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This brochure provides information about the qualifications and business practices of Lonestar Registered Investment Advisors, PLLC. Being registered as an investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 866-785-5350 or by email at [info@4lonestar.com](mailto:info@4lonestar.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Lonestar Registered Investment Advisors, PLLC (IARD#144200) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

March 20, 2024

## **Item 2: Material Changes**

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### **Annual Update**

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

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

Since the last filing of this brochure on February 13, 2024 the following changes have been made:

- We have changed our relationship with third-party money manager Gradient Investments, LLC from a referring party to Co-Advisor.
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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 866-785-5350 or by email at: [info@4lonestar.com](mailto:info@4lonestar.com).

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## **Item 4: Advisory Business**

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### **Firm Description**

Lonestar Registered Investment Advisors, PLLC, ("LRI") was founded in 2007. Michael Byers is 100% owner, Managing Member and Chief Compliance Officer.

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### **Types of Advisory Services**

#### CO-ADVISOR

LRI has entered a Co-Advisor relationship with Gradient Investments, LLC (GI). LRI will provide information to each client regarding the services offered by GI as the portfolio manager. LRI will assist the Client to determine the appropriate model selection based on the Client's investment objectives and risk tolerance. LRI will have full discretion on an ongoing basis to select suitable models to maintain client's risk tolerance. LRI will share in the management fees charged by GI as described in Item 5 of this brochure.

LRI has entered into a Co-Advisor relationship with Flexible Plan Investments, Ltd. (Flex Plan). LRI will maintain ongoing relationships with Clients through personal contacts, including personal visits, email and telephone conversations, personalized follow-up mailings and presentations. LRI will initially and at least annually, consult with each Client regarding Client's financial condition, whether there have been any changes on the Client's financial situation or investment objective and whether the Client wishes to impose any reasonable restrictions on the management of the Client's account or reasonably modify existing restrictions. LRI will also initially, and as necessary, conduct an analysis to determine whether the selected strategies are prudent for the Client.

#### FINANCIAL PLANNING AND CONSULTING

Financial planning services include a comprehensive evaluation of an investor's current and future financial state and will be provided by using currently known variables to predict future cash flows, asset values and withdrawal plans. LRI will use current net worth, tax liabilities, asset allocation, and future retirement and estate plans in developing financial plans.

Services include but are not limited to a thorough review of all applicable topics including:

- Cash Flow Analysis & Management
- Education Funding
- Estate Planning
- Financial Objectives
- Identification Of Financial Problems
- Insurance Review
- Investment Management & Planning
- Retirement Planning
- Risk Management
- Tax Planning

A conflict of interest exists between the interests of the investment advisor and the interests of the client when a client is provided one service by LRI and can also be solicited for other services provided by LRI or their affiliated companies. The client always has the right to decide whether to act upon the investment advisor's recommendation. If the client elects to act on any of the recommendations they always have the right to do it through the professional of their choosing. Services are completed and delivered inside of ninety (90) days.

#### REFERRAL ARRANGEMENTS

LRI has legacy clients under a referral arrangement with Third-Party Money Managers ("TPM") to manage client accounts. No new clients will be under this arrangement. All TPMs

that LRI recommends must either be registered as investment advisers with the Securities and Exchange Commission or with the appropriate state authority(ies).

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### **Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each client are documented in our client files. LRI assists the Client in selecting the appropriate investment strategies on the TPM platform. Clients may impose restrictions on investing in certain securities or types of securities. Agreements may not be assigned without clients' prior written consent.

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### **Wrap Fee Programs**

LRI does not participate in wrap fee programs.

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### **Client Assets under Management**

LRI has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$0	\$0	

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## **Item 5: Fees and Compensation**

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### **Method of Compensation and Fee Schedule**

#### CO-ADVISOR FEES

#### ***Gradient Investments, LLC***

LRI has entered into a Co-Advisor Agreement with Gradient Investments, LLC ("GI"). GI is a Registered Investment Advisor registered with the Securities and Exchange Commission that provides investment portfolio advice and supervisory services.

GI offers an actively managed program of mutual fund and stock portfolios. The fee will be disclosed to the Client in the Investment Advisory Agreement and are negotiable. The Clients fee for these services will be based on a percentage of assets under management as follows:

<b>STRATEGIC PORTFOLIOS</b>			
	<b>Annual Fee</b>	<b>GI</b>	<b>LRI</b>
All Assets	1.90%	0.90%	1.00%

<b>TACTICAL PORTFOLIOS</b>			
	<b>Annual Fee</b>	<b>GI</b>	<b>LRI</b>
All Assets	1.75%	0.75%	1.00%

Traditionally, GI's Tactical Portfolio was billed with a max annual fee of 2.00%. Since GI is the sub-advisor to the Tactical Portfolio and will receive an annual fee of 0.20% from the ETF, GI has reduced its annual fee of the Tactical Portfolio so as not to double dip.

For example, a Client investing \$100,000 in the GI Tactical portfolio prior to November 2022 would pay an annual fee to GI of \$2,000 or  $\$100,000 \times 2.00\% = \textbf{\$2,000}$ . After November 2022 the same client would pay GI an annual fee of \$1,700 or  $\$100,000 \times 1.70\% = \$1,700$  and pay the internal fees of \$200 or  $\$100,000 \times 0.20\% = \$200$ . For a total of  $\$1,700 + \$200 = \textbf{\$1,900}$ .

ALLOCATION & DEFINED OUTCOME PORTFOLIOS			
	Annual Fee	GI	LRI
All Assets	1.65%	0.65%	1.00%

PRESERVATION PORTFOLIOS			
	Annual Fee	GI	LRI
All Assets	1.00%	0.40%	0.60%

CLIENT DIRECTED ACCOUNTS			
	Annual Fee	GI	LRI
All Assets	\$300	\$300	\$0

For Client Directed Accounts (CDA), GI will assist in the opening, closing and transferring of accounts. GI will not have discretion at any time on these accounts. Client is solely responsible for the assets held within the accounts and their values which could increase or decrease (potential loss of principal). GI will not execute trades in CDA accounts. GI exceptions will be made for withdrawals to client or assets transferred into a GI managed portfolio. GI will also provide performance reporting on these accounts and can furnish 3<sup>rd</sup> party analysis reports per the client's request. Similar services may be available through other sources for a lower fee.

These are flat fee schedules, the entire portfolio is charged the same asset management fee.

Example:

Portfolio	Calculation	Quarterly Fee
Strategic Portfolio:	$(\$750,000 * 1.90\%) * (91/365)$	\$3,552.74
Tactical Portfolio:	$(\$750,000 * 1.75\%) * (91/365)$	\$3,272.26
Allocation & Defined Outcome Portfolio:	$(\$750,000 * 1.65\%) * (91/365)$	\$3,085.27
Preservation Portfolio:	$(\$750,000 * 1.0\%) * (91/365)$	\$1,869.86

Fee Calculation: (Quarter End Value x Annual Fee %) x (Days in Quarter/Days in Year) + **\$15 Quarterly Service Fee\***

\* The \$15 Quarterly Service Fee is the technology fee charged per account or investment strategy for performance and other reporting. This fee is disclosed in our ADV Part 2A (Item 5: Fees and Compensation) and in our Investment Proposal and Contract (Schedule D: Schedule of Fees).

The above fees are negotiable. Fees are assessed quarterly in arrears based on the amount of the assets managed as of the end of the previous quarter. All management fees are withdrawn from the Client's account unless otherwise noted. GI will receive written authorization from the Client to deduct advisory fees from their account held by a qualified custodian. GI will pay LRI their share of the fees. LRI does not have access to deduct Client fees. Clients may terminate their account within five (5) business days of signing the investment advisory agreement without penalty or obligation. For terminations after the



initial five business days, GI will be entitled to a pro-rata fee for the days service was provided in the final quarter. GI will pay LRI their portion of the final fee.

#### Incentive Program - GI

In addition to the regular advisory fee, GI has instituted a long-term incentive arrangement by LRI can share in GI's portion of the management fee. This does not change the cost to the Client; it is a sharing arrangement paid from GI's portion of the advisory fee. The incentive arrangement will be paid annually according to the following table:

LRI quarterly AUM with GI	Participation rate in GI's fee
\$10,000,000	3.00%
\$25,000,000	10.00%
\$50,000,000	12.50%
\$75,000,000	15.00%

Once LRI reaches and maintains the thresholds listed above, the participation rate applies to all of the AUM for the quarter.

To receive the incentive award, LRI needs to meet two qualifications. First, the quarter end billable AUM must be above the threshold amounts specified. Second, LRI must be an advisor "in good standing" with GI at the time the annual checks are issued. "In good standing" means the advisor is proactively placing assets with GI.

#### FINANCIAL PLANNING and CONSULTING

LRI charges either an hourly fee or fixed fee based on complexity and unique Client needs for financial planning. Prior to the planning process the Client will be provided an estimated plan fee. Services are completed and delivered inside of ninety (90) days contingent upon the client's timely delivery of all required documentation to LRI.

##### HOURLY FEES

Financial Planning Services are offered based on an hourly fee of \$200 per hour based on complexity and unique client needs.

##### FIXED FEES

Financial Planning Services are offered based on a negotiable fixed fee with a maximum fee of \$2,500 based on complexity and unique client needs.

Fees for financial plans are due upon delivery of the completed plan.

Client may cancel within five (5) business days of signing Agreement with no obligation and without penalty. If the Client cancels after five (5) business days, any unpaid earned fees will be due to LRI.

#### REFERRAL FEES

LRI at times will recommend the services of TPM and receive a referral fee for recommending clients. The client will not pay additional advisory fees to the TPM for these services.

#### ***Gradient Investments, LLC ("GI") CRD 141726/SEC number 801-70812***

LRI has entered into a Referral Agreement with Gradient Investments, LLC ("GI"). GI is a Registered Investment Advisor registered with the Securities and Exchange Commission that provides investment portfolio advice and supervisory services.

GI offers an actively managed program of mutual fund and stock portfolios. The fee will be disclosed to the Client in the Investment Advisory Agreement and are negotiable. The Clients fee for these services will be based on a percentage of assets under management as follows:

<b>STRATEGIC PORTFOLIOS</b>			
	<b>Annual Fee</b>	<b>GI</b>	<b>LRI</b>
All Assets	1.90%	0.90%	1.00%

<b>TACTICAL PORTFOLIOS</b>			
	<b>Annual Fee</b>	<b>GI</b>	<b>LRI</b>
All Assets	1.75%	0.75%	1.00%

Traditionally, GI's Tactical Portfolio was billed with a max annual fee of 2.00%. Since GI is the sub-advisor to the Tactical Portfolio and will receive an annual fee of 0.20% from the ETF. This is to the clients benefit, as GI has reduced its annual fee so as not to double dip.

For example, a Client investing \$100,000 in the GI Tactical portfolio prior to November 2022 would pay an annual fee to GI of \$2,000 or  $\$100,000 \times 2.00\% = \textbf{\$2,000}$ . After November 2022 the same client would pay GI an annual fee of \$1,750 or  $\$100,000 \times 1.75\% = \$1,750$  and pay the internal fees of \$200 or  $\$100,000 \times 0.20\% = \$200$ . For a total of  $\$1,750 + \$200 = \textbf{\$1,950}$ .

<b>ALLOCATION &amp; DEFINED OUTCOME PORTFOLIOS</b>			
	<b>Annual Fee</b>	<b>GI</b>	<b>LRI</b>
All Assets	1.65%	0.65%	1.00%

<b>PRESERVATION PORTFOLIOS</b>			
	<b>Annual Fee</b>	<b>GI</b>	<b>LRI</b>
All Assets	1.00%	0.40%	0.60%

<b>CLIENT DIRECTED ACCOUNTS</b>			
	<b>Annual Fee</b>	<b>GI</b>	<b>LRI</b>
All Assets	\$300	\$300	\$0

For Client Directed Accounts (CDA), GI will assist in the opening, closing and transferring of accounts. GI will not have discretion at any time on these accounts. Client is solely responsible for the assets held within the accounts and their values which could increase or decrease (potential loss of principal). GI will not execute trades in CDA accounts. GI exceptions will be made for withdrawals to client or assets transferred into a GI managed portfolio. GI will also provide performance reporting on these accounts and can furnish 3<sup>rd</sup> party analysis reports per the client's request. Similar services may be available through other sources for a lower fee.

These are flat fee schedules, the entire portfolio is charged the same asset management fee.

Example:

Portfolio	Calculation	Quarterly Fee
Strategic Portfolio:	$(\$750,000 * 1.90\%) * (91/365)$	\$3,552.74
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Preservation Portfolio:	$(\$750,000 * 1.0\%) * (91/365)$	\$1,869.86

Fee Calculation: (Quarter End Value x Annual Fee %) x (Days in Quarter/Days in Year)  
+ **\$15 Quarterly Service Fee\***

\* The \$15 Quarterly Service Fee is the technology fee charged per account or investment strategy for performance and other reporting. This fee is disclosed in our Investment Proposal and Contract (Schedule D: Schedule of Fees).

The above fees are negotiable. Fees are assessed quarterly in arrears based on the amount of the assets managed as of the last business day of the quarter. All management fees are withdrawn from the Client's account. GI will receive written authorization from the Client to deduct advisory fees from their account held by a qualified custodian. GI will pay LRI their share of the fees. LRI does not have access to deduct Client fees. Clients may terminate their account within five (5) business days of signing the investment advisory agreement without penalty or obligation. For terminations after the initial five business days, GI will be entitled to a pro-rata fee for the days service was provided in the final quarter. GI will pay LRI their portion of the final fee.

If GI is authorized or permitted to deduct fees directly from the account by the custodian:

- GI will provide the Client with an invoice concurrent to instructing the custodian to deduct the fee stating the amount of the fee, the formula used to calculate the fee, the amount of assets under management the fee is based on and the time period covered by the fee;
- LRI will obtain written authorization signed by the Client allowing the fees to be deducted; and
- The Client will receive at least quarterly statements directly from the custodian which disclose the fees deducted.

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### Client Payment of Fees

Fees for Co-Advisor asset management services provided by TPM are deducted from a designated Client account by TPM to facilitate billing.

The Client must consent in advance to direct debiting of their investment account.

Fees for financial plans will be billed:

- Check – to be remitted by Client to LRI
- Electronic Payment via ACH, Debit Card, or Credit Card (fees will be paid via a third party payment processor in which the client will securely input payment information and pay the advisory fee through a secure portal. LRI will not have continuous access to the Client's personal information. LRI does not retain any client information after the client leaves the office)

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**Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities and exchange-traded funds. These charges may include mutual fund transactions fees, postage and handling and miscellaneous fees, internal management and administrative fees charged by mutual funds and ETFs (fee levied to recover costs associated with fees assessed by self-regulatory organizations). The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

For more details on the brokerage practices, see Item 12 of this brochure.

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**Prepayment of Client Fees**

LRI does not bill fees in advance.

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**External Compensation for the Sale of Securities to Clients**

Investment Advisor Representatives of LRI receive external compensation for sales of investment related products such as insurance as licensed insurance agents. From time to time, they will offer clients services from those activities.

This represents a conflict of interest because it gives an incentive to recommend products based on the commission received. As insurance agents, investment advisor representatives of the firm do not charge advisory fees on the insurance products they receive a commission on. A conflict may exist between LRI and the client if we are recommending insurance or advisory services to the Client which results in compensation. These types of recommendations will only be made if they are in the clients best interest. The Client always has the right to decide whether to act upon the recommendations of the firm and has the right to affect the recommendations through the professional of their choosing.

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**Item 6: Performance-Based Fees**

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**Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities and therefore does not engage in side-by-side management.

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**Item 7: Types of Clients**

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**Description**

LRI generally provides investment advice to individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, , corporations or business entities.

Client relationships vary in scope and length of service.

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**Account Minimums**

LRI does not require a minimum client net worth to provide financial planning services. Accounts managed by the TPM may have minimum requirements to open an account in certain portfolios as disclosed in the TPM ADV Part 2A.

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

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### **Methods of Analysis**

Security analysis methods may include fundamental analysis, technical analysis, and cyclical analysis. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis involves evaluating a stock using real data such as company revenues, earnings, return on equity, and profits margins to determine underlying value and potential growth. Technical analysis involves evaluating securities based on past prices and volume. Cyclical analysis involves analyzing the cycles of the market.

When creating a financial plan, LRI utilizes fundamental analysis to provide review of insurance policies for economic value and income replacement. Technical analysis is used to review mutual funds and individual stocks. The main sources of information include Morningstar, client documents such as tax returns and insurance policies.

In developing a financial plan for a client, LRI's analysis may include cash flow analysis, investment planning, risk management, tax planning and estate planning. Based on the information gathered, a detailed strategy is tailored to the client's specific situation. The main sources of information include financial newspapers and magazines, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

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### **Investment Strategy**

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement and Risk Tolerance Assessment that documents their objectives and their desired investment strategy.

TPM strategies will be described in their ADV Part 2A.

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### **Security Specific Material Risks**

All investment programs have certain risks that are borne by the investor. Our investment approach in client financial plans and TPM in managing client assets constantly keeps the risk of loss in mind. Investing in securities involves risk of loss that clients should be prepared to bear. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk. Risks involved in technical analysis are inflation risk, reinvestment risk, and market risk. Cyclical analysis involves inflation risk, market risk, and currency risk.

The specific risks associated with financial planning include:

- Risk of Loss
  - Client fails to follow the recommendations of LRI resulting in market loss
  - Client has changes in financial status or lifestyle and therefore plan recommendations are no longer valid

The risks associated with utilizing Third Party Money Managers ("TPM") include:

- Manager Risk
  - TPM fails to execute the stated investment strategy
- Business Risk
  - TPM has financial or regulatory problems

- The specific risks associated with the model portfolios of the TPM's which is disclosed in the TPM's Form ADV Part 2.

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## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

LRI and its management have not been involved in any criminal or civil action.

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### **Administrative Enforcement Proceedings**

LRI and its management have not been involved in administrative enforcement proceedings.

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### **Self-Regulatory Organization Enforcement Proceedings**

LRI and its management have not been involved in legal or disciplinary events related to past or present investment clients.

Please search our firm CRD number (144200) on <https://adviserinfo.sec.gov/> to view any disclosures.

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

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### **Broker-Dealer or Representative Registration**

Neither LRI nor any of its employees are registered representatives of a broker-dealer.

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### **Futures or Commodity Registration**

Neither LRI nor its employees are registered or has an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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### **Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Investment Advisor Representatives of LRI are also insurance agents for M&M Wealth Management PLLC dba Lone Star Wealth Management and some Investment Advisor Representatives offer insurance services through Texas Alliance Financial Services, PLLC dba Lone Star Financial Services. Greater than 50% of their time is spent in this practice. From time to time, he will offer clients advice or insurance products from those activities.

These practices represent conflicts of interest because it gives Mr. Byers an incentive to recommend products based on the commission amount received. This conflict is mitigated by disclosures, procedures, and the firm's fiduciary obligation to place to act in the best interest at all times. Clients always have the right to decide whether to purchase any insurance products. Clients have the option to purchase these products through another insurance agent of their choosing.

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### **Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

LRI is a Co-Advisor with a TPM to manage client accounts. In such circumstances, LRI receives referral fees from the TPM. This situation creates a conflict of interest. This conflict is mitigated by disclosures, procedures, and the firm's fiduciary obligation to place to act in the best interest at all times. Clients always have the right to decide whether to purchase any insurance products. Clients have the option to purchase these products through another insurance agent of their choosing. When referring clients to a TPM, the client's best interest will be the main determining factor of LRI.

Prior to selecting the TPM, LRI will ensure that they are properly licensed, or notice filed.

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

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### **Code of Ethics Description**

The employees of LRI have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of LRI employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of LRI. The Code reflects LRI and its supervised persons' responsibility to act in the best interest of their client.

One area which the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

LRI's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of LRI may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

LRI's Code is based on the guiding principle that the interests of the client are our top priority. LRI's officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to act in the client's best interests.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

LRI will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### **Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

LRI and its affiliated persons do not recommend to clients securities in which we have a material financial interest.

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### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

LRI and its affiliated persons may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as trading ahead of Client transactions, affiliated persons are required to disclose all reportable securities transactions as well as provide LRI with copies of their brokerage statements.

The Chief Compliance Officer of LRI is Michael Byers. He reviews all trades of the affiliated persons monthly. The personal trading reviews ensure that the personal trading of affiliated persons does not front run or disadvantage trading for Clients.

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### **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

LRI does not have a material financial interest in any securities being recommended. However, affiliated persons may buy or sell securities at the same time they buy or sell

securities for Clients. In order to mitigate conflicts of interest such as front running, affiliated persons are required to disclose all reportable securities transactions as well as provide LRI with copies of their brokerage statements.

The Chief Compliance Officer of LRI is Michael Byers. He reviews all trades of the affiliated persons monthly. The personal trading reviews ensure that the personal trading of affiliated persons does not front run or disadvantage trading for Clients.

## **Item 12: Brokerage Practices**

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### **Factors Used to Select Broker-Dealers for Client Transactions**

LRI does not recommend the use of a particular broker-dealer and clients engaging GI for investment management must use the custodian required by GI.

- *Directed Brokerage*  
LRI utilizes TPMs and therefore it does not take direction from clients as to what broker-dealer to use. LRI does not allow Client directed brokerage accounts.
  - *Best Execution*  
Investment advisors who manage or supervise client portfolios have a fiduciary obligation of best execution. LRI does not manage Client accounts.
  - *Soft Dollar Arrangements*  
LRI does not maintain any soft dollar arrangements.
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### **Aggregating Securities Transactions for Client Accounts**

LRI does not trade for its or its client's accounts and therefore aggregation of securities transactions is not applicable.

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## **Item 13: Review of Accounts**

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### **Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed quarterly by Michael Byers, Chief Compliance Officer. Account reviews are performed more frequently when market conditions dictate. Financial Plans are considered complete when recommendations are delivered to the client and a review is done only upon request of client. Investment Advisor Representatives of the firm will meet with clients who have engaged GI to manage their portfolio at least annually.

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### **Review of Client Accounts on Non-Periodic Basis**

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

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### **Content of Client Provided Reports and Frequency**

Clients receive account statements no less than quarterly for managed accounts. Account statements are issued by the TPM's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs.



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

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### **Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

LRI receives a portion of the annual management fees collected by the TPM to whom LRI refers clients. In addition, financial consultants may be eligible for cash and non-cash compensation including bonuses, recognition trips and other benefits. Some of these programs may be financed in whole or in part by unaffiliated third parties, including TPMs, which may influence some representatives to favor those managers. See the prior sections entitled “Fees and Compensation” and “Other Financial Industry Activities and Affiliations” for more details regarding compensation and conflicts of interests.

This situation creates a conflict of interest because the firm and/or its Investment Advisor Representative have an incentive to decide what Third Party Money Managers to use because of the higher referral fees to be received by the firm. However, when referring clients to a third party money manager, the client's best interest will be the main determining factor of the firm and its representatives.

LRI's investment advisor representatives may receive certain benefits from Gradient Investments, LLC (and/or its affiliated companies) based on achieving certain production thresholds. These thresholds are not based on the sale of any specific product or specific product type. These incentives include marketing assistance, access to technology, office support, and business trainings and trips. While some of these benefit the client, such as technology and training, some do not. This creates a conflict of interest because it gives an incentive to the representative to meet this threshold. This conflict is mitigated by disclosures, procedures and the firm's fiduciary obligation to act in the client's best interest. Clients are not required to use Gradient Investments, LLC or any of its affiliated companies.

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### **Advisory Firm Payments for Client Referrals**

LRI does not compensate any third parties for client referrals.

## **Item 15: Custody**

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### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide written account statements directly to clients at their address of record at least quarterly. Clients are urged to compare the account statements received directly from their custodians to the performance reports and invoices prepared by the TPMs and promptly notify LRI of discrepancies.

## **Item 16: Investment Discretion**

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### **Discretionary Authority for Trading**

LRI does manage client accounts and therefore does not accept discretionary authority.

## **Item 17: Voting Client Securities**

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### **Proxy Votes**

LRI does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

## **Item 18: Financial Information**

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### **Balance Sheet**

A balance sheet is not required to be provided because LRI does not serve as a custodian for client funds or securities and LRI does not require prepayment of fees of more than \$1200 per client and six months or more in advance.

### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

LRI received a \$681,500 loan through the U.S. Small Business Administration ("SBA") in October of 2021.

### **Bankruptcy Petitions during the Past Ten Years**

Neither LRI nor its management has had any bankruptcy petitions in the last ten years.

## **Supervised Person Brochure**

**Part 2B of Form ADV**

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**Michael Jon Byers**



**TOLL FREE PHONE: 866-785-5350**

**TOLL FREE FAX: 877-653-0385**

**EMAIL: [info@4lonestar.com](mailto:info@4lonestar.com)**

**WEBSITE: [www.4lonestar.com](http://www.4lonestar.com)**

This brochure supplement provides information about Michael Byers and supplements Lonestar Registered Investment Advisors, PLLC's brochure. You should have received a copy of that brochure. Please contact Michael Byers if you did not receive Lonestar Registered Investment Advisors, PLLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Michael Byers (CRD#5383809) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

March 20, 2024

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

### **Supervised Person Brochure**

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#### **Principal Executive Officers and Management Persons**

**Michael Jon Byers CRD# 5383809**

- Year of birth: 1973
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#### **Educational Background and Business Experience**

##### **Educational Background:**

- No post high school education.

##### **Business Experience:**

- Lonestar Registered Investment Advisors, PLLC; Managing Member/IAR; 05/2007-Present
  - M&M Wealth Management LLC dba Lonestar Wealth Management; Managing Member/Insurance Agent; 02/2020 - Present
  - Texas Alliance Financial Services, PLLC; Managing Member/Insurance Agent; 05/2007-Present
  - Alliance Financial Services; Sales Representative; 07/2001-Present
  - Bankers Life; Sales Representative; 07/1997-08/2001
  - MJB Innovations; Owner; 01/1994-07/1997
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#### **Disciplinary Information**

Michael Byers has never been involved in a criminal or civil action in a domestic, foreign or military court of competent jurisdiction.

Michael Byers never had an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

Michael Byers has never been the subject of a self-regulatory organization (SRO) proceeding.

Michael Byers has not been involved in any other hearing or formal adjudication in which a professional attainment, designation, or license of the supervised person was revoked or suspended because of a violation of rules relating to professional conduct.

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#### **Other Business Activities**

Managing Member Michael Byers is an insurance agent for Texas Alliance Financial Services, PLLC dba Lone Star Financial Services and M&M Wealth Management PLLC dba Lone Star Wealth Management. Greater than 50% of Mr. Byers' time is spent in this practice. From time to time, he will offer clients advice or products from those activities. These practices represent conflicts of interest because it gives Mr. Byers an incentive to recommend products based on the commission amount received.

This conflict is mitigated by disclosures, procedures, and the firm's fiduciary obligation to place to act in the best interest at all times. Clients always have the right to decide whether to purchase any insurance products. Clients have the option to purchase these products through another insurance agent of their choosing.

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**Additional Compensation**

Mr. Byers receives additional compensation in his capacity as an insurance agent, but he does not receive any performance-based fees.

Michael Byers may receive certain benefits from Gradient Investments, LLC (and/or its affiliated companies) based on achieving certain production thresholds. These thresholds are not based on the sale of any specific product or specific product type. These incentives include marketing assistance, access to technology, office support, and business trainings and trips. While some of these benefit the client, such as technology and training, some do not. This creates a conflict of interest because it gives an incentive to the representative to meet this threshold. This conflict is mitigated by disclosures, procedures and the firm's fiduciary obligation to place the best interest of the Client first. Clients are not required to use Gradient Investments, LLC or any of its affiliated companies.

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**Supervision**

Mr. Byers is the sole owner of Lonestar Registered Investment Advisors, PLLC; therefore, he is solely responsible for all supervision and formulation and monitoring of investment advice offered to clients. He will adhere to the policies and procedures as described in the firm's Compliance Manual.