

## ITEM 1 – COVER PAGE



### Founders Financial Securities, LLC

1020 Cromwell Bridge Road  
Towson, Maryland 21286

Phone: 410.308.9988  
Toll Free: 888.523.1162

[www.foundersfinancial.com](http://www.foundersfinancial.com)

## Form ADV Part 2A March 11, 2016

This brochure provides information about the qualifications and business practices of Founders Financial Securities, LLC (“FFS”, “we”, or “the Firm”). If you have any questions about the contents of this brochure, please contact us at 888-523-1162. 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.

We are a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. This brochure is intended, in part, to provide information which can be used to make a determination to hire or retain an Investment Advisor Representative (“IAR” or “advisor”). It also provides information about the relationship between you (“you” or “the client”), your current or potential IAR, and FFS.

Additional information about Founders Financial Securities, LLC also is available on the Securities and Exchange Commission’s (“SEC”) website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2 - MATERIAL CHANGES

In the past we have offered or delivered information about our qualifications and business practices to clients at least annually. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will provide you with a new brochure as necessary based on changes or new information, at any time, without charge. Currently, our brochure may be requested by contacting us at 888-523-1162.

Additional information about FFS is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with us who are registered, or are required to be registered, as Investment Adviser Representatives.

### **Material Changes**

Effective January 1, 2016, Independence Advisory Accounts will be billed monthly in advance. Previously these accounts have been billed quarterly in advance. See Items 4 & 5 for more information.

## ITEM 3 - TABLE OF CONTENTS

Item 1 – Cover Page.....	i
Item 2 - Material Changes.....	ii
Item 3 - Table of Contents .....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	3
Item 6 – Performance-Based Fees and Side-By-Side Management .....	4
Item 7 – Types of Clients.....	5
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	5
Item 9 – Disciplinary Information .....	6
Item 10 – Other Financial Industry Activities and Affiliations .....	6
Item 11 – Code of Ethics .....	7
Item 12 – Brokerage Practices .....	8
Item 13 – Review of Accounts.....	9
Item 14 – Client Referrals and Other Compensation .....	10
Item 15 – Custody.....	10
Item 16 – Investment Discretion.....	10
Item 17 – Voting Client Securities.....	10
Item 18 – Financial Information .....	10
Privacy Policy .....	10
Business Continuity Plan .....	11

## ITEM 4 – ADVISORY BUSINESS

FFS was founded in 2004, and became registered with the SEC in 2006. FFS is a wholly owned subsidiary of Founders Financial, Inc. FFS is a Registered Investment Adviser with the SEC. Listed below is a description of the various investment advisory services offered by FFS through registered individuals associated with FFS as Investment Adviser Representatives (“IAR”).

### **Types of Advisory Services**

FFS’ IARs provide investment management services both on a discretionary and non-discretionary basis. These services include, but are not limited to, providing ongoing investment advice, management of investment advisory accounts and access to third-party money managers. On occasion, IARs provide advice to clients on matters not involving securities, such as financial planning, taxation issues, retirement planning and estate planning. An additional advisory service offered by the IAR is the implementation of a portfolio plan, which includes trading and rebalancing of funds necessary to meet a client’s plan objectives, both personal and financial, and remain within a stated risk/return tolerance. IARs will provide continual review of client’s portfolio plan to ensure the plan remains consistent with the client’s financial and personal objectives and risk/return tolerance.

As of January 15, 2016 FFS manages \$614,525,106 in assets. FFS manages \$498,975,089 on a discretionary basis, and \$115,550,017 is managed on a non-discretionary basis.

### **Types of Advisory Programs**

FFS advisory services are varied and are tailored specifically to each client relationship. Clients work in conjunction with the IAR to define their desired goals and objectives for their financial assets. The client and IAR also work together to identify the advisory service that is best suited with stated goals and objectives.

FFS makes available the following advisory programs:

- Independence Advisory Accounts
- Third-Party Money Managers
- Freedom Capital Management Strategies®
- Fee-based Financial Planning
- Freedom Independence Plan™

### **Independence Advisory Accounts (Discretionary or Non-Discretionary)**

This fee-based account offers load-waived and no-load mutual funds that may be combined with other securities products in order to achieve the client's portfolio objectives. Fees charged to clients are charged as a percentage based on assets under management, and are not directly based upon transactions in a client's account for investment advisory services and execution of brokerage transactions. The IAR is authorized to pass along ticket charges and other ancillary charges to the client. Fees are negotiable at account opening and are charged in advance on a monthly basis.

For more information about discretionary accounts, please refer to Item 16.

### **Third-Party Money Managers**

FFS has entered into agreements with various non-affiliated investment advisors (“third-party money manager”) to offer asset allocation and asset management services to FFS' advisory clients. Each IAR shall assist their client in formulating a strategic investment portfolio based on the client's investment objectives.

Once formulated, a suitable third-party money manager is selected to implement and continually manage the portfolio. In preparing the portfolio, each IAR will set restrictions or limitations on the management of the account and explain to the client the continual account activity transacted by the third-party money manager. Also, FFS will periodically review the current and historical performance record of each third-party money manager.

By agreement, the total fee charged to each client by the third-party money manager shall not exceed 3% of the client's assets under management. FFS negotiates with each third-party money manager the management service fee, which is factored into the 3% benchmark, and the maximum allowable fee that any IAR may charge their client, as disclosed in the client services agreement and/or other similar documentation. IARs are compensated in conformance with a negotiated fee schedule.

The relationship of FFS with the third-party money manager will be clearly communicated to all clients in the third-party money manager's Client Services Agreement and/or other similar documentation. Each third-party money manager is required to provide FFS and the IAR with a disclosure document statement, typically a copy of their Form ADV 2A.

FFS has also established a relationship with Horizon Investments, LLC ("Horizon") to jointly sponsor five Freedom Portfolios exclusively for distribution by FFS IARs. The underlying investment in each of the portfolios will be limited to no-load mutual funds. The portfolios can purchase A Share mutual funds bought at NAV or ETF's. FFS serves as the sub-advisor on the Freedom Portfolios. The minimum investment in a Freedom Portfolio account is \$25,000 and the management fee will not exceed 2%.

Compensation is usually received by FFS after services are rendered. Fees paid in advance will be refunded as per the third-party money manager's fee schedule and terms.

### **Freedom Capital Management Strategies®**

In partnership with sub-advisor Horizon Investments, LLC ("Horizon"), Freedom Capital Management Strategies® ("FCMS") is composed of three elements: Foundation, Dynamic, and Alternative. IARs have access to a variety of asset models based upon a client's risk tolerance and investment horizon. These models are actively managed to capitalize on opportunities in the global equity and fixed income markets. There is a \$500 minimum balance to open a FCMS account and fees will not exceed 2.75%. Assets in the models custodied at Trust Company of America or the variable annuity sub-accounts may be traded on a discretionary basis (as long as the client has authorized by signing the discretionary paperwork.) Investment model and asset allocation decisions are made by the IAR and the client with consideration for different conditions and goals.

### **Freedom Independence Plan™ (Full Service or Recordkeeping Only)**

FFS offers the Freedom Independence Plan™ ("FIP") as a comprehensive retirement plan solution. Each plan is designed and implemented to serve the unique needs of the retirement plan. IARs provide in-depth retirement plan consultation to business owners. Through this consultation, employers are able to determine the optimal design of the retirement/profit sharing plan given the unique need of their businesses and are offered guidance on developing a strategy for implementation.

Additionally, the IAR offers valuable education and advice to support employees in successfully planning for retirement. Plans will have access to our institutional asset management platform Freedom Capital Management Strategies® ("FCMS") which offers differentiated investment solutions, including active asset allocation and risk management strategies.

FFS provides fiduciary oversight for the selection and monitoring of the investment options available

through FIP. By acting in this capacity, FFS serves as a fiduciary and “investment manager” as defined in section 3(38) of ERISA and takes responsibility for ensuring the plan’s investment options are prudent and in compliance with ERISA. FCMS’ experienced Investment Committee constructs and monitors the investment line up of FIP, which includes the selection of Qualified Default Investment Alternatives (QDIAs), in accordance with ERISA guidance. Further, we will provide the client support in drafting an Investment Policy Statement (IPS) that outlines the important investment objectives of the retirement plan.

### **Fee-based Financial Planning**

Fee-based Financial Planning may include an overall review of a client's needs in relation to: retirement, estate planning, investment planning, education, survivor income, disability income, long term care, business planning, charitable planning, or other needs. Fees charged to clients are negotiated prior to the execution of the financial planning agreement. The IAR may request a deposit prior to the delivery of the financial plan and recommendations. Fees may be charged at a flat rate or a certain fee per hour. Plans must be delivered no later than six months from the date of the agreement. If a plan is not delivered within six months from the date of the agreement, the IAR is required to return any funds received or be granted an extension for the plan delivery. A client may terminate a financial planning agreement without penalty by providing written notice within five business days.

## **ITEM 5 – FEES AND COMPENSATION**

Fees for Independence Advisory Accounts, Third-Party Money Manager services and Freedom Capital Management Strategies® are based on the application of a percentage rate to the amount of assets under management. Typically, this rate will not exceed 2.75%. IARs may also charge a flat dollar rate for managing multiple accounts or a combination of percentage of assets under management and commissions. IARs using this combination method must obtain prior written approval from the FFS Compliance Department and must fully disclose the total fee calculations in the fee addendum of the Investment Advisory Services Agreement. These fees are determined separately for each account.

Furthermore, the rates to be applied depend on, but are not limited to, the type of assets under management, the composition or structure of the account, the size of the account, and the services required by the client. Fees, including flat dollar rates and combination method will generally be calculated at a total rate equal to or less than 2.75% and are negotiable at the account opening.

Fees for the Freedom Independence Plan™ are based on the application of a percentage rate to the amount of assets under management. Typically, this rate will not exceed 1.40%. Per the advisory agreement, the client authorizes the Plan’s record-keeper or custodian to remit the fees to be paid directly to FFS from the plan assets. Notwithstanding the Plan’s obligation to pay fees, the client may elect within its sole discretion to pay any or all fees to FFS in lieu of payment by the Plan, provided that any fees remaining unpaid after thirty days from date of invoice shall be due and payable immediately by the Plan.

In connection with the services provided, FFS and/or its affiliates may receive fees from mutual funds, or their distributors, that are offered as investment alternatives under the Plan. These fees consist of 12b-1 fees, sub-transfer agency fees, and/or other similar fees, and are in addition to the fees charged for Investment Advisory Services. Any 12b-1 fees, sub-transfer agency fees, and/or other similar fees received by FFS or its affiliates from mutual funds, or their distributors, shall be used to offset the investment expenses of the Plan or remitted to the Plan.

**Fee Billing**

All fees for advisory accounts are deducted from the subject advisory account. Freedom Capital Management Strategies® and Independence Advisory fees are billed monthly in advance. Third-Party Money Manager fees are billed in accordance with each company's set account agreements and may vary. Freedom Independence Plans™ are billed in arrears.

**Other Fees**

In addition to fees for assets under management, clients may also be charged for costs associated with executing transactions, commonly referred to as "ticket charges." A schedule of these charges is provided to the client prior to the execution of the agreement, and may be obtained at any time from the client's IAR. IARs may impose a minimum fee when charging a fixed percentage rate for managing assets. This practice must be approved in advance in writing by the FFS Compliance Department.

Fees collected for services provided by Principal Guard, LLC are separate from any management fees and are collected in advance or in arrears, dependent on the client agreement terms, and are non-refundable.

Financial plans are priced according to the degree of complexity associated with the client's situation. Financial planning fees shall generally not exceed a flat rate of \$10,000, \$500 per hour, or \$5,000 per year. However, based upon individual circumstances, a higher fee may be negotiated. In such instances, the IAR must receive written approval from the FFS Compliance Department prior to enacting said higher fees.

**Expense Ratios**

Most mutual funds charge a management fee for their services as investment managers. The management fee is called an expense ratio. These fees are in addition to the fees paid by the client to FFS. Published performance numbers of mutual funds are calculated after the fees have been deducted.

**Termination of Agreement**

Either party may terminate an Investment Advisory Services Agreement at any time with written notice, in which event FFS will refund the pro-rata fee received to the extent that such fee exceeds the execution charges that would have been owed based upon FFS' regular commission and execution rates. If the client terminates the relationship within five (5) business days of signing the agreement, the client will receive a full refund of fees paid. If any client is past due for more than 30 days on any amounts owed for agreed services, FFS reserves the right to stop any and all services.

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

FFS does not base any fees upon a share of capital gains on, or capital appreciation of, the assets of a client. FFS does not use performance-based fee schedules because of the potential conflict of interest. This type of compensation may create an incentive for the IAR to recommend an investment that carries a higher degree of risk exposure to the client, instead of a recommendation based upon a client's investment goals and objectives. FFS routinely monitors for areas of conflict of interest in individual transactions, recommendations, and product selection.

## ITEM 7 – TYPES OF CLIENTS

We provide and offer investment advisory services to a broad array of clients, including individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations or other businesses.

The minimum account size varies by the advisory service:

- Independence Advisory Accounts – \$25,000
- Freedom Capital Management Strategies® – \$500
- Third-Party Money Managers – will vary based upon sponsoring company standards
- Freedom Portfolios – \$25,000
- Freedom Independence Plan™ – no minimum

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

### **Methods of Analysis**

We formulate investment advice using the following analysis methods: charting, fundamental, technical, and cyclical. The main sources of information FFS uses for security analysis may include: financial newspapers and magazines, research materials prepared by others, annual reports, prospectuses, filings with the SEC and company press releases, or certain software programs subscribed to by FFS.

### **Investment Strategies**

We implement investment advice for clients primarily using long term purchases (securities held at least a year) and short term purchases (securities sold within a year). Under limited circumstances, we will use these alternative strategies: trading (securities sold within 30 days); short sales; margin transactions; or option writing, including covered options.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. Some of the primary risks of investing are summarized below.

#### Interest Rate Risk

When interest rates increase, the value of the account's investments may decline and the account's share value may be reduced. This effect is typically more pronounced for intermediate and longer term obligations. This effect is also typically more pronounced for mortgage- and other asset-backed securities, the value of which may fluctuate more significantly in response to interest rate changes. When interest rates decrease, the account's current income may decline.

#### Market Risk

Even a long-term investment approach cannot guarantee a profit. Economic, political and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth more or less upon liquidation.

#### Inflation Risk

Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.



#### Reinvestment Risk

This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

#### Business Risk

These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

#### Liquidity Risk

Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

#### Financial Risk

Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy or a declining market value.

### **ITEM 9 – DISCIPLINARY INFORMATION**

As a Registered Investment Adviser, we are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We are pleased to report that we currently have no applicable information to include for this Item.

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

FFS is also a broker-dealer registered with the Financial Industry Regulatory Authority ("FINRA"). FFS uses Pershing, LLC as their clearing firm and Pershing, LLC has custody of client assets.

FFS representatives have access to insurance products through Founders Financial Securities Insurance Agency ("FFS Ins. Agency") a wholesale life insurance company. As such, FFS Ins. Agency solely distributes products and does not open or maintain customer accounts, or hold customer funds or securities. In their separate capacities as Registered Representatives of the broker-dealer, these individuals will be able to implement securities transactions for advisory clients for separate and typical compensation.

For broker-dealer services, the Adviser or its associated persons may receive compensation for such transactions, where such compensation is separate and distinct from the Adviser's compensation related to its investment advisory services. From time to time, associated persons of the Adviser may recommend that clients buy or sell securities or investment products that the Adviser also owns. In such circumstances, the Adviser shall adhere to the Firm's Code of Ethics.

Some associate persons are also licensed Independent insurance agents and may recommend or sell Clients insurance products. Clients are under no obligation to purchase these products from the associated person. In their separate capacities as an independent insurance agent these individuals will be able to implement insurance transactions for advisory clients for separate and typical compensation.

All clients are advised that broker-dealer services (including Private Placements and/or insurance) are separate from advisory services offered pursuant to this brochure, and associated persons may be compensated for making such recommendations. Clients are advised to carefully consider the conflicts disclosed above prior to engaging in such business.

Item 12 includes additional details regarding brokerage practices and related disclosures.

## ITEM 11 – CODE OF ETHICS

We have adopted a Code of Ethics (“the Code”) for our supervised persons describing our high standards of business conduct and our fiduciary duty to our clients. The Code includes, but is not limited to, provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All supervised persons must acknowledge the terms of the Code annually, or as amended.

Our supervised persons may buy or sell securities that are recommended to clients. Our employees and persons associated with us are required to follow the Code. Subject to satisfying this policy and applicable laws, employees and persons associated with us and our affiliates may trade for their own accounts in securities which are recommended to and/or purchased for our clients. The Code is designed to ensure that the personal securities transactions, activities, and interests of our employees will not interfere with making decisions in the best interest of advisory clients and implementing such decisions, while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of our clients. In addition, the Code requires pre-approval of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client. Employee trading is continually monitored under the Code to reasonably prevent conflicts of interest between employees and our clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with our obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. We will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

It is our policy not to effect any principal or agency cross-securities transactions for client accounts. We will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

Clients or prospective clients may request a copy of our Code of Ethics by contacting us at 888-523-1162.

## **ITEM 12 – BROKERAGE PRACTICES**

FFS provides full disclosure to clients as to its position as a broker-dealer. FFS will not allow any of its IARs to participate in the selection of investments for a client until the needs of the client have been determined. FFS does not engage in transactions involving any conflicts of interests. Transactions in the Independence Advisory Accounts will be conducted through FFS with Pershing, LLC. IARs may be compensated for accounts held away from FFS under a Financial Plan Agreement with the client.

We place trades for client accounts subject to our duty to seek best execution and our other fiduciary duties. We may use broker-dealers other than FFS to execute trades for client accounts maintained at Pershing. However, this practice may result in additional costs to the client, so we are more likely to place trades through FFS rather than other broker-dealers. FFS' execution quality may be different than other broker-dealers. We have outsourced certain back-office tasks to Pershing. Pershing will handle daily database reconciliation, statement generation and delivery, and advisory fee filling. Pershing's system provides us with customized reporting, trade upload creation, and pending trade follow-up.

### **Pershing**

We generally recommend that clients with Independence Advisory Accounts establish accounts with FFS, in which case Pershing will maintain custody of the client's assets. Pershing provides us with access to its institutional trading and custody services. These services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors.

Pershing makes available to us other products and services that benefit FFS but may not benefit our client accounts. Some of these other products and services assist us in managing and administering client accounts. These product and services include software and technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees by deducting them from client accounts, and assist with back-office functions, recordkeeping, and client reporting. Many of these services generally may be used to service all or a substantial number of our client account. Pershing also makes available to us other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Pershing may make available or arrange to pay for these services rendered to us by third parties. Pershing may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to us. While as a fiduciary, we endeavor to act in our clients' best interests, our recommendation that clients maintain their assets in accounts at Pershing may be based in part on the benefit to us or the availability of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided by Pershing, which may create a potential conflict of interest.

### **Trust Company of America**

All Freedom Capital Management Strategies® accounts are custodied with Trust Company of America ("TCA"). We selected TCA due their competitive position in the market for custody services. They offer strong model trading technology that drives more efficient trading and provides a strong service footprint

to our business. They do an excellent job in handling client funds and handling required operational, trading, and administrative issues for our platform.

### **Lincoln Trust Company**

Freedom Independence Plans™ are custodied with Lincoln Trust Company.

### **Trade Aggregation**

FFS, in its capacity as a fully disclosed broker-dealer, provides the RIA direct access to the custodian. On occasion, FFS may aggregate orders for a client's account with orders for other FFS clients for whom the transaction is appropriate, even though the accounts are individually managed. Aggregating orders may allow the participating accounts to receive volume discounts that would not be available when orders are executed separately. In addition, aggregated orders are executed together. If more than one price is paid for securities in an aggregated transaction, each client participating in the transaction will typically receive the average price paid for the block in the aggregated transaction for that day. Although this averaging is aimed at treating all participating clients fairly, it may adversely affect the results for any particular participating client.

## **ITEM 13 – REVIEW OF ACCOUNTS**

A representative sample of all accounts may be reviewed on a quarterly basis by the Chief Compliance Officer (“CCO”), or designated individual(s) under the supervision of the CCO. Factors that are considered include, but are not limited to, the following: investment objectives/management style, targeted allocation/current allocation, suitability, performance, number of trades, and concentrated positions/diversification.

There are three levels of accounts with which FFS has agreements: financial planning services, sponsored discretionary or non-discretionary managed and third-party managed accounts, and Freedom Capital Management Strategies® accounts. Supervisory review of these accounts will include general account activity and other triggering factors such as fees charged, account performance and performance reports, customer complaints, products used, best execution, security concentration and other triggering factors as determined by reviewer.

Financial planning services and/or fee-based insurance plans may include some of the above but review will mainly focus on fees charged in relation to financial and/or insurance plan, documents in support of the financial and/or insurance plan which may include worksheets, schedules, diagrams and other pertinent information.

Some potential examples of situations that may prompt us to conduct more frequent reviews include the following: performance is not in line with the client's risk tolerance, change in investment objective, a significant addition or withdrawal of capital is made, rebalancing of the portfolio if current allocation and targeted allocation are not consistent, frequency of trades is not in line with objectives and current account type, or a concentrated position that is leading to account volatility.

For all accounts, at least annually, we will contact you and request current information to determine whether there have been any changes in the current information provided in the risk tolerance or objectives. You must inform us in writing of any material changes in your account information or your financial circumstances that might affect the manner in which your assets should be invested. You may contact us during normal business hours to consult regarding the management of your account(s).

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

The Firm will occasionally enter into solicitor's agreements that comply with SEC rule 206(4)-3 promulgated under the Investment Advisors Act of 1940. If a client is solicited by an individual with which we have a solicitor's agreement, FFS will pay the individual a percentage of the management fees it collects as determined in the solicitor's agreement. A client who is solicited will receive an additional disclosure document specifically describing the arrangement and the compensation paid to the solicitor. The solicitor's fee will be based on FFS' normal fee schedule; the client will not be charged any additional fees or expenses as a result of the referral.

## ITEM 15 – CUSTODY

The client should receive at least quarterly statements from the broker-dealer, bank, or other qualified custodian that holds and maintains their investment assets. We urge you to carefully review these official custodial records and compare them to any additional account documents that we may provide to you.

## ITEM 16 – INVESTMENT DISCRETION

Clients may choose to have FFS service their accounts on a discretionary or non-discretionary basis. FFS usually receives discretionary authority from the client at the outset of an advisory relationship, if chosen, through the Investment Advisory Agreement. Investment discretion allows the IAR to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives of the client account. When IARs select securities and determine amounts, they observe the investment policies, limitations, and restrictions of the client. Investment guidelines and restrictions must be provided by the client to FFS in writing.

## ITEM 17 – VOTING CLIENT SECURITIES

As a matter of policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. You will retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolio(s). Occasionally, we may provide advice to clients regarding the voting of proxies. You will receive your proxies or other solicitations directly from your custodian or transfer agent.

## ITEM 18 – FINANCIAL INFORMATION

As a Registered Investment Adviser, we are required in this Item to provide you with certain financial information or disclosures about our financial condition. We currently have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.

## PRIVACY POLICY

We collect non-public personal information about you from information we receive on applications or other forms and information about your transactions with our affiliates, others, or us. We do not disclose any non-public personal information about our current or former clients to anyone, except as permitted by law or in order to provide the current services. Our employees have limited access to your personal information based on their responsibilities to provide products or services to you. We maintain physical, electronic and procedural safeguards in compliance with federal standards to protect your information. If the IAR servicing your account leaves us to join another firm, the IAR is permitted to retain copies of your information so that he/she can assist with the transfer of your account and continue to serve you at their new firm.

“Opting-out” of Third-Party Disclosures: If you do not want your IAR to retain copies of your client sensitive information when he/she leaves us to join another firm, you may contact our Compliance Department by calling 888-523-1162.

## **BUSINESS CONTINUITY PLAN**

FFS has developed a Business Continuity Plan to address how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions are unpredictable, we will be flexible in responding to actual events as they occur.

Within 24 hours after a significant business disruption, we plan to quickly recover and resume business operations and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm’s books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses: data back-up and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, bank and counter-party impact; regulatory reporting; and assuring our customers prompt access to their funds and securities if we are unable to continue our business.

Our sub-clearing firm, ProEquities, backs up our important records in a geographically separate area. While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption, we have been advised by ProEquities that its objective is to restore operations and be able to complete existing transactions and accept new transactions and payments within four hours of the disruptive event. Your orders and requests for funds and securities could be delayed during this period.

### **Contacting Us**

If after a significant business disruption you are unable to contact us at 888-523-1162, please visit our parent company’s website at [wwwFOUNDERSfinancial.com](http://wwwFOUNDERSfinancial.com) to review updated contact information. If you cannot access us through either of those means, you should contact Candace Banks with ProEquities for instructions on how they may assist in accessing your funds and/or securities. Candace Banks can be reached via phone at 800-288-3035, Option #7, or via email at [candace.banks@proequities.com](mailto:candace.banks@proequities.com).

If communication with us is disrupted, you may place orders directly with ProEquities by calling 1-800-288-3035, Option #1.

### **Varying Disruptions**

Significant business disruptions can vary in their scope, such as only our firm, a single building housing our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our firm or a building housing our firm, we will transfer our operations to a local site when needed and expect to recover and resume business within 24 hours. In a disruption affecting our business district, city, or region, we will transfer our operations to a site outside of the affected area, and recover and resume business within three days. In either situation, we plan to continue in business, transfer operations to our clearing firm if necessary, and provide you with instructions on how to contact us through our parent company’s web site: [wwwFOUNDERSfinancial.com](http://wwwFOUNDERSfinancial.com). If the significant business

disruption is so severe that it prevents us from remaining in business, we will assure our client's prompt access to their funds and securities.

This information is provided solely to our clients and no further distribution or disclosure is permitted without our prior written consent. No person other than our clients may rely on any statement herein. Our Business Continuity Plan is reviewed and updated regularly and is subject to change.

Please visit our parent company's web site at [wwwFOUNDERSFINANCIAL.COM](http://wwwFOUNDERSFINANCIAL.COM) for the most current copy of this disclosure. You may request an updated copy by writing us at the following address:

Founders Financial Securities, LLC  
ATTN: Compliance Department  
1020 Cromwell Bridge Road  
Towson, Maryland 21286