

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page



This brochure provides information about the qualifications and business practices of TFR Advisors, LLP. It is prepared pursuant to regulatory requirements. If you have any questions about the contents of this brochure, please contact us at the phone number or website listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. TFR Advisors, LLP is a registered investment adviser with the SEC under the Investment Advisers Act of 1940 (the "Advisers Act"). However, such registration does not imply a certain level of skill or training. Additional information about TFR Advisors, LLP is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Dated: June 13, 2014

## Item 2 Material Changes

This Form ADV, Part 2, also known as the “Brochure”, requires disclosure on distinct topics, and answers must be presented in the order of the items in the form, using the headings in the form. We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

### **Summary of Material Changes:**

Item 4- Updated Assets Under Management

Item 5- Updated Consulting & Financial Planning Fee Schedules

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## INTRODUCTION

TFR Advisors, LLP is a Registered Investment Advisory firm registered with the U.S. Securities and Exchange Commission (SEC) since May 7, 2004. We are noticed filed in California, Florida and our home state of Texas which means we are registered to do business in these states. We may conduct business in other states by claiming an exemption from registration. Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide you, including this Brochure, is information you can use to evaluate us and other advisers, which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship. This Brochure provides information about our qualifications and business practices.

## OWNERSHIP

TFR Advisors, LLP is a wholly owned entity of Texas Financial Resources, LP. Bobby G. James, President, Chief Compliance Officer of TFR Advisors, LLP is the sole partner of Texas Financial Resources, LP.

## ADVISORY SERVICES OFFERED

TFR Advisors, LLP is an investment advisory firm providing:

- Portfolio Management and Consulting services
- Wealth Management and Financial Planning
- LegalShield.com

Portfolios can consist of individual stocks and bonds, options, ETF's, mutual funds, private placements, hedge funds, and a combination of all investment vehicles. On an occasional basis, we may provide advice on interests in partnerships or other alternative investments. Our advice is not limited to these types of investments.

Our service constitutes an ongoing process by which:

- a) Your investment objectives, constraints and preferences are identified and specified;
- b) Your strategies are developed and implemented through a combination of financial assets;
- c) Capital market conditions and your circumstances are monitored; and
- d) Portfolio adjustments are made as appropriate to reflect significant changes to any or all of the above relevant variables.

## PORTFOLIO MANAGEMENT AND CONSULTING SERVICES:

We will implement our client's investment strategies through various fee-based programs as described below.

### TFRA's Legacy Portfolios-

TFRA's Core Equity Portfolio (CEP) - We will perform research, consultation and implementation on a portfolio that is specifically designed to meet Client's specific objectives, risk tolerance, tax consideration time horizon, and unique needs and circumstances. We will have sole and absolute discretion in the management of Client's portfolio and periodic re-balancing to the asset class target percentages. This means we will execute trades without notifying you prior to the trade for your approval. The minimum account size for this portfolio is \$250,000.

We will perform security selection to best qualify the equity positions in TFRA's Core Equity program. Core Equity Portfolio will be implemented into publicly traded securities which consist of but are not limited to, money market funds, stocks, unit investment trusts, bonds, ETF, mutual funds, and certificates of deposits. TFRA Core Equity Portfolio performs a combination of "top down and bottom up," fundamental and technical section analysis to qualify individual equity portfolio positions.

Top-Down Approach: the overall economic environment is assessed (not individual companies). Asset

allocation decisions are made to determine how much money should be allocated to various asset classes within the market. These could include which types of security to invest in (for example financial or industrial) or which geographic regions to target.

Bottom-Up Approach: Extensive research and analysis is completed on individual companies. Shares are chosen based on the company's future prospects and not any significant economic and market cycles.

Core Equity Portfolio will use a minimum of ten sector classifications from which selections will be made. The weighting to each industry is strongly influenced by third party research. We will monitor market conditions and the performance of your portfolio. A client will need to promptly communicate to us any changes in investment objectives.

TFRA's Equity Income Portfolio (EIP) - We will perform research, consultation and implementation on a portfolio that is specifically designed to meet the Client's specific objectives, risk tolerance, tax consideration time horizon, and unique needs and circumstances. We will have sole and absolute discretion in the management of the Client's portfolio and periodic re-balancing to the Portfolio investments. Our authority extends to the execution of trades without notifying the Client prior to the trade for the Client approval. The minimum account size for this portfolio is \$150,000.

We will perform security selection to best qualify the equity positions in TFRA's Equity Income Portfolio. The Equity Income Portfolio will utilize publicly traded securities which consist of, but are not limited to, money market funds, common and preferred stocks and exchange-traded master limited partnerships.

TFRA's Equity Income Portfolio will generally consist of, but is not limited to, investment in three industrial sectors: Utilities, exchange-traded master limited partnerships, and individual large-cap equities as judged by TFRA's Investment Committee.

TFRA's Equity Income Portfolio utilizes a bottom-up approach to assess the potential of the particular investment in regard to the sector of which it is a member, and without regard to economic or market cycles.

TFRA's Diversified Select Growth Funds (Money Market & ETF's)- We will perform research, consultation and implementation on a money market and ETF and mutual fund portfolio that is specifically designed to meet your specific objectives, risk tolerance, tax consideration, time horizon, and unique needs and circumstances. We shall have sole and absolute discretion in the management of your portfolio and periodic re-balancing to the asset class target percentages. There is no minimum account size for this program.

TFRA's Capital Income Portfolio- We will perform research, consultation and implementation of Client's specific investment objectives to include risk aversion, time frame, income needs and tax considerations. We shall have sole and absolute discretion in the management of Client's portfolio and re-balancing to the investment positions held. The minimum account size for the program is \$25,000.

We will perform investment selection for TFR's Capital Income Portfolio, which consists of investment in three industrial categories: common stocks, utility stocks, and master limited partnerships. All investments will be exchange traded funds (ETF's), or mutual funds. The allocation of investments in TFR's Equity Income portfolio is predominantly "bottom-up" and industry related. The goal of the investment strategy is to provide a stream of reliable income, which increases over time. A secondary goal of the strategy is to provide a portfolio of securities with less volatility than the "broad market" as measured by the Standard and Poor's 500 Index. Custody of client accounts for both securities and funds will be maintained at Pershing, LLC and /or National Financial Services, LLC, the designated custodian and clearing firm for WFG Investments, Inc.

### **TFRA's Sigma Portfolios-**

We will perform research, consultation and implementation on a portfolio that is specifically designed to meet the Client's specific objectives, risk tolerance, tax consideration time horizon, and unique needs and circumstances. We will have sole and absolute discretion in the management of the Client's portfolio and periodic rebalancing to the Portfolio investments. Our authority extends to the execution of trades without notifying the Client prior to the trade for the Client approval.

We will perform security selection to best qualify the security positions in TFRA's Sigma Portfolios. TFRA Sigma Portfolios will utilize publicly traded securities which may consist of, but are not limited to, money market funds, common and preferred stocks, master limited partnerships, publicly traded Real Estate Investment Trusts & Business Development Companies, mutual funds, and Exchange Traded Funds and Notes.

TFRA Sigma Portfolios utilize a diversified Multi-Strat (Multiple Strategy) approach to diversify portfolio assets. Sigma Portfolios combine a variety of traditional and alternative investment strategies/disciplines with the intent of achieving a specified volatility profile. Each Sigma Portfolio is assigned a number that corresponds to a target Standard Deviation for the portfolio. Elements of Top Down and Bottom up research and analysis are utilized to assess the potential of portfolio investments. The degree to which these research methods are applied is largely dependent upon the allocation of underlying strategies utilized within a given Sigma Portfolio.

TFRA's Sigma Portfolios are available in two series (A) and (B). While strategy allocations within the series are very similar, underlying securities will vary. The Sigma (A) Portfolios are designed for accounts of \$250,000 or more and place a greater emphasis on individual equities and passively managed ETFs. The Sigma (B) Portfolios are designed to accommodate accounts with a minimum of \$20,000 and have less exposure to individual equities and more exposure to actively managed funds and securities.

### **WEALTH MANAGEMENT AND FINANCIAL PLANNING SERVICES:**

We also provide advice in the form of a Financial Plan. Our planning service is called Wealth Management (WM60). If you purchase this service, you will receive a written report, providing a detailed financial plan designed to achieve your stated goals and objectives. We will also provide you the opportunity to be active in the plan preparation by providing information we need. Our Financial Plans will address any or all of the following areas of concern:

Personal: Family records, budgeting, personal liability, estate information and financial goals.

Tax & Cash Flow: Income tax and spending analysis and planning for past, current and future years. We will illustrate the impact of various investments on your current income tax and future tax liability.

Death & Disability: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.

Retirement: Analysis of your current strategies and investment plans to help you achieve your retirement goals.

Investments: Analysis of investment alternatives and their effect on your portfolio.

We gather the required information through in-depth personal interviews. Information gathered includes a current financial status, future goals and attitudes towards risk. Related documents supplied by you and a completed questionnaire are carefully reviewed and a written report is prepared. Implementation of the prepared plan or recommendations is solely at your discretion and you will also determine how you want to implement the plan or recommendations. We encourage you to utilize any desired professional or group of professionals to assist in the implementation and we welcome the opportunity to communicate directly with them.

**SEPARATELY MANAGED ACCOUNT PROGRAM:**

Some of our advisory agents offer Separately Managed Accounts ("SMA") offered outside of TFR's programs. Each manager participating in the SMA program has sole discretion of the accounts placed under their care. These managers are selected based on their ability to meet all or a portion of a client's investment objectives. We utilize quantitative and subjective factors to judge each manager's potential to meet your objectives. The minimum account value for this Program is set by each participating manager.

**THIRD PARTY INVESTMENT ADVISER SELECTION SERVICES:**

We may recommend that you utilize the services of a Third Party Investment Adviser ("TPA") to manage all or part of your portfolio. We would recommend to you a TPA whose investment style is believed to be consistent with your financial needs, investment goals, tolerance for risk and stated investment objectives. Upon selection of a TPA, we will monitor the performance of the TPA to ensure their performance and investment style remains aligned with the investment goals and objectives. The TPA is granted discretionary authority by you to manage and invest your assets.

Clients who are referred to TPA's will receive full disclosure, including services rendered and fee schedules at the time of the referral by delivery of a copy of the relevant TPA's brochure or equivalent disclosure document.

The TPA may impose a minimum dollar amount of initial client assets for the investment advisory services as disclosed in the management agreement. These minimums may be waived at the TPA's discretion. Clients will be provided the appropriate Manager's disclosure statement, in addition to the Manager's ADV Part2A Brochure and privacy policy, prior to placing the assets with the TPA.

**SUB-ADVISORY INVESTMENT MANAGEMENT SERVICES:**

We act as a sub-advisor for clients of other unaffiliated registered investment advisory firms. Sub-advisory services provided on behalf of the unaffiliated registered investment advisory firms are of the nature of investment management and trading of client's securities portfolio, including the selection of securities to be bought or sold in accordance with the client's investment objectives and risk tolerance. We may rely on the primary manager of the unaffiliated registered investment advisory firm to determine investment objectives and risk tolerance. Clients will receive full disclosure, including services rendered and fee schedules at the time of the referral by delivery of a copy of our relevant brochure or equivalent disclosure document.

**OTHER PRODUCTS AND SERVICES:****LEGAL SHIELD.COM-**

LegalShield.com is a prepaid legal services company. Prepaid legal was established in 1973. The price of the service(s) is based upon packaged benefit options. The structure of the benefit package chosen is of the client's prerogative.

**ALTERNATIVE INVESTMENTS-**

We may recommend you to invest in a partnership or other alternative investments that may be suitable for your stated investment goals, risk temperament, and investment objectives. Our Firm may have an affiliation with some of these entities. Additional information about these investments including a discussion of certain significant risks of investing will be disclosed in the related Private Placement Memorandum. Qualified persons should read the Memorandum carefully before investing.

We do not participate in any wrap fee programs.

**ASSETS UNDER MANAGEMENT**

As of June 13, 2014 TFR Advisors, LLP had approximately \$236,478,760 in discretionary assets under management and \$12,342,087 in non-discretionary assets under management.

## Item 5 Fees and Compensation

### Portfolio Management Program Fee Schedule TFRA's Legacy Portfolios:

TFRA's Equities Income Portfolio Fee Schedule	
\$ 150,000 - \$1,499,999	1.05%
\$1,500,000 - \$4,999,999	1.00%
\$5,000,000 - +	0.70bsp

TFRA's Capital Income Portfolio Fee Schedule	
\$25,000 - \$150,000	1.05%

TFRA's Core Equity Portfolio Fee Schedule	
\$ 250,000 - \$1,499,999	1.20%
\$ 1,500,000 - \$9,999,999	1.05%
\$10,000,000 - +	0.90bsp

TFRA's Diversified Select Growth Fee Schedule	
\$ 0 - \$149,000	1.00%
\$150,000 - +	0.85bsp

### TFRA's SIGMA Portfolios:

SIGMA (A) Portfolio Fee Schedule		
Portfolio	Minimum	Portfolio Fee
SIGMA 3	\$250,000	.80% - 1.10%
SIGMA 6	\$250,000	.90% - 1.20%
SIGMA 9	\$250,000	1.00% - 1.30%
SIGMA 12	\$250,000	1.10% - 1.40%
SIGMA 15	\$250,000	1.10% - 1.50%
SIGMA 20	\$250,000	1.10% - 1.50%

SIGMA (B) Portfolio Fee Schedule		
SIGMA SERIES	Minimum	Portfolio Fee
SIGMA 3 (B)	\$20,000	.80% - 1.10%
SIGMA 6 (B)	\$20,000	.90% - 1.20%
SIGMA 9 (B)	\$20,000	1.00% - 1.30%
SIGMA 12 (B)	\$20,000	1.10% - 1.40%
SIGMA 15 (B)	\$20,000	1.10% - 1.50%
SIGMA 20 (B)	\$20,000	1.10% - 1.50%

The base advisor fee is 1% annually, plus a first year implementation fee of .15bp or \$1,500, whichever is smaller. The firm in its sole discretion can choose not to charge the first year implementation fee. Our account minimums and fees charged are negotiable. Portfolio Management fees will be directly deducted from your account at the custodian in advance from your accounts. Our fees are based on the percentages listed in the Fee Schedule on ending account market values based on the calendar month custodial statement. Fees for the initial month will be adjusted pro-rata based upon the number of calendar days in the calendar month that the Agreement goes into effect.

Fees are calculated by multiplying the average account balance by the relevant percent and dividing such product by 365 days multiplied by the number of days in the month. Accounts opened in mid-quarter will be assessed at a pro-rated management fee.

### Termination

Either party may terminate the Portfolio Management Agreement at any time and for any reason, upon thirty (30) days written notice to the other party. Upon notice of termination, We will await further instructions from you as to what steps you request to liquidate and/or transfer the portfolio and remit the



proceeds. Upon instructions received, we will instruct broker dealers, mutual fund sponsors, and others to liquidate and/or transfer the portfolio and remit proceeds back to you or a designated third party. A refund of our unearned Portfolio Management Fee will be made on a prorated basis from the time of termination.

No proration's for breakpoints are achieved during the quarter. Breakpoints are applied when billing occurs in the next month.

All accounts for members of your family (husband, wife and dependent children) or related businesses may be assessed fees based on the total balance of all accounts, e.g. per household.

**Additional Types of Fees or Expenses:**

Portfolio Management fees do not include cost of custodial services for individual retirement accounts for qualified retirement plans. Portfolios shall bear transaction costs of no more than \$35.00 per trade. Transaction costs are not commissions. They are clearing costs charged by the designated clearing firm on the account. Portfolio Management fees do not include implementation of initial client's investment strategy. The ticket charge(s) for the selling of Equity position(s) received in account transfer will be the client's expense. We may elect at its option to bear the cost of transactions under certain circumstances. Additional fees may be incurred while the funds are in a money market fund or other no-load fund. These fees are charged and collected by the mutual funds and are not refundable to Client.

**Consulting Fee Schedule:**

We also monitor your cash balances for cash flow and budgeting purposes. Our fee range for this service of .10% to .25% based on the assets monitored. The consulting fees are negotiable based on such factors as size of account being considered and any prior relationship we may have had with you.

**Financial Planning Fee Schedule:**

Our financial planning fee depends on the scope, complexity and work to be performed by our firm. Financial Planning fees may either be charged on an hourly rate of at least \$150 or based on a flat fee ranging from \$650 to \$10,000. The Financial Plan fee is negotiated with you prior to preparation. The fee will be billed at time of service and will be due upon receipt of an invoice.

**Third Party Investment Adviser Selection Services Fee Schedule:**

We will either share in the fee paid by you to the TPA or charge a fee that is in addition to the fee paid to the TPA. A sub-adviser may receive a portion of the advisory fee paid by you to us for investment research and management of your accounts. Complete disclosure of the amount of the fee received by us will be available in the management agreement given to you under "Solicitor Disclosure". We will not receive a commission for any transaction. In addition, if the investment program recommended to you is a wrap fee program, you will also receive the equivalent wrap fee brochure provided by the sponsor of the program if applicable.

The basic fee schedule for these services will vary based on the TPA chosen to provide this service. The fee will be based on the amount of assets managed and may be negotiable. Such compensation may differ depending upon the individual agreement we have with each TPA. As such, we may have an incentive to recommend one TPA over another TPA with whom we have a less favorable compensation arrangement with or other advisory programs offered by TPAs with which we have no compensation arrangement. Fees may be negotiated based on various factors including size, sophistication, services provided etc.

**Termination:**

You may be required to sign an agreement directly with the TPA(s) selected. You may terminate the management agreement according to the terms disclosed in the management agreement. If fees are paid prior to service being rendered, and you terminate services, the prorated fees for the portion not used will be returned.

**SUB-ADVISORY INVESTMENT MANAGEMENT FEE SCHEDULE:**

Management fees for these sub-advisory services may vary according to the sub-advisory agreement negotiated with you.

The fee will be based on the amount of assets managed and may be negotiable. We charge management fees in accordance with industry practices.

We may impose a minimum dollar amount of initial client assets for the investment advisory services depending on the sub-advisory arrangement. These minimums may be waived at our discretion.

Authorization is given by you to us to deduct the fees from your brokerage accounts held by a qualified custodian. The authorization will be limited to the contractually agreed upon investment management fees and will disclose the frequency of the fee withdrawal.

We may remit a percentage of all management fees collected from our sub-advisory clients to the Advisor or Advisor may collect and remit a percentage of all management fees collected from its sub-advisory clients to us.

**LegalShield.com Fees:**

We will receive a commission on the purchase of LegalShield.com. LegalShield.com is not included in the assets under management and is not subject to the applicable asset management fee. LegalShield.com is a prepaid legal service organization.

**Alternative Investments:**

From time to time, unique investment opportunities may present themselves which are treated as alternative investments. These investments can take the form of Limited Liability Company, Limited Partnership and other forms of interests. We may receive additional compensation for developing this investment which can consist of commissions, carried interests etc. Additional information about the investment, compensation method and conflicts will be disclosed in the related Private Placement Memorandum including a discussion of certain significant risks or investing, which should be closely reviewed by you.

**Other Compensation Received by Our Advisory Agents:**

Bobby James is President and owner of Texas Financial Resources, LP. Bobby James will occasionally sell insurance products and various other services, such as LegalShield.com, on a commission basis to clients. Other Advisory Agents of the Firm are also licensed insurance agents for various other insurance companies. If you elect to implement the plan or buy insurance through us or our Advisory Agents, then the agents would receive a commission from the insurance sales, which includes life, accident, disability, retirement plans, and fixed annuities. This presents a conflict of interest because they will receive a commission for these services, which is separate from the portfolio management, financial planning and other services provided. We have no single agreement with any agency or company, but will seek out the products of any company, agency or brokerage that may have products fitting our client's needs.

WFG Investments, Inc., a FINRA broker/dealer, executes client securities transactions. Custody of client accounts for both securities and funds will be maintained at Pershing, LLC and/or National Financial Services, LLC, the designated custodians and clearing firms for WFG Investments, Inc. Some of our Agents are registered representatives of WFG Investments, Inc. "WFG" (Member FINRA/SIPC). In this capacity, our agents may sell securities through WFG and receive normal and customary commissions as a result of such purchases and sales. This presents a conflict of interest to the extent that the agent recommends that you invest in a security which results in a commission being paid to the agent. Neither the Firm nor its agents are affiliates of Pershing, LLC and/or National Financial Services, LLC.

Clients have the option to purchase investment products that we recommend through other brokers or agents that are not affiliated with us.

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

We do not charge performance based fees nor do we provide side by side management services.

## **Item 7 Types of Clients**

### **Client Base**

Our customer base may consist of individuals, trusts, estates and corporations. These are the types of clients that we service, but we may not have all these types as current clients at any one time.

### **Conditions for Account Management**

In order to be in the TFRA Legacy Portfolios or TFRA Sigma Portfolios Program we have imposed a minimum account size. See Item 5 Fees and Compensation for applicable portfolio minimums. We may make exception to this minimum from time to time based on individual factors.

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

### **Analysis & Investment Strategies**

As noted under Portfolio Management and Consulting Services we approach our portfolio management on a Bottom Up/Top Down basis.

**Top-Down Approach:** the overall economic environment is assessed (not individual shares). Asset allocation decisions are made to determine how much money should be allocated to various asset classes within the market. These could include which types of shares to invest in (for example financial or industrial) or which countries to target.

**Bottom-Up Approach:** Extensive Research and analysis is done on individual shares and companies. Shares are chosen based on the company's future prospects and not any significant economic and market cycles.

Our security analysis information is based on a number of sources including financial newspapers, periodicals, commercially available investment services, issuer prepared information, security rating services, general market and financial information, due diligence reviews and specific investment analysis that our clients may request. We may also utilize commercially available software such as, but not limited to VPM (Virtual Portfolio Management System), TD Ameritrade, Schwab, Valueline and Morningstar Mutual Fund reports. These reports will also serve as sources of information to us. This is provided to us for a nominal fee which is not passed on to you. This is a decision making research cost is incurred by us as part of the normal cost of doing business.

### **Risk of Loss:**

The advice offered by our Firm to clients is determined by the areas of expertise of the agent providing the service and the client's stated objective. Our clients are advised to notify our Firm promptly if there are ever any changes in your financial situation or investment objective or if you wish to impose any reasonable restrictions upon our management services. If you wish to impose any reasonable restrictions upon our management services, you will need to advise us in writing of any restrictions.

We do not represent, warrant, or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. All securities trading, whether in stocks, options, or other investment

vehicles, is speculative in nature and involves substantial risk of loss that clients should be prepared to bear. Past performance is not necessarily indicative of future results. Clients should make every effort to understand the risks involved.

### **California Residents**

You are not obligated to follow our advice nor are you obligated to effect any transactions through us as instructed pursuant to California Code of Regulations 260.235.2.

## **Item 9 Disciplinary Information**

While employed at SWS Financial Services Bobby Glenn James allegedly effected discretionary transactions in Variable Annuity sub-accounts owned by public customers without having obtained prior written authorization from the customers and prior written acceptance of the accounts as discretionary by SWS. Without admitting or denying the findings, James consented to the described sanctions and to the entry of findings. Therefore, he was fined \$10,000 and suspended from association with any NASD member in any capacity for 10 business days. The NASD suspension in any capacity was in effect from March 19, 2007 through March 30, 2007.

Bobby Glenn James allegedly participated in Private Securities Transactions outside the course and scope of his employment relationships with SWS Financial Services, Inc., First Financial Equity Corporation, and VSR Financial Services, Inc. without having given notice to or obtaining written authorization from SWS Financial Services, Inc., First Financial Equity Corporation or VSR Financial Services, Inc. prior to engaging in the offer and sale of limited partnerships. Without admitting or denying the findings, James consented to the described sanctions and to the entry of findings. Therefore, he was fined \$20,000 and suspended from association with any FINRA member firm in any capacity for six months. The FINRA suspension in any capacity was in effect from December 1, 2008 to May 31, 2009.

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

### **Related Relationships:**

#### Insurance:

TRA agents are also agents of Texas Financial Resources, LP and will occasionally sell insurance products and services on a commission basis to clients through Texas Financial Resources, LP.

### **Alternative Investment Relationships:**

#### Adventure International LLC:

Adventure International, LLC fka Snowflex International, LLC is offering investments on a best-efforts basis to only accredited investors who meet the suitability standards. Adventure International, LLC explores the feasibility of building of all-season snow sport complexes throughout the United States using Snowflex, a synthetic snow sports surface system. Some of our client's who meet the suitability standards may be invested in Adventure International, LLC. The minimum investment commitment is \$100,000. Adventure International GP, LLC is the general partner for Adventure International, LLC. Adventure International, LLC and Adventure International GP, LLC are affiliates of our firm through the ownership of Bobby G. James. Bobby G. James is the Manager and sole member of Adventure International GP, LLC and a 50% class B member of Adventure International, LLC. Since Bobby G. James engages in other business activities either for his own account or on behalf of other entities in which he has an interest in, a conflict of interest exists and could have a material adverse effect.

#### T & K Learning Centers #1

T&K Learning Centers #1 LLC offered investments of Class A Membership Units. The offering closed and

no longer accepts funds. T&K Partners, LLC, a Texas limited liability company ("T&K") are the Class B Members of the Company, owning 100% of the Class B Membership Units. T&K also serves as the managers of the Company (the "Managers"). T&K is owned 50% by TFR Capital, LLC a Texas limited liability company ("TFR") and 50% by Of Pre Schools of Dallas, LLC. Bobby James, our President, is a manager of TFR Capital, LLC. Since Bobby G. James engages in other business activities either for his own account or on behalf of other entities in which he has an interest in, a conflict of interest exists and could have a material adverse effect.

#### PVM VI-Ideal Implants, LP

PVM VI Ideal Implants, LP offered partnership interests to accredited investors. The company was formed to develop, manufacture, test, obtain regulatory approval and market a saline-filled breast implant that utilizes new technology. PVM GP, LP is the general partner and Bobby James, our President, is the managing partner. The proceeds of the offering will be used to fund FDA mandated preclinical testing and the application for an investigational device exception to permit clinical trials of the implants. Ideal Implants has been sold and will close in 2014.

In the past, we have offered partnership interests. Partnership interests are currently valued at original cost and an upfront fee was charged, but no advisory fees are charged on an ongoing basis. All three of these are active investments but not accepting new capital.

We may also solicit you for investment in various partnerships or other alternative investments. We may or may not have an affiliation with any of these entities. The Firm and our Advisory Agents may receive additional fees from investment opportunities that may be offered to you.

#### **Non-Related Relationships:**

##### Insurance

Advisory Agents of the Firm are also licensed insurance agents for various non-affiliated other companies. If you elect to implement the plan or buy insurance through the Firm's advisory agents, they may receive a commission from insurance sales, which includes life, accident, disability, retirement plans, and fixed annuities. This presents a conflict of interest to the extent that the advisory agent recommends the purchase of an insurance product to you which results in a commission being paid to the advisory agent as an insurance agent. We have no single agreement with any agency or company, but will seek out the products of any company, agency or brokerage that may have products fitting your needs.

##### Broker Dealer:

WFG Investments, Inc., Dallas, Texas, a FINRA broker/dealer, executes our client securities transactions. WFG has a contractual relationship with Pershing, LLC and/or National Financial Services, LLC to act as custodian and clearing firm for our client accounts. Agents of our Firm are registered representatives of WFG Investments, Inc. "WFG" (Member FINRA/SIPC). In such capacity, the agent may sell securities through WFG and receive normal and customary commissions as a result of such purchases and sales. This presents a conflict of interest to the extent that the agent recommends that you invest in a security which results in a commission being paid to the agent. Neither this firm nor our Advisory Agents are affiliates of Pershing, LLC and/or National Financial Services, LLC.

We offer access to Separately Managed Accounts ("SMA") offered by other registered investment advisory firms. Each manager selected to participate in the SMA program has sole discretion of the accounts placed under their care. These managers are selected based on their ability to meet all or a portion of a client's investment objectives. We utilize quantitative and subjective factors to judge each manager's potential to meet the client's objectives.

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

### Code of Ethics

We have adopted a Code of Ethics Policy to prohibit conflicts of interest from personal trading by our advisory personnel and have established standards of conduct expected of our advisory personnel. We have set forth in the Code of Ethics Policy statements of general principals, required course of conduct, reporting obligations, and review and enforcement of the Code of Ethics Policy. We will provide a copy of the Code of Ethics Policy to our clients or prospective client's upon written request.

### Participation or Interest in Client Transactions / Personal Trading

Our Advisory Agents will buy or sell for themselves securities that they also recommend to you. These investment products will be bought and sold on the same basis as you buy them. We will transact your transactions and business before their own when similar securities are being bought or sold. In all instances, the positions would be so small as to have no impact on the pricing or performance of the security. We will do everything possible to mitigate these conflicts. Records of all advisory associate's proprietary trading activities are reviewed and kept by us. We and our advisory agents will act in a fiduciary manner, understand the prohibitions against the use of any insider information and will always act in your best interest.

## Item 12 Brokerage Practices

### Brokerage Selection

Our firm may be granted discretionary authority over your account(s) to determine the securities to be bought or sold, their amounts, and the broker to be used, without specific consultation with you as deemed to be in your best interest and to achieve your stated investment objectives.

You have or will give to us trading authority over your account(s) to invest and reinvest the assets of your portfolio as deemed to be in your best interest and to achieve your stated investment objectives. We will utilize WFG Investments, Inc., member FINRA/SIPC, as the broker-dealer for the execution of securities transactions. Custody of your accounts for both securities and funds will be maintained at Pershing, LLC and/or National Financial Services, LLC, the designated custodians and clearing firm for WFG Investments, Inc.

Factors which we consider when recommending WFG Investments, Inc. include their respective financial strength, reputation, execution, pricing, research and service. We understand and acknowledge that at all times we owe a fiduciary duty to you to obtain best execution for your transactions. We believe that our relationship with WFG Investments, Inc. helps us to execute securities transactions for you in such a manner that your total cost in each transaction is as favorable as possible under prevailing market conditions. However, accounts with WFG Investments, Inc., a full service broker/dealer, may not obtain best execution at all times. The commissions and/or transactional fees charged by WFG Investments, Inc. to you may be higher or lower than those charged by another broker-dealer.

We and our advisory agents are not affiliates of WFG Investments, Inc. or Pershing, LLC and/or National Financial Services, LLC. Our Advisory Agents will take steps to assure that you receive best execution and reasonable commission rates when trades are executed. Accounts with WFG Investments, Inc., a full service broker/dealer, may not always obtain best execution at all times.

Neither this Firm nor our Advisory Agents receive any products, research or services other than those disclosed.

### Brokerage for Client Referrals

Neither our Firm nor our Advisory Agents receive client referrals from a broker dealer or other third party when utilizing a broker-dealer for the execution of securities transactions of your account.

**Research and other Soft Dollar Benefits:**

Neither our firm nor our owners, officers, partners, directors, employees, advisory agents or persons holding similar status receive research or other products or services outside of execution in connection with your security transactions with a broker-dealer.

**Trade Aggregation**

We provide investment management services to various clients. We may, in our sole discretion, aggregate purchases or sales of any security, instrument or obligation effected for various client accounts with purchases or sales, as the case may be, of the same security, instrument or obligation effected on the same day for the accounts of one or more of our other clients. Although such concurrent aggregations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they will be effected only when we believe that to do so will be in the best interest of the affected accounts. When transactions are so aggregated, (a) the actual prices applicable to the aggregated transaction will be averaged, and each client account participating in the aggregated transaction will be deemed to have purchased or sold its share of the security, instrument or obligation involved at that average price and (b) all transaction costs incurred in effecting the aggregated transaction, except to the extent that certain broker-dealers that also furnish custody services may impose minimum transaction charges applicable to some of the participating accounts. When such concurrent aggregation occurs, the objective will be to allocate executions in a manner that is deemed equitable to the accounts involved.

**Trade Error Policy:**

From time-to-time we may make an error in submitting a trade order on your behalf. When this occurs, we may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If a loss occurs greater than \$100, we will pay for the loss. Your custodian and/or the Broker will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

**Item 13 Review of Accounts**

Account reviews will be provided no less than quarterly or by your request. Reviews may be warranted more frequently due to tax law changes, market changes, market conditions or changes in personal circumstances. Reviews initiated by you may be for personal objectives or for any reason you so desire.

The reviews will be conducted by the Chief Compliance Officer, and client's advisor, and will be consistent with your desire respecting frequency and changing circumstances or objectives.

Statements, confirmations and performance reports are furnished from various financial services institutions or firms with which you transact business. These firms may include, and are not limited to, brokerages, investment companies, insurance companies, trust companies, other registered investment advisors, banks and credit unions.

If we provide you financial planning or consulting services, you will not receive regular reports on your accounts after the financial planning or consulting services have been concluded.

## Item 14 Client Referrals and Other Compensation

### **Client Referrals:**

We do not have any arrangements to compensate another for client referrals to our Firm. We may enter into arrangements with various unaffiliated investment advisors to refer clients to them for advisory services. Clients introduced to the unaffiliated investment advisors will not pay higher fees for the advisory services with the unaffiliated investment advisors. Any agreements will be handled in accordance with the provisions of Rule 206(4)-3 under the Investment Advisors Act of 1940. For more information on the solicitation arrangements, please call 972-599-3388.

### **Other Compensation:**

The firm and our advisory agents may receive fees from investment opportunities that may be offered to you. As a result a conflict of interest may result.

## Item 15 Custody

Your funds and securities will be maintained with a “qualified custodian” as required under Rule 206(4)-2 under the Advisers Act and we will not take physical possession of any client funds or securities. Custody of client accounts for both securities and funds will be maintained at Pershing, LLC and/or National Financial Services, LLC, the designated custodians and clearing firms for WFG Investments, Inc. Account statements are sent quarterly from the custodian and clients should carefully review those statements

## Item 16 Investment Discretion

You have granted the Firm sole and absolute discretion in the management of your portfolio and periodic re-balancing to the asset class target percentages as outlined in the Clients Advisory Agreement except with respect to payment of the Firm's Fees. In the exercise of its authority we are fully authorized and empowered to place orders to brokers, dealers, mutual funds, or other persons with respect to the purchase, sale, exchange, disposition or liquidation of any assets held in your portfolio.

We have limited authority to sell or redeem securities holdings in sufficient amounts to pay Advisory Fees. You may reimburse the portfolio for Advisory Fees paid to us.

## Item 17 Voting Client Securities

We do not vote your proxies and have instructed the Custodian to forward all proxy material directly to you. We shall forward to you, or to the Advisor(s) for an employee benefit plan covered by ERISA, unless the plan's trust agreement provides otherwise, any proxy materials we receive that pertain to the Assets in your Account. You can contact our office at 972-379-3073 for any questions about a particular solicitation.

## Item 18 Financial Information

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. We do not have any financial condition that is reasonably likely to impair the ability to meet contractual commitments to you.



## Item 19 Requirements for State Registered Advisers

Not applicable, we are an SEC registered investment adviser.