strategies for client investment. Financial planning is a comprehensive engagement process whereby the representative analyzes a client's entire investment portfolio in conjunction with their objectives, risk tolerance, and other relevant factors to determine an investment plan. Advisory account management may be a part of the financial-planning process, but clients can also have an advisory account without engaging in the financial planning process and vice versa. Advisory accounts are managed either on a transaction-based pricing method or an asset-based pricing method. Both methods are discussed in greater detail, below.

Financial Planning Services

USA Financial Securities' investment adviser representatives provide financial planning services. As mentioned above, financial planners use a comprehensive planning method. They help clients set and achieve long-term financial goals through investments, tax planning, asset allocation reviews, risk management analyses, retirement planning, and estate planning. USA Financial Securities collects important financial information from each client, and uses that information, along with any additional information communicated to the representative, to develop a plan designed to meet each client's unique goals and objectives.

Each client is advised that it remains the client's responsibility to promptly notify USA Financial Securities if there is ever a change in the client's financial situation or investment objectives for the purpose of reviewing and possibly revising USA Financial Securities' previous recommendations or services.

Additionally, as part of offering a holistic approach to advising clients, representatives may recommend the services of other professionals for certain non-investment topics, such as attorneys or accountants. In these cases, the client is under no obligation to engage the services of any recommended professionals. The client retains all discretion over all such decisions and is free to accept or reject any recommendation. If a client has engaged with such a professional, and a dispute arises thereafter, the client agrees to seek recourse exclusively from and against the engaged professional.

Financial planning fees may be charged in addition to commissions or asset under management fees. Clients are not obligated to follow USA Financial Securities' recommendations or to pursue the recommendations through USA Financial Securities. Clients have control over investment decisions - clients may place restrictions on investing in certain types of securities or engaging in various investment activities. It is important that clients communicate their investment goals and objectives, including any restrictions, to the investment adviser representative. An open and honest dialogue between each client and their financial professional will help facilitate a successful working relationship.

Representatives may provide ongoing advice for accounts that, for various reasons, need to be maintained at an external and unaffiliated firm. In these cases, the client understands that representatives may be limited in the advice they are able to provide and are dependent upon information provided by the client. Investment options may be limited to the selections made available within the external and unaffiliated account.

Advisory Account Management

USA Financial Securities and its investment adviser representatives can manage advisory accounts in two ways (essentially, the category of management is dictated by the way the fee is charged): transaction-based pricing or asset-based pricing. Clients pay a custodial and administrative fee ("C&A Fee") under both pricing structures. However, the C&A Fee is less on a transaction based pricing platform for the reasons described below. In addition to the C&A Fee, USA Financial Securities' advisers also charge a management fee. Under no circumstances will the management fee exceed 2.7%. USA Financial Securities receives a portion of the fees.

Transaction-Based Pricing Structure (Non-Wrap)

USA Financial Securities' transaction-based pricing platform provides clients with investment advisory execution, clearing, and custodial services, through our custodian, Pershing. As the name suggests, under the transaction-based pricing structure, you pay a lower C&A Fee because you pay for transactions individually as they occur in addition to the C&A Fee. If clients do not engage in frequent transactions, then transaction-based pricing structure is generally more advantageous because the C&A Fee is less, and clients only pay for transactions when and if they occur.

Asset-Based Pricing Structure (Wrap)

USA Financial Securities operates asset-based pricing programs at Pershing, a wrap-fee program. A wrap-fee program bundles various services together and charges an all-inclusive fee, named a "wrap fee" because it wraps around all services rather than charging a separate fee for each service.

Under an asset-based pricing structure, clients pay a higher C&A Fee because the transaction costs are included in the C&A Fee - the C&A Fee does not increase regardless of how many transactions each client makes. If clients engage in a high number of transactions in their account, the asset-based pricing structure is more ideal because they will generally pay less as transaction costs can add up over time.

Because wrap-fee accounts are charged a monthly fee, these accounts are typically best suited for investors who anticipate engaging in moderate to high levels of investment activity within their account. Infrequent trading is not supported by the fee structure, and clients with very little trading activity or account management are better served in a traditional commission based brokerage account or the transaction-based pricing platform.

For more information regarding our wrap-fee programs, please see our separate, wrap-fee brochure, [Appendix 1 - Wrap Fee Brochure](#).

Third Party Money Management

Representatives may provide access to the services and investment advisory service from third party, unaffiliated investment advisory firms. Representatives serve as the portfolio manager on these accounts and make strategic decisions and recommendations as to the strategies that would most appropriately align with the client's stated investment objectives. In these situations, the third party money manager shall have the day-to-day responsibility for the active discretionary management of the assets allocated to these strategies. USA Financial Securities' representatives shall evaluate the appropriateness of a particular strategy based upon a number of factors including investment objectives, management style, performance, reputation, financial strength, pricing and research.

In some scenarios, the third party money manager recommended by a representative permits investment in various strategies offered by independent and unaffiliated firms, and in some cases the third party offers a platform for individualized advice and recommendations from the representative.

In these situations, clients should obtain the Form ADV Part 2A Brochure from the third party money management firm through which their assets will be invested.

Representative Guided Investment Strategies

USA Financial Securities serves as a sub-advisor on the USA Financial Exchange platform (further discussed in Section 10: Other Industry Affiliations). USA Financial Securities affords the opportunity to investment adviser representatives to offer customized financial strategies to clients, referred to as "AIM" (Adviser as Investment Manager) Strategies. AIM Strategies allow representatives to offer unique investment options to clients that reflect the representative's investment philosophy. These strategies are exclusively distributed through USA Financial Exchange, an affiliate of USA Financial Securities. Clients that choose to invest in an AIM Strategy will require an account with USA Financial Exchange, which in turn will benefit USA Financial Securities as an affiliate through common ownership. Clients are able to request reasonable restrictions on investing in certain types of securities.

AIM Strategies have varying fee structures, determined by the representative.

Recommendations from representatives to invest in these customized strategies present a conflict of interest, as the representative serves as both the representative making the recommendation to the AIM Strategy and the strategy manager as well. Meaning, the representative will receive compensation twice: once to give investment advice on the overall portfolio and again will receive the strategy fee paid by the AIM Strategy that was recommended. This dual fee structure may incentivize representatives to prioritize the promotion of their own strategies over other alternative options.

C. USA Financial Securities provides investment advisory services that are specific to the needs of each client. Before making any investment recommendations, representatives will ascertain each client's investment objectives. Thereafter, USA Financial Securities will allocate and/or recommend the client allocate investment assets consistent with the client's investment objectives. The client may impose reasonable restrictions, in writing, on USA Financial Securities' services.

D. USA Financial Securities offers both wrap and non-wrap advisory account services to clients. Non-wrap services are assessed charges separately for each service, on an unbundled basis. These services include but are not limited to: trade costs, investment advisory fees, and custody fees. USA Financial Securities also offers wrap fee advisory accounts to clients. In a wrap fee account, the client will pay a single fee for the bundled services that would otherwise be assessed separately. In a wrap fee account, USA Financial Securities does receive a portion of the fee for compensation for its services.

E. USA Financial Securities supports discretionary and non-discretionary accounts. As of December 31, 2023, our firm was managing approximately \$268,691,644. Approximately \$173,955,595 was managed on a discretionary basis.

[Balance of page intentionally left blank.]

ITEM 5: FEES AND COMPENSATION

A. USA Financial Securities offers a variety of methods for investment planning and advisory accounts. In each of the avenues listed in Item 4, representatives will assess a fee, as described below. These fees are negotiated between the representative and the client based on the level and scope of overall investment advisory services to be rendered, which is based upon various objective and subjective factors. These factors include but are not limited to: the amount of assets placed under the representative's management, the level and scope of financial planning, and the complexity of the engagement. As a result of these negotiated fees, clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the other factors listed herein. Services provided by USA Financial Securities to any client could possibly be available from other investment advisory firms at lower fees. All clients and prospective clients should be guided accordingly.

The following is a summary of the fees charged by USA Financial Securities:

Financial Planning Services

USA Financial Securities' representatives charge fees for financial planning services. Clients can engage USA Financial Securities' advisors for financial planning services on an hourly, flat, fixed, or project-based fee. Fees are collected monthly in arrears for services rendered. Hourly fees cannot exceed \$500/hour and USA Financial Securities typically does not permit flat or project based fees to exceed \$75,000. However, fees may be negotiable when additional services are bundled with the implementation of a financial plan. Prior to paying any fees, you must sign USA Financial Securities' investment advisory agreement.

FINANCIAL PLANNING FEE REFUND POLICY - USA Financial Securities' refund policy permits you to request a 100% refund of all **hourly and/or project fees** paid within one year of signing the agreement. However, this refund policy only applies to financial planning fees; it **does not apply** to asset under management fees (i.e., transaction-based pricing fees and/or asset-based pricing fees).

Planning fees will vary between USA Financial Securities' representatives based on a variety of factors: geographical location, representative experience, magnitude of the work involved, etc. As a result, it is possible that some clients will be paying more or less for the same services than those utilizing another USA Financial Securities financial adviser representative.

Advisory Account Management

Fees may be negotiated between clients and the investment adviser representative, provided that the negotiated fee does not exceed 2.7%. USA Financial Securities receives a portion of the fee, as does the investment adviser representative.

FROM	TO	MAX FEE
\$0	\$100,000	2.70%
\$100,001	\$250,000	2.45%
\$250,001	\$500,000	2.20%
\$500,001	\$1,000,000	1.95%
\$1,000,000+		1.40%

Transaction-Based Pricing Structure (Non-Wrap)

In a non-wrap advisory account, fees are assessed separately, on an unbundled basis. As such, clients pay for each transaction in addition to USA Financial Securities' advisory fee and the custodial and administrative costs assessed by Pershing.

Pershing's Fee Schedule is as follows:

BASIS POINT CHARGE	15bps
Stocks	\$20.00 (+ \$0.025 per share)
Mutual Funds	\$20.00
Exchanges	\$4.00
UITs	\$20.00
Bonds - Corporate	\$20.00 (+ \$1.00 per bond)
Bonds - Other	\$20.00
CDs	\$40.00

If the USA Financial Securities' representative providing advisory services to the account does his or her own trading, the per-transaction brokerage costs may be less than those referenced above. How each representative trades will not affect your basis-point charge.

In addition to the assets-under-management fee and brokerage charges, custodians also charge annual maintenance fees and account termination fees on all IRA and qualified retirement plan accounts. These fees apply to all IRA and qualified retirement plan accounts, not just accounts at USA Financial Securities. These fees will appear on the account statement. Pershing will deduct administrative charges from the management fee.

Asset-Based Pricing Structure (Wrap)

In a wrap fee advisory account, clients pay higher custodial and administrative fees because the transaction costs are included/bundled within this fee. Clients that pay a higher fee in a wrap account will not pay for individual transactions. Pershing charges 0.30% for participation in their wrap fee program.

Representative Guided Investment Strategies

Representatives that are approved by USA Financial Securities to provide investment strategies to their clients charge a strategy fee for the management advice they provide to the overall strategy. This fee is different than the advisory fee the representative may charge to provide investment advice for each client's portfolio. These fees vary depending on the complexity of management and frequency of adjustments required for the investment strategy to be effectively implemented. As these strategies are exclusively distributed through USA Financial Exchange, the fee structure must align with the thresholds permitted by USA Financial Exchange's Form ADV Part 2A Brochure.

Third Party Money Management

In addition to the managers referenced above and below, USA Financial Securities has relationships with a number of third-party money managers. If clients choose to utilize the services of the third-party money manager, they will compete that money manager's new account paperwork (in addition to USA Financial Securities') and each money manager is responsible for opening the account and managing the assets contained within the account. Please note that each manager will have its own fee schedule and will adhere to its preferred billing frequency and method (e.g., monthly in arrears or quarterly in advanced). Please review the third- party money manager's ADV carefully for important information related to their business and methods of operation.

B. USA Financial Securities' billing frequency and method is monthly in arrears. However, some clients may transfer to us as part of a different billing frequency and methodology. In those instances, where USA Financial Securities has the power and ability to alter the billing arrangement, we will convert clients from their existing fee schedule to monthly in arrears. As the conversion process unfolds, some clients may be on different billing frequencies and methodologies than other clients for a period of time. Any clients who join

USA Financial Securities on an in-advance billing cycle but leave prior to completion of the conversion process and prior to the end of the billing cycle are entitled to a refund for the number of days between account termination and the end of the billing period. Please note, however, that this scenario is rare and there are only a limited number of accounts that require a conversion.

C. In addition to the fees outlined above, clients will pay various other fees associated with their account. Tax qualified accounts held at Pershing will pay \$44.50 per year in annual maintenance fees.

Fees paid to USA Financial Securities are separate and distinct from any fees and expenses charged by mutual funds, ETFs, or other investment pools (generally including a management fee and fund expenses as described in a prospectus). USA Financial Securities is not paid any portion of any fees and expenses imposed by mutual funds or ETFs held in an advisory account.

Additional information regarding brokerage costs associated with Pershing advisory accounts can be found in Item 5: Section A.

D. USA Financial Securities collects fees in arrears.

E. USA Financial Securities' investment advisor representatives may also operate as registered representatives of USA Financial Securities' broker dealer. Representatives operating as registered representatives are able to place client assets in commission-based brokerage accounts or fee-based advisory accounts. Mutual funds have many different fee structures/share classes. Class A mutual fund shares generally pay a commission up-front on the initial purchase, and investors can exchange between funds at the same mutual fund company without paying a new commission each time. Meanwhile, share classes designed for fee-based advisory accounts generally do not pay on-going commissions as representatives are paid advisory fees for providing ongoing management to the account already. The ability to utilize both compensation structures provides a conflict of interest and could incentivize a representative to recommend an account type based on compensation structure rather than client need.

Additionally, registered representatives may be licensed to recommend insurance products, including variable annuities or fixed indexed annuities. These investments typically pay both a commission to the representative upon purchase as well as ongoing payments (typically referred to as "trails"). Representatives may include the purchase of one or more insurance or annuity product in their recommendations. In these scenarios, there is generally not another compensation option available to the representative. This may, however, provide a conflict of interest incentivizing a representative to recommend an insurance product as part of a financial plan. Clients are under no obligation to implement any of the recommendations made in a financial plan. If a client chooses to implement the recommendations from their financial plan that includes insurance products, the client is not required to purchase such products through their representative or relationship with USA Financial Securities or any affiliates.

Clients have choices in how they work with USA Financial Securities, including how to receive advice, manage their account, and pay for services. Once a representative has created a financial plan based on a client's objectives, the client has the option to implement the plan elsewhere and with another unaffiliated representative should they choose. Representatives work with clients and include clients throughout the investing process to build an investment portfolio based on each client's financial situation, preferences, and goals. The investment portfolio can be implemented through an investment advisory account, brokerage account, or a combination of both. USA Financial Securities addresses these conflicts by making clients aware the conflicts exist through this Brochure. USA Financial Securities reviews each transaction to ensure the recommendations made to each client adhere to the applicable regulatory standards that apply to the recommendations being made. USA Financial Securities' Written Supervisory Procedures address conflicts of interest such as additional compensation.

F. Bear in mind that the majority of the transactions involving the above-mentioned products would likely ultimately result in compensation for those transactions. In the case of USA Financial Securities' representatives that are appropriately licensed to receive such compensation, USA Financial Securities would consider the compensation routine and customary compensation for such activities.

USA Financial Securities' Form CRS, which is distributed with each recommendation and as a part of the new account packet, provides an overview of the types of services offered by USA Financial Securities. Each client is encouraged to review these with their financial professional to determine the account type(s) or engagement that best fits their objectives.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

USA Financial Securities does not charge performance fees - that is, fees based on a share of capital gains or capital appreciation of the assets in client accounts.

Side-by-side management occurs when an investment adviser manages both performance-based fee accounts non-performance based fee accounts at the same time. Side-by-side management can result in conflicts of interest because there is an incentive to direct clients to performance-based fee accounts because the firm will, most likely, receive more fees. However, because USA Financial Securities does not charge performance fees, the Firm does not engage in side-by-side management and have no conflicts of interest relevant to side-by-side management.

ITEM 7: TYPES OF CLIENTS

USA Financial Securities provides investment advice to individuals, corporations and trusts. Many investment adviser representatives focus on retirement planning, therefore, a significant portion of USA Financial Securities' client base is comprised of pre-retirees and retirees.

USA Financial Securities does not place restrictions on who can engage in financial planning services. A determination will be made, based on the information available, whether a financial planning fee is suitable considering each client's unique financial situation, objectives, and goals. We require a minimum planning fee of \$100.

Our wrap-fee program platforms do require account values of at least \$15,000. Additional information regarding the wrap-fee platforms, including account minimums, is provided as part of **Appendix 1 - Wrap Fee Brochure**.

Client participation in any AIM Strategies offered by their representative may have their own minimum investment accounts. These account minimums are set by the representative that provides investment advice for the strategy and may vary. Minimum account sizes for investment in an AIM strategy are generally determined by the amount of assets necessary to effectively participate in the strategy. Depending on the investment strategy's holdings, too small of an investment may not be sufficient to purchase the appropriate proportions of holdings for the strategy to effectively pursue its objectives.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. USA Financial Securities' investment adviser representatives may utilize many different methods of analysis when developing each client's specific financial plan. For example, representatives may review past investments that had been made and compare those investments with current objectives to determine whether those investments are still a good fit, or he or she may use software to design a plan that supplements the client's current plan.

USA Financial Securities offers advice about a wide variety of investment types, including mutual funds, exchange traded funds, index funds, equity index annuities, fixed annuities, variable annuities, and unit investment trusts. Each client's unique situation and financial goals will dictate which investment products or strategies are appropriate.

B. All investments bear different types and degrees of risk. **Investing in securities involves risk of loss, which clients need to be prepared to bear.**

While investment advice is designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Obtaining higher rates of return on investments entails accepting higher levels of risk. USA Financial Securities' investment advice seeks to balance risks and rewards to achieve investment objectives. It is important to ask investment adviser representatives questions and request clarification if clients do not understand the risks associated with a particular investment or strategy.

USA Financial Securities strives to render our best judgment on behalf of our clients. Still, we cannot guarantee that your investments will be profitable or that there will be no losses in your investment portfolio. It is important for you to understand that while past performance is an important consideration with respect to any investment or investment adviser, it is not a reliable predictor of future performance. We strive to provide advice that will yield solid, long-term investment performance. However, many economic and market variables beyond our control can affect the performance of an investment portfolio and our investment advice does not guarantee success.

Additionally, financial plans that involve moving assets between qualified accounts could be subject to unintended tax consequences, or loss of features that were unique to the previously held account. Each recommendation to move qualified assets will be accompanied by a Rollover Analyzer report that is distributed to the client and explains the alternative options available to the client in addition to the recommendation.

ITEM 9: DISCIPLINARY INFORMATION

Beginning in 2019, the Securities and Exchange Commission's ("SEC") Enforcement Division began a national "sweep" investigation with respect to various types of revenue-sharing arrangements in the securities industry, including commonly used "sweep" programs for clients' short-term cash management. USA Financial Securities Corporation's ("USA Financial") clearing/carrying firm, Pershing, offers these arrangements to investors through our firm. To facilitate transfers or funds awaiting investment, many clients elect to participate in Pershing's "Choice Plus" cash sweep program and designate a money market fund available on Pershing's platform. Consequently, we were included in the SEC's "sweep - sweep". On August 3, 2021, USA Financial agreed to a settlement with the Commission in order to resolve the Commission's inquiry into our participation in Pershing's cash sweep program. A copy of that order is attached for your review.

During the relevant period of the SEC's investigation, 2015-2020, USA Financial participated in Pershing's Choice Plus program. The Choice Plus money market funds provided revenue sharing basis points to firms based on average fund balances. USA Financial's options, at the time spelled out in Pershing's schedule of available money market funds, were to participate in Choice Plus or utilize non-Choice Plus money market funds. By utilizing the Choice Plus program, participating investors did not incur brokerage fees or ticket charges on money market fund sweep deposits or later redemptions - critical cost-saving features for short-term cash management holdings. Moreover, we compared historical performance among the available MMF options, and Pershing informed us that revenue sharing did not affect these MMFs' investment returns to clients. So, we chose to participate in the program because we believed it was more advantageous to you based upon then-available information provided by Pershing.

In preparation of our response to the SEC staff, USA Financial spoke with our designated Pershing representatives on multiple occasions. Throughout our early 2020 communications with Pershing-then even knowing the reason and seriousness of the SEC's investigation-Pershing still never advised us that there was, in fact, an alternative MMF group available with the same client-favored features but without a revenue sharing component. Finally, on October 1, 2020, USA Financial was connected to Pershing's legal department. In that conversation, it was revealed to us that Pershing now maintains an additional MMF group, so-called "Group 0", in Pershing's Choice Plus program. As we now understand it, this "Group 0" provides all of the client benefits of the Choice Plus MMFs-no ticket charges, no transaction charges-but Pershing does not pay revenue sharing on "Group 0" funds. Pershing listed no "Group 0" option in its 2012 or 2016 clearing agreement schedules. Indeed, even Pershing's new designation-"Group 0" evidences that this alternative was not then in existence.

Pershing did not communicate the existence of any "Group 0" funds to USA Financial at any time prior to October 1, 2020-which came from a conversation USA Financial requested with Pershing's legal department, not from Pershing's business or operations teams. "Group 0" was not announced by Pershing and it was certainly not available to USA Financial when our Choice Plus MMF selections were made in 2012 and 2016. In short, until Pershing's legal department's revelation, we believed our "default" MMF selections were the best available for clients seeking short-term cash management solutions at the lowest available cost-i.e., without transaction costs or ticket charges.

USA Financial did not inform our advisers that Choice Plus provided our firm with revenue share nor did we promote or incentivize your financial adviser to recommend the Choice Plus MMFs over Pershing's other available MMFs-the goal being that each recommendation

was made on a neutral, case-by-case basis. USA Financial received, in the aggregate, an extraordinarily small amount of revenue sharing from Pershing over the entire five-year Relevant Period, illustrating the lack of significance our firm placed on Pershing's Choice Plus program. While some industry firms received 25% of their overall revenue from cash-sweep revenue, USA Financial's revenue share accounted for only 0.22% of our firm's overall revenue.

Nevertheless, our participation in the program constituted a conflict and we took corrective action as a result. We moved all clients away from MMFs that provide revenue share - it was never our intent to make money off this program and therefore, we have no interest in maintaining this type of arrangement as part of our business model. Additionally, we have deposited a portion of the revenue sharing we received from Pershing in a "fair fund" account for the benefit of all affected clients. Affected clients received a distribution from the Fair Fund. Finally, we paid a fine which was deposited into the U.S. Treasury.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. USA Financial Securities also conducts business as a broker-dealer. As a broker-dealer, we are regulated by the SEC, FINRA, and state regulators. SEC file number is 8-52342, and our CRD number is 103857.

Most of USA Financial Securities' investment adviser representatives are also registered representatives of our broker-dealer. The proportion of time each representative spends on securities brokerage, investment adviser, insurance and other activities varies from representative to representative. Clients should always feel free to ask their adviser investment representative about their activities.

B. USA Financial Securities does not have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

C. USA Financial Securities is a wholly-owned subsidiary of USA Financial Corporation. USA Financial Corporation also owns other companies: USA Financial Insurance Services Corporation ("USAF Insurance"), USA Financial Formulas Corporation ("USA Financial Formulas"), USA Financial Marketing Corporation ("USAF Marketing"), USA Financial Exchange Corporation ("USAF Exchange"), and USA Financial Protocol Corporation ("USAF Protocol"). USAF Insurance wholesales fixed insurance products to independent insurance agents. USAF Formulas is an SEC-registered investment adviser. USA Financial Marketing develops and distributes marketing and technology solutions for financial professionals. USAF Exchange is an SEC registered investment adviser offering advisory platform services to financial advisers and registered investment advisers. USAF Protocol serves as a marketing and brand-building resource for registered investment advisers.

Michael Walters is the chief executive officer of USA Financial and all subsidiaries and Brent Enders is the president.

USA Financial Securities obtains many of its representatives through its affiliates. Representatives who connect with USA Financial through one subsidiary typically elect to utilize USA Financial Securities as their broker-dealer/registered investment adviser. Additionally, USA Financial Securities maintains expense-sharing agreements with its affiliates, whereby certain administrative expenses are shared between two entities. These expenses include, but are not limited to, equipment rental, telephone services, health insurance, cleaning services, and a security system. These arrangements are essential to USA Financial Securities' ability to provide services to its clients.

USA Financial Securities Broker-Dealer

As mentioned in Item 10 Section A, USA Financial Securities operates as a broker dealer in addition to a registered investment advisor. Representatives who are registered with the broker-dealer have the ability to utilize both advisory accounts and commission accounts, depending on which recommendation is most appropriate for their client. This could potentially result in a conflict of interest should a representative's recommendations be driven by the possibility for increased revenue from utilizing an inappropriate account type that is not in line with the client's investment objectives or in their best interest. USA Financial Securities Written Supervisory Procedures address these possibilities and implement stringent supervision requirements to mitigate this conflict.

USA Financial Formulas

USA Financial Formulas' primary objective is to eliminate human emotion from the investing process. USA Financial Formulas does this by using a step-by-step, objective stock-selection process. The firm does not use money managers. USA Financial Formulas' stock selection criteria is based on a particular portfolio's objective, and then a formula selects only those equities that meet the qualification criteria.

USA Financial Formulas charges a strategy fee to investors that invest in USA Financial Formulas strategies through USA Financial Exchange.

USA Financial Formulas is an affiliate of USA Financial Securities and therefore, recommending USA Financial Formulas creates a conflict of interest because USA Financial Corporation gets paid more, overall, if clients invest in USA Financial Formulas rather than other unaffiliated money managers.

USA Financial Exchange

USA Financial Exchange is a registered investment adviser and an affiliate. USA Financial Exchange's core business is to offer operational support services, business support services (such as technology and marketing), and a turnkey asset management program to independent, registered investment advisers ("RIAs") for use with their clients (the "Clients").

USA Financial Securities operates as a sub-adviser on the USA Financial Exchange TAMP. This relationship poses a conflict of interest for USA Financial Securities as USA Financial Corporation gets paid more, overall, if a representative recommends assets to be allocated to a USA Financial Exchange account. Clients are not required to implement recommendations to open a USA Financial Exchange account.

USA Financial Insurance

USA Financial Insurance serves as both an FMO and wholesaler for many fixed annuity products, meaning, USA Financial Insurance gets paid for each annuity policy that is issued through this entity. USA Financial Corporation gets paid more overall if recommendations for annuity products are implemented using the representative and their affiliation with USA Financial Insurance. Clients are not required to implement recommendations with USA Financial Securities or USA Financial Insurance.

D. Each of the above mentioned affiliated entities presents a conflict of interest in that a recommendation to utilize any of the services provided by the affiliated entities, if implemented, would result in more compensation for USA Financial Corporation. This type of arrangement has the potential to influence USA Financial Securities' representatives to recommend strategies, services, or products offered through a USA Financial Corporation owned entity over those offered by an unaffiliated entity.

ADDITIONAL CONFLICTS

USA Financial Securities is a business. And, as a business, the goal is to make a profit so that the firm can continue to improve our services and product.. Their clients' best interests are USA Financial Securities' primary concern. There are, necessarily

conflicts of interest that arise in the financial services industry. A conflict of interest is anything that could cause USA Financial Securities to place its interests ahead of the client's. These conflicts are found everywhere in our industry, but USA Financial Securities tries to mitigate them and disclose them to clients so that they are informed. In this section, USA Financial Securities discloses conflicts that clients should understand and consider before investing.

RECRUITING ARRANGEMENTS AND COMPENSATION

Recruiting arrangements in the financial services industry are not uncommon - whether the payment is up front or in the form of additional compensation through affiliated entities. USA Financial does not offer up front recruiting bonuses. We do provide representatives with

transition support dollars to help with the cost and loss of revenue associated with moving brokerage or advisory firms. USA Financial Securities also wants our representatives to feel like partners. Therefore, USA Financial created the Advisor Legacy program. The Advisor Legacy program has many components, but most important in terms of conflicts, is the Advisor SHARES program. Advisor SHARES grants ownership interest to USA Financial's qualified representatives based on revenue submitted to USA Financial Securities and its affiliates. We do not favor one product or product category over another - representatives earn shares based on volumes submitted across the products and services our company offers. However, clients need to be aware of this program because it is an incentive for representatives to move to USA Financial Securities and place business with our firm. We believe we mitigate this risk by not favoring one product over another and maintaining strict suitability reviews and standards to ensure that all transactions are in the client's best interest.

12B-1 FEES IN BROKERAGE ACCOUNTS

As referenced in our Form CRS, USA Financial Securities receives 12B-1 fees from mutual fund companies when you purchase mutual funds within a brokerage account. USA Financial Securities eliminated 12B-1 fees for mutual funds purchased in advisory accounts based on our fiduciary duty as a registered investment adviser. This creates a financial incentive to make recommendations that result in the receipt of that compensation, i.e., recommending that clients open a brokerage account rather than an advisory account. Depending on the nature of the compensation, this financial incentive would give rise to conflicts relating to, for example, the types of investments, the fund families, the particular funds and the share classes of individual funds that we recommend, as well as the extent of trading representatives recommend. For instance, when USA Financial Securities receives 12B-1 fees in connection with mutual fund recommendations, USA Financial Securities has a financial incentive to recommend that clients invest in a share class that pays 12B-1 fees. The resulting conflict of interest is especially pronounced when share classes of the same funds that do not bear these fees are available to clients. However, USA Financial Securities mitigates this conflict on brokerage business by conducting account reviews to ensure that the costs associated with the account and the ongoing trading and maintenance of the account are in the client's best interest.

VARIABLE ANNUITY CONFLICTS

USA Financial Securities also has arrangements whereby we wholesale variable annuities. Currently, we wholesale variable annuities for Allianz and Lincoln Financial Group. By wholesaling these variable products, the insurance company pays USA Financial a portion of the commission that it would normally pay its internal wholesalers. This is a conflict of interest and creates a situation whereby we have an incentive to recommend the variable annuities we wholesale compared to variable annuities the firm does not wholesale. USA Financial Securities mitigates this risk by conducting an independent best interest review performed by securities operations professionals. Clients are not obligated to purchase these variable annuities and we have other variable annuities available that do not pay USA Financial Securities conflicted compensation.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. USA Financial Securities conducts its advisory business professionally and ethically, adhering at all times to relevant rules, laws, and guidelines. Accordingly, pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, USA Financial Securities has adopted a Code of Ethics. Copies will be provided upon request.

B. USA Financial Securities or its representatives may buy or sell securities for its or their own account(s) ("Proprietary Account(s)"), securities that we recommend to our clients, including clients that are related persons. Neither USA Financial Securities nor the firm's related persons are permitted to enter into, or have an interest in, an investment transaction that would create a conflict between their interests and the client's interests without fully disclosing the conflict to affected clients. Similarly, neither the firm nor their related persons are permitted to benefit, directly or indirectly, from transactions made in client accounts. Proprietary Accounts may benefit on the same basis and to the same extent as clients' accounts when each holds the same investment. USA Financial Securities does not allow "cross transactions" between clients or between clients and Proprietary Accounts.

C. USA Financial Securities and/or representatives of USA Financial Securities may buy or sell securities that are also recommended to clients, which purchases may be made in the separate capacity as a registered representative of a broker-dealer. This practice may create a situation where USA Financial Securities and/or representatives of USA Financial Securities are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a material conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if USA Financial Securities did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of USA Financial Securities’ clients) and other potentially abusive practices.

To address this material conflict of interest, USA Financial Securities has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of USA Financial Securities’ “Access Persons.” USA Financial Securities’ securities transaction policy requires that an Access Person of USA Financial Securities must attach the brokerage accounts of themselves or immediate household family members to a software program that captures information regarding trades placed in those accounts for supervision by a USA Financial Securities’ compliance team member.

D. Generally, investments may only be purchased for proprietary accounts simultaneously or after client purchases. Investments may only be sold simultaneously or after client sell-orders are completed. Exceptions may be made for personal securities trades that USA Financial Securities believes do not involve potential conflicts of interest, such as open-ended mutual funds, U.S. Treasury securities, and small amounts of stock or closed-end funds that have very large market capitalization and/or very high average trading volume.

ITEM 12: BROKERAGE PRACTICES

A. USA Financial Securities does not engage in any arrangements exchange research or other soft dollar benefits for directed brokerage. Additionally, USA Financial Securities does not engage in activities that exchange client referrals in return for directed brokerage.

USA Financial Securities supports a single custodial relationship with Pershing. USA Financial Securities selection of Pershing as a custodian is based upon several factors including financial strength, reputation, execution capabilities, pricing and service. Although the commissions and/or transaction fees paid by USA Financial Securities’ clients shall comply with USA Financial Securities’ best execution requirements, a client may pay a commission that is higher than another qualified broker dealer might charge to effect the same transaction, where USA Financial has concluded, in good faith, that the commission was reasonable.

The Firm is obligated to ensure orders are being sent to the markets in an efficient manner and to execute any transactions in the manner it believes is in the client's best interest. The Firm's primary consideration with regard to purchases and sales for its clients is obtaining the most favorable execution of the transactions needed to implement client's investment strategy.

Price received on an execution is obviously an important factor in determining best execution, but it is certainly not the only factor to consider. So therefore, in addition to reviewing execution prices, the firm conducts a comprehensive review of non price factors having a direct impact on overall execution quality. The areas reviewed include but are not limited to: 1. The custodian's overall pricing structure, 2. The custodian's execution capability during volatile market conditions, 3. The custodian's response to trade corrections, requests for information and general willingness, ability, facilities and infrastructure to work with regional broker-dealer and investment advisor firms, 4. The frequency of trade errors, 5. Confidentiality of orders, and 6. The custodian's overall financial strength and reputation.

B. USA Financial Securities does aggregate orders on its wrap-fee platform. Additional information regarding our firm's order aggregation policies can be found in our Wrap Fee Brochure.

ITEM 13: REVIEW OF ACCOUNTS

A. Every financial agreement and investment advisory account prior to the account being established is reviewed by a Principal Account Manager of USA Financial Securities. Before USA Financial Securities will execute an agreement with a client, we require representatives to submit, along with the agreement, a written document outlining the considerations that went into the recommendation or a copy of the written financial plan. USA Financial Securities' Principal Account Manager uses the information provided on each client's Client Profile, along with the written financial plan, to determine the appropriateness of the representative's recommendations. We also conduct period account reviews when supplemental documentation is submitted for an established financial plan, to ensure that the additional action is consistent with the original financial plan.

B. USA Financial Securities may conduct account reviews on other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections, and client requests.

C. Clients are provided, at least quarterly, with written transaction confirmation notices and/or regular written summary account statements directly from the broker-dealer and or custodian and/or program sponsor for the client accounts. USA Financial Securities may also provide a written periodic report summarizing account activity and performance. We urge our clients to compare the reports they receive from their representative with those received from the broker-dealer and/or custodian.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. Because USA Financial Securities is a registered broker-dealer, the firm will receive commissions on any products that clients purchase through the broker-dealer. This may or may not create a conflict of interest. Furthermore, commissions paid to USA Financial Securities may be higher or lower than those obtainable at other broker-dealers.

Many of USA Financial Securities' investment adviser representatives are also registered representatives of our broker-dealer. These representatives may receive additional compensation and/or commissions from the purchase and sale of stocks, mutual funds, variable annuities, other investment products, and insurance products through the broker-dealer. This compensation includes 12b-1 fees.

12b1 Fee Offset Policy

USA Financial Securities is dually registered as both an investment adviser and a broker-dealer. As a broker-dealer we receive 12b1 fees (sometimes called "trail commissions") from the sale of certain share classes of certain mutual funds. Depending on your circumstances and investment objectives, clients may pick and/or we may recommend mutual fund share classes that pay the firm 12b1 fees with respect to client purchases. Mutual fund prospectuses provide a full description of the types of fees and charges they impose, including 12b1 plans and related fees they pay to broker-dealers for distribution and shareholder servicing. Many but not all mutual funds offer share classes that pay 12b1 fees.

As an investment adviser USA Financial Securities strives to provide objective investment advice when representatives make recommendations, including the selection of mutual funds and share classes. In order to mitigate the conflict of interests, USA Financial Securities have adopted a "fee off-set" policy. ("12b1 Fee Off-set Policy"). Under USA Financial Securities' 12b1 Fee Off-set Policy the firm has instructed mutual fund companies and clearing broker dealers holding mutual funds in their accounts to credit all 12b1 fees USA Financial Securities receive to clients' investment adviser advisory accounts. USA Financial Securities' 12b1 Fee Off-set Policy is limited to the 12b1 fees that the firm actually receives with respect to mutual fund shares held in client account(s) with the firm. This includes 12b1 fees paid on mutual fund shares clients may already own when they establish an investment advisory services account with USA Financial Securities. The 12b1 Fee Off-set Policy is limited to the amount of advisory fees otherwise payable by clients to the firm with respect to USA Financial Securities' advisory services. Under the Investment Company Act of 1940 USA Financial Securities cannot rebate mutual fund brokerage commissions in excess of the amount of advisory fees chargeable to the client's account. While custodial account statements may differ in how the 12b1 Fee Off-set Policy is reported, client account statements should show a credit for the 12b1 fees the firm would otherwise have received for a client's mutual fund purchases.

As referenced elsewhere in this brochure, clients are not obligated to act upon any investment advice or recommendation USA Financial Securities and investment adviser representatives may give with respect to any mutual fund or any share class. Clients are not obligated to use the brokerage services the firm and registered representatives offer to purchase mutual fund shares. Clients may use the services of any broker-dealer of their choosing, whether or not affiliated with USA Financial Securities or the representatives. Clients may purchase mutual fund shares directly from some fund companies. However, our 12b1 Fee Off-set Policy is limited to the amount of 12b1 fees the firm would have otherwise received if not credited to the client's account.

For a more detailed discussion related to mutual fund share classes, including sales charges, fees, and other important considerations, please view our **Mutual Fund Share Class Disclosure** document. Clients may request a copy of this disclosure form from investment adviser representatives. Alternatively, a copy of the **Mutual Fund Share Class Disclosure** can be found on USA Financial Securities' website at: <https://www.usafinancial.com/forms-and-disclosures>.

Additionally, in order to provide the best service possible, USA Financial Securities offers clients the opportunity to invest with outside, third-party money managers. These arrangements generally work one of two ways. If USA Financial Securities refers clients to a third-party money manager, the firm is considered the solicitor, and the third-party money manager is the registered investment adviser. However, some third-party money managers simply provide investment platforms for USA Financial Securities to utilize, and while the third-party money manager executes trades and directs the management of client assets, USA Financial Securities retains its investment adviser status. Under both arrangements, USA Financial Securities receives a portion of the advisory fee the clients paid to the third-party money manager.

Finally, it is standard industry practice for registered representatives of broker-dealers to have marketing agreements with product suppliers. These suppliers may include mutual fund companies, variable annuity companies, unit investment trust companies or real estate investment trusts. These marketing agreements provide for payment of marketing expenses to the selling broker-dealer or its registered representative in addition to commissions. These fees are not normally a direct expense of a particular product but are paid by the sponsoring company to make up for costs incurred by the broker-dealer or its registered representative for marketing the product. USA Financial Securities employs investment adviser representatives, who in their capacity as registered representatives of a broker-dealer, may receive marketing allowances through the broker-dealer with respect to recommended products.

Cash Sweep Revenue

Pursuant to the SEC's sweep-sweep examination - discussed in **Item 9**, above, USA Financial has decided to no longer offer money market funds ("MMFs") that provide revenue sharing to our firm. For many years, USA Financial participated in Pershing's Choice Plus program and made sweep accounts available to its clients whereby the cash balance in a brokerage account at Pershing was automatically deposited or "swept" into an interest-bearing Bank Deposit Sweep Program account utilizing MMFs. Some of the Choice Plus MMFs provide revenue sharing to firms - some do not. To avoid a conflict of interest, we will no longer utilize MMFs that participate in revenue sharing. We will still have cash sweep MMFs available that provide the same client-centric benefits of the revenue-sharing Choice Plus MMFs-no ticket charges, no transaction charges-but Pershing will not pay revenue sharing on the funds we make available.

As part of discontinuing our participation in revenue-sharing MMFs, we transferred already-invested clients ("Legacy Clients") to other, similarly situated MMFs that do not provide revenue. Legacy Clients were allowed to opt out of the MMF we chose as a replacement. Upon opt out, Legacy Clients were given the option to remain invested in the revenue-sharing MMF and, as a result, consented to the revenue sharing arrangement. That being said, **we encourage all investors to choose MMFs that do not share revenue** and will continue to encourage Legacy Clients to move away from revenue-sharing MMFs. However, because Legacy Clients were given the right to opt out, they could be invested in MMFs that are not available to all investors. Moreover, it is important that all of our clients understand that USA Financial will continue to receive revenue on the revenue-sharing Choice Plus MMFs until all Legacy Clients transfer assets away to our preferred MMFs. The revenue share is minimal; however, the mere existence of this revenue is a conflict of interest and an incentive to keep assets invested in the revenue-sharing MMFs. We will not recommend sweep-eligible money market funds to new investors.

B. Generally, USA Financial Securities does not compensate any person or company, directly or indirectly, for client referrals. However, in very limited circumstances, we do maintain relationships with certain lead generation companies that put clients in touch with financial advisers. Specifically, our investment adviser representatives work with SmartAsset Advisors ("SmartAsset"). SmartAsset refers potential clients to

financial professionals in exchange for a referral fee. All clients referred as part of this arrangement have signed up and indicated that they want to be matched to a financial professional in their area. SmartAsset makes the introduction. Clients then choose if they want to work with the adviser - there is no obligation. The amount of the referral fee is determined between each financial professional and SmartAsset pursuant to a written agreement, but compensation will take the form of a retainer, a flat fee per referral, and/or a percentage of introduced capital. The referral fees are paid by the Advisor to whom you are matched, regardless of whether you become a client. No portion of the referral fee is paid by you, as the investor. Furthermore, the fees you pay for your financial professional's investment advice will not increase because of their arrangement with SmartAsset.

Neither USA Financial nor our investment adviser representatives are affiliated with SmartAsset.

ITEM 15: CUSTODY

This brochure covers USA Financial Securities' financial planning services and advisory platform services. Financial planning services are acquired by paying a fee - either up front, periodically, or on a project-by-project basis - therefore, no account is established. As such, clients will not receive statements.

For fee-based advisory accounts, USA Financial Securities' custodial relationship is with Pershing. Clients must select USA Financial Securities as their broker-dealer and clients must use Pershing as their custodian.

In all instances, clients will receive account statements directly from the firm's custodian. USA Financial Securities does not have custody of client funds or securities - all client funds and securities are held by the custodian. When clients receive their statement, it is important to review it carefully. If clients have questions, or find material discrepancies, please call USA Financial Securities at (888) 407-8198.

ITEM 16: INVESTMENT DISCRETION

USA Financial Securities' advisory program offers two account variations: non-discretionary and discretionary. Non-discretionary accounts restrict trading access to the client alone. Discretionary accounts allow investment adviser representatives to exercise investment discretion. Investment discretion grants investment adviser representatives the ability to determine which securities should be purchased or sold within a client's account. USA Financial Securities investment adviser representatives' discretion is limited. It only extends to buying and selling securities within a client's account - investment adviser representatives cannot transfer assets or engage in any other non-trading activity.

USA Financial Securities' investment adviser representatives do not automatically assume discretionary authority over client accounts. Clients must grant permission to engage in discretionary trading by signing the power-of-attorney documents found in the advisory agreement. Clients must sign this agreement and affirmatively grant their investment adviser representative limited discretion over their account. If clients do not grant their investment adviser discretionary authority, the client's account will be established as a non-discretionary account.

Additionally, please note that because fees are pulled from the cash portion of your account, if a situation arises where fees are owed to USA Financial Securities or the custodian and the client's account does not have enough cash to cover the fees, USA Financial Securities will place trades in the account in order to free up cash.

ITEM 17: VOTING CLIENT SECURITIES

USA Financial Securities will not be responsible for responding to proxies that are solicited with respect to annual or special meetings of shareholders of securities held in a client's account. Proxy solicitation materials will be forwarded to clients for response and voting.

Please also note that USA Financial Securities will not be obligated to take action or render legal advice with respect to securities or other investments that become the subject of legal notices or proceedings, including bankruptcies.

ITEM 18: FINANCIAL INFORMATION

Because USA Financial Securities has discretionary authority over client accounts, the firm is required to disclose, to clients, whether any financial conditions exist that would be likely to impair the firm's ability to meet contractual commitments. USA Financial Securities is pleased to report that no such financial issues or conditions exist at this time.

[Balance of page intentionally left blank.]