

The financial advisors of CarrThaxton Financial Group, LLC are registered representatives with securities offered through LPL Financial, member FINRA/SIPC.

**Item 1 Cover Page**



Registered As

**CarrThaxton Financial Group, LLC**  
**DBA: CarrThaxton Financial Group**

Investment Advisor

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**July 31, 2015**

**NOTICE TO PROSPECTIVE CLIENTS: READ THIS DISCLOSURE BROCHURE IN ITS ENTIRETY**

All the material within this Brochure must be reviewed by those who are considering becoming a client of our firm. This Brochure provides information about the qualifications and business practices of CarrThaxton Financial Group, LLC. If you have any questions about the contents of this Brochure, please contact us at (781) 861-9700 or at our [web site](#). In accordance with federal and state regulations, this Brochure is on file with the appropriate securities regulatory authorities as required. The information provided within this Brochure is not to be construed as an endorsement or recommendation by state securities authorities in any jurisdiction within the United States, or by the United States Securities and Exchange Commission. 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. CarrThaxton Financial Group, LLC is a state Registered Investment Advisor. Registration of a Registered Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor. Additional information about CarrThaxton Financial Group, LLC also is available on the SEC's Web Site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 – Material Changes**

In the future, this Item number will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our Brochure. We will ensure that you receive a summary of any material 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 further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Disclosure Brochure may be requested by contacting us at (781) 861-9700. We welcome visitors to our web site, [www.carrthaxton.com](http://www.carrthaxton.com), for a comprehensive overview of our firm and the professional services we offer.

Additional information about CarrThaxton Financial Group, LLC is also available via the SEC's Web Site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's Web Site also provides information about any persons affiliated with CarrThaxton Financial Group, LLC who are registered, or are required to be registered, as investment adviser representatives of CarrThaxton Financial Group, LLC.

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#### **Item 4 – Advisory Business**

CarrThaxton Financial Group, LLC is an SEC Registered Investment Advisor. The firm's President and sole owner Scott E. Thaxton organized the firm as a legal entity in Massachusetts acting as a Registered Representative and Investment Advisor Representative of LPL Financial. In 2014, Scott registered CarrThaxton Financial Group, LLC as an independent investment advisor and remains a Registered Representative of the LPL Financial broker/dealer.

**Scott E. Thaxton** - Scott has been assisting wealthy families pursue a broad range of financial and life goals for more than 15 years. Scott began his career as an attorney with a Boston law firm and moved into advising experienced investors at Smith Barney. He is an independent branch owner with LPL Financial, the largest independent broker/dealer in the United States.

Scott provides comprehensive financial and wealth planning services to experienced investors. As a Chartered Retirement Planning Counselor he specializes in helping clients experience financial independence in retirement, providing unbiased advice and guidance in the areas of investment management, portfolio allocation, asset diversification, investment and annuity selection, long term care planning, tax reduction, estate planning and trustee services.

Scott has been named a Boston Five Star Wealth Manager for two consecutive years. The **Five Star Professional** award is presented to service professionals, including wealth managers in more than 45 markets in the U.S. and Canada who score highest in overall satisfaction. Five Star Professional partnered with ***Boston Magazine*** to conduct research to identify a select group of wealth managers who are exceptional in both their ability and their commitment to overall satisfaction. Fewer than three percent of the 20,000 wealth managers in the Boston area were selected for the prestigious award.

Scott has lectured widely on financial topics at Boston and Suffolk Universities and other local colleges and high schools. Additionally, his retirement investment classes have been widely attended in the Boston area.

A licensed attorney, Scott holds a law degree from Suffolk University Law School where he was an *Alternative Dispute Resolution Mock Negotiation Team - National Finalist*. He is a member of both the Massachusetts and District of Columbia Bars and he served on the Suffolk University Law School Board of Alumni from 1996 through 1998. Scott earned his Bachelor of Arts degree with a double major in English and Psychology from the University of Wisconsin-Madison. Scott resides in Stow with his wife Lisa and their three children.

**Gregory J. Pennini** – Greg joined CarrThaxton Financial Group, LLC to help the firm reach its goal of becoming a multi-generational business. Greg has been in the financial services industry for over 5 years, helping retirees meet their retirement spending needs by specializing in income generation and planning. He has attained the Certified Fund Specialist (CFS) designation which includes study in Modern Portfolio Theory, Diversification and Risk Management.

Greg has in-depth experience working with investment management professionals and firms to bring strategies to clients with varying economic and life situations. Through his advice, he has helped clients address estate planning concerns to help them pursue their retirement goals.

Mr. Pennini's approach to financial planning is to protect and grow assets with the goal that the lifestyle of the client remains robust throughout retirement.

Greg grew up south of Boston, graduating from Whitman-Hanson High School and later from the University of Massachusetts, Dartmouth. He continued his education, studying in the financial services industry in Denver, Colorado where he met his wife Jenna who is now an elementary school teacher in Bedford, MA.

- The firm is compensated based on a percentage of assets under management, hourly charges and/or fixed fees.
- The individuals associated with CarrThaxton Financial Group, LLC are appropriately licensed, and authorized to provide advisory services on behalf of CarrThaxton Financial Group, LLC.

Investment Advisor Representatives are restricted to providing advisory services and charging fees based in accordance with the descriptions detailed in this document and the account agreement. However, the exact service and fees charged to a particular client are dependent upon the representative that is working with the client and the particular complexities. Advisors are instructed to consider the individual needs of each client when recommending an advisory platform. Investment strategies and recommendations are tailored to the individual needs of each client. Individuals associated with CarrThaxton Financial Group, LLC are also registered representatives of LPL Financial, an SEC registered broker/dealer, a member of the Financial Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). Any securities transactions shall be directed to LPL Financial for execution. CarrThaxton Financial Group, LLC and LPL Financial are not affiliated legal entities.

### **Asset Management**

CarrThaxton Financial Group, LLC through its Investment Advisor Representatives provides ongoing investment advice and management on assets in the client's custodial Strategic Wealth Management (SWM) account held at LPL Financial. Strategic Wealth Management is the name of the custodial account offered through LPL to support investment advisory services provided by CarrThaxton Financial Group, LLC to our clients. More specific account information and acknowledgements are further detailed in the account application.

Investment Advisor Representatives provide advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds ("ETFs"), variable annuity subaccounts, real estate investment trusts ("REITs"), equities, and fixed income securities. The advice is tailored to the individual needs of the client based on the investment objective chosen by the client in order to help assist clients in attempting to meet their financial goals. Accounts are reviewed on a regular basis and rebalanced as necessary according to each client's investment profile. A minimum account value of \$25,000 is generally required for the program. In certain instances, CarrThaxton Financial Group, LLC will permit a lower minimum account size.

CarrThaxton Financial Group, LLC offers asset management on a discretionary and non-discretionary basis. As of July 2015 the firm has \$0 assets under management.

### **Optimum Market Portfolios Program (OMP)**

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. Advisor will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. Advisor will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

A minimum account value of \$15,000 is required for OMP.

### **Personal Wealth Portfolios Program (PWP)**

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL. Advisor will have discretion for selecting the asset allocation model portfolio based on client's investment objective. Advisor will also have discretion for selecting third party money managers (PWP Advisors) or mutual funds within each asset class of the model portfolio. LPL will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds and equity and fixed income securities.

A minimum account value of \$250,000 is required for PWP.

### **Model Wealth Portfolios Program (MWP)**

MWP offers clients a professionally managed mutual fund asset allocation program. CarrThaxton Financial Group, LLC Investment Advisor Representatives will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The Advisor will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected. The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds (including in certain circumstances exchange traded funds) and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts. In the future, the MWP program may make available model portfolios designed by strategists other than LPL's Research Department. If such models are made available, Advisor will have discretion to choose among the available models designed by LPL and outside strategists.

A minimum account value of \$25,000 is required for MWP.

## Manager Access Select Program

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. Advisor will assist client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. Advisor will provide initial and ongoing assistance regarding the Portfolio Manager selection process.

A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

The account fee charged to the client for each advisory program is negotiable, subject to the following maximum account fees:

<b><u>Advisory Program</u></b>	<b><u>Annual Percentage of Assets Charge</u></b>
Manager Access Select	2.0%
SWM	2.0%
OMP	2.0%
PWP	2.0%
MWP	2.0%

Account fees are payable quarterly in advance.

LPL serves as program sponsor, investment advisor and broker-dealer for the LPL advisory programs. CarrThaxton Financial Group, LLC and LPL may share in the account fee and other fees associated with program accounts. Associated persons of Advisor may also be registered representatives of LPL.

The purchase of a securities and/or insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Investment Advisor Representative of the firm. Clients may purchase investment products recommended by investment advisory representatives through other, non-affiliated broker/dealers or insurance agents. Transactions in advisory program accounts are generally effected through LPL as the executing broker-dealer.

Advisor receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the Advisor would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

Investment Advisor Representatives may also be licensed insurance agents. In the capacity of an insurance agent, they may recommend the purchase of certain insurance-related products on a commission basis. Transactions in LPL advisory program accounts are generally effected through LPL as the executing broker-dealer.

Advisor receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the size of the account, changes in its value over time, the ability to negotiate fees or commissions, and the number of transactions, the amount of this compensation may be more or less than what the Advisor would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

Neither the firm nor any Investment Advisor Representative are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

### **Financial Planning Services**

As part of our financial planning services, CarrThaxton Financial Group, LLC, through its investment advisor representatives, may provide personal financial planning tailored to the individual needs of the client. These services may include, as selected by the client on the financial planning agreement, information and recommendations regarding tax planning, investment planning, retirement planning, estate needs, business needs, education planning, life and disability insurance needs, long-term care needs and cash flow/budget planning. The services take into account information collected from the client such as financial status, investment objectives and tax status, among other data.

As part of our financial planning services, CarrThaxton Financial Group, LLC, through its investment advisor representatives, may provide personal financial planning tailored to the individual needs of the client. These services may include, as selected by the client on the financial planning agreement, information and recommendations regarding tax planning, investment planning, retirement planning, estate needs, business needs, education planning, life and disability insurance needs, long-term care needs and cash flow/budget planning. The services take into account information collected from the client such as financial status, investment objectives and tax status, among other data.

The financial plan may include generic recommendations as to general types of investment products or specific securities which may be appropriate for the Client to purchase given his/her financial situation and objectives. The Client is under no obligation to act upon the investment adviser's recommendation or purchase such securities through CarrThaxton Financial Group, LLC and the IAR. However, if the Client desires to purchase securities or advisory services in order to implement his/her financial plan, CarrThaxton Financial Group, LLC may make a variety of products and services available through its IARs. This may result in the payment of normal and customary commissions, advisory fees or other types of compensation to CarrThaxton Financial Group, LLC and the IAR.



A conflict exists between the interests of the investment advisor and the interests of the client. Depending on the type of account that could be used to implement a financial plan, such compensation may include (but is not limited to) advisory fees, commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees; mutual fund 12b-1 fees; mutual fund sub-transfer agency fees; hedge fund, managed futures, and variable annuity investor servicing fees; retirement plan fees; fees in connection with an insured deposit account program; marketing support payments from mutual fund, annuity and insurance sponsors; administrative servicing fees for trust accounts; referral fees; compensation for directing order flow; and bonuses, awards or other things of value offered by CarrThaxton Financial Group, LLC to the IAR.

To the extent that IAR recommends that Client invest in products and services that will result in compensation being paid to CarrThaxton Financial Group, LLC and the IAR, this presents a conflict of interest. This compensation to IAR and CarrThaxton Financial Group, LLC may be more or less depending on the product or service that IAR recommends. Therefore, the IAR may have a financial incentive to recommend that a financial plan be implemented using a certain product or service over another product or service. Investment Advisor Representatives of CarrThaxton are obligated to act in a client's best interests at all times.

The IAR may receive additional cash or non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives.

Financial planning is made available to all clients as a comprehensive service that may or may not result in a written plan. The amount of time required per plan can vary greatly depending on the scope and complexity of an individual engagement. A particular client's financial plan will include the relevant types of planning specific to their needs and objectives such as:

- **Retirement** – planning an investment strategy with the objective of providing inflation-adjusted income for life.
- **College / Education** – planning to pay the future college / education expenses of a child or grandchild.
- **Major Purchase** – Evaluation of the pros and cons of home ownership verse renting as well as buying or leasing a car, for example.
- **Divorce** – planning for the financial impact of divorce such as change in income, retirement benefits and tax considerations.
- **Insurance Needs** – planning for the financial needs of survivors to satisfy such financial obligations as housing, dependent child care and spousal arrangements as well as education.

- **Final Expenses** – planning to leave assets to cover final expenses such as funeral, debts and potential business continuity.
- **Estate Planning** – planning that focuses on the most efficient and tax friendly option to pass on an estate to a spouse, other family members or a charity.
- **Cash Flow/ Budget Planning** – planning to manage expenses against current and projected income.
- **Wealth Accumulation** – planning to build wealth within a portfolio that takes into consideration risk tolerance and time horizon.
- **Business Succession** – planning for the continuation of a business in a smooth a transition as possible with the use of buy-sell agreements, key-man insurance and engaging independent legal counsel as needed.
- **Tax Planning** – planning a tax efficient investment portfolio to maximize deductions and off-setting losses.
- **Investment Planning** – planning an investment strategy consistent with a particular objectives, time horizons and risk tolerances.

### **Hourly Consulting Services**

CarrThaxton Financial Group, LLC through its Investment Advisor Representatives, may provide consulting services on an hourly basis. These services may include, as selected by the client in the consulting agreement, advice regarding tax planning, investment planning, retirement planning, estate planning, cash flow/budget planning, business planning, education planning, and personal financial planning. The services take into account information collected from the client such as financial status, investment objectives and tax status, among other data. The Investment Advisor Representatives may or may not deliver to the client a written analysis or report as part of the services. The investment advisor representatives tailor the hourly consulting services to the individual needs of the client based on the investment objective chosen by the client. The engagement terminates upon final consultation with the client. The hourly fee for these services is negotiable up to \$400.

### **Item 5 – Fees and Compensation**

The specific manner in which fees are charged by the firm is established in a client's written agreement between the client and CarrThaxton Financial Group, LLC. The firm's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the firm's management to be charged quarterly in advance, and CarrThaxton Financial Group, LLC representatives may at their discretion negotiate a fee with a maximum of 2.0%.

In the event that a client desires, a client can engage certain of the firm's representatives, in their individual capacities as registered representatives of LPL Financial, an SEC registered and FINRA/SIPC member broker-dealer, to implement investment recommendations on a commission basis. In the event a client chooses to purchase investment products through LPL Financial, LPL Financial will charge brokerage commissions to effect securities transactions, a portion of which commissions LPL Financial shall pay to the firm's representatives, as applicable. The brokerage commissions charged by LPL Financial may be higher or lower than those charged by other broker/dealers.

In addition, LPL Financial, as well as the firm's representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

The recommendation that a client purchase a commission product from LPL Financial presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from LPL Financial. The firm's Chief Compliance Officer, Scott Thaxton, is available to address any questions that a client or prospective client may have regarding this conflict of interest.

Please note, clients may purchase investment products recommended by our firm through other, non-affiliated broker dealers or agents.

The firm generally does not receive more than 25% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the firm recommends to its clients. When the firm's representatives sell an investment product on a commission basis, the firm does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, CarrThaxton Financial Group, LLC representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). However, a client may engage the firm to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from the firm's representatives on a separate commission basis.

Fees for customized and participant advisory services are typically based on the value of assets under management and will vary by engagement. The amount of the fee will be set out in the client agreement executed by the client at the time the relationship is established. The advisory fee is negotiable between the investment advisor representative and the client, and is payable either in advance or in arrears as described in the client agreement. The advisory fee will be paid to LPL and LPL shares between 85% and 100% of the advisory fee with the IAR based on the agreement between LPL and the IAR. A custom program account may be terminated according to the client agreement. If the client agreement provides for payment in advance, the agreement will state how the client can obtain a refund of any pre-paid fee if the agreement is terminated before the end of the billing period.

In certain cases, LPL may serve as the broker/dealer on transactions in a customized advisory account. In such case, LPL may charge the client transaction charges in connection with trade execution through LPL. The transaction charges will be clearly stated in the client agreement executed by the client at the time the relationship is established. If the custom advisory services apply to variable annuities for which the Investment Advisor Representative receives trail compensation, such trail fees generally will be used to offset the advisory fee. In most cases, however, a third party broker dealer will provide trade execution. In such case, the broker/dealer may charge clients commissions, markups, markdowns and/or transaction charges.

Fees financial planning services are negotiable not to exceed \$400 an hour, based on 15 minute increments, without extenuating circumstances and approval by the Chief Compliance Officer. The hourly fee will be based on the type of services to be provided, the experience and expertise required, and the sophistication and bargaining power of the client.

The lowest hourly charge is generally not less than \$250 but in some instances financial planning services may be provided at no additional cost. The negotiated fee along with the estimated number of hours will be documented on the Advisory Agreement and signed by the Investment Advisor Representative, an authorized person of the firm and the client.

In other instances financial planning may be provided based on a fixed fee for services. While individual complexities will determine the fixed fee charged, the minimum fixed fee is generally not less than \$250 and will be based on the number of hours estimated to complete the plan but not billed based on actual hours.

The following criteria will be considered when determining the number of hours expected to create a client specific financial plan.

- Total Income (wages, investment, business, alimony, rental, etc.)
- Net Worth
- Marital Status
- Tax Bracket
- Assets under Management
- Children
- Education Costs
- Timeframe
- Risk Tolerance
- Objectives
- Account Types and Holdings
- Investment Experience
- Budget

### **Item 6 – Performance-Based Fees and Side-by-side Management**

Neither the firm or any supervised persons accepts performance-based fees, fees based on a share of capital gains on or capital appreciation of the assets of a client such as a hedge fund or other pooled investment vehicle.

### **Item 7 – Types of Clients**

The advisory services offered by CarrThaxton Financial Group, LLC are available for individuals, individual retirement accounts (“IRAs”), banks and thrift institutions, pension and profit sharing plans, including plans subject to Employee Retirement Income Security Act of 1974 (“ERISA”), trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities.

CarrThaxton Financial Group, LLC does not require a minimum asset amount for financial planning, hourly consulting, participant consulting or research services. For customized advisory services, any required minimum account value will be set out in the client agreement.

The firm generally provides investment advice to individuals and high net worth individuals as well as charitable organizations. The firm is currently not working with other types of clients or pursuing them as prospects but would not turn away any opportunities that may arise.

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

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments.

The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least annually and if necessary, rebalance the portfolio based upon the client’s individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

The firm uses a combination of charting, fundamental and technical analysis in order to formulate investment advice when managing assets. Depending on the analysis the firm will implement a long or short term trading strategy based on the particular objectives and risk tolerance of a particular client

Please note, investing in securities involves risk of loss that clients should be prepared to bear. There are different types of investments that involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal any specific performance level(s).

The firms' methods of analysis and investment strategies do not represent any significant or unusual risks however all strategies have inherent risks and performance limitations such as:

- **Market Risk** - the risk that the value of securities may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- **Interest Rate Risk** - the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk** - the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.

### **Item 9 – Disciplinary Information**

Registered Investment Advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an advisory firm or the integrity of a firm's management.

Any such disciplinary information for the company and the company's Investment Advisor Representatives would be provided herein and publicly accessible by selecting the Investment Advisor Search option at <http://www.adviserinfo.sec.gov>.

There are no legal or disciplinary events to disclose.

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

Investment Advisor Representatives may also be registered representatives of LPL Financial, an unaffiliated SEC registered Investment Advisor and FINRA/SIPC member broker/dealer. Clients may choose to engage a Registered Investment Advisor in their capacity as a registered representative of the unaffiliated LPL Financial broker/dealer, to implement investment recommendations on a commission basis.

Representatives of our firm are also insurance agents/brokers. They offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation advisor and/or our supervised persons may earn and may not necessarily be in the best interests of the client.

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

CarrThaxton Financial Group, LLC maintains a Code of Ethics, which serves to establish a standard of business conduct for all employees that are based upon fundamental principles of openness, integrity, honesty and trust.

The code of ethics includes guidelines regarding personal securities transactions of its employees and Investment Advisor Representatives. The code of ethics permits employees and Investment Advisor Representatives to invest for their own personal accounts in the same securities that an Investment Advisor Representative may purchase for clients in program accounts. This presents a conflict of interest because trading by an employee or Investment Advisor Representatives in a personal securities account in the same security on or about the same time as trading by a client can disadvantage the client. CarrThaxton Financial Group, LLC addresses this conflict of interest by requiring in its code of ethics that employees and IARs report certain personal securities transactions and holdings to the Chief Compliance Officer for review.

An investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related persons may have an interest or position in a certain security which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction being implemented for an advisory account in order to benefit from transactions placed on behalf of advisory accounts.

A copy of the Code of Ethics is available upon request.



## **Item 12 – Brokerage Practices**

CarrThaxton Financial Group, LLC receives support services and/or products from LPL Financial, many of which assist CarrThaxton Financial Group, LLC to better monitor and service program accounts maintained at LPL Financial. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- investment-related research
- pricing information and market data
- software and other technology that provide access to client account data
- compliance and/or practice management-related publications
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- computer hardware and/or software
- other products and services used by [Advisor] in furtherance of its investment advisory business operations

These support services are provided to CarrThaxton Financial Group, LLC based on the overall relationship between CarrThaxton Financial Group, LLC and LPL Financial. It is not the result of soft dollar arrangements or any other express arrangements with LPL Financial that involves the execution of client transactions as a condition to the receipt of services. CarrThaxton Financial Group, LLC will continue to receive the services regardless of the volume of client transactions executed with LPL Financial. Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by CarrThaxton Financial Group, LLC to LPL or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of the arrangement.

CarrThaxton Financial Group, LLC has an arrangement with LPL. LPL offers to independent investment advisors non-soft dollar services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some non-soft dollar benefits from LPL through our participation in the program.

LPL may make certain research and brokerage services available at no additional cost to our firm. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by LPL may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by LPL to our firm in the performance of our investment decision-making responsibilities.

Although the non-soft dollar investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's



account. As a result of receiving the services CarrThaxton Financial Group, LLC may have an incentive to continue to use or expand the use of LPL services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with LPL and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

LPL charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). LPL enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. LPL commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by LPL may be higher or lower than those charged by other custodians and broker-dealers.

Our clients may pay a commission to LPL that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We routinely recommend that a client directs us to execute through a specified broker-dealer. Our firm recommends the use of LPL. Each client will be required to establish their account(s) with LPL if not already done. Please note that not all advisors have this requirement.

We allow clients to direct brokerage outside our recommendation. However, we may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

### **Item 13 – Review of Accounts**

For those clients to whom CarrThaxton Financial Group, LLC provides investment supervisory services, account reviews are conducted on an ongoing basis by CarrThaxton Financial Group, LLC Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise CarrThaxton Financial Group, LLC of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with their Investment Advisor Representative on an annual basis. CarrThaxton Financial Group, LLC may conduct account reviews on an other than periodic basis.

upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. CarrThaxton Financial Group, LLC may also provide a written periodic report summarizing account activity and performance.

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

CarrThaxton Financial Group, LLC receives an economic benefit from LPL Financial in reimbursement for marketing related expenses. Please see detailed discussion of the categories of marketing related expenses and potential conflicts of interest in Item 12 Brokerage Practices.

CarrThaxton Financial Group, LLC and employees may receive additional compensation from product sponsors. However, such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings with investment advisor representative, client workshops or events, marketing events or advertising initiatives, including services for identifying prospective clients. Product sponsors may also pay for, or reimburse CarrThaxton Financial Group, LLC for the costs associated with, education or training events that may be attended by CarrThaxton Financial Group, LLC employees and IARs and for CarrThaxton Financial Group, LLC sponsored conferences and events.

CarrThaxton Financial Group, LLC does not directly or indirectly compensate any person who is not a CarrThaxton Financial Group, LLC advisory representative for client referrals.

#### **Item 15 – Custody**

CarrThaxton Financial Group, LLC does not have actual or constructive custody of client funds. LPL Financial will serve as the custodian of client assets on behalf of CarrThaxton Financial Group, LLC. CarrThaxton Financial Group, LLC may also provide advisory services on assets held at different third party custodians. CarrThaxton Financial Group, LLC urges you to carefully review the statements provided by the custodian and compare such official custodial records to the account statements that may be provided by CarrThaxton Financial Group, LLC.

#### **Item 16 - Investment Discretion**

CarrThaxton Financial Group, LLC does not currently provide investment advisory services on a discretionary basis. In the event that CarrThaxton Financial Group, LLC would assume discretionary authority over a client's account at some later date, the client would be required to execute an *Investment Advisory Agreement*, naming CarrThaxton Financial Group, LLC as the client's attorney and agent in fact, granting CarrThaxton Financial Group, LLC full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who would engage CarrThaxton Financial Group, LLC on a discretionary basis if that service is eventually offered, may at any time, impose restrictions, **in writing**, on CarrThaxton Financial Group, LLC discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the use of margin, etc.).

**Item 17 – Voting Client Securities**

CarrThaxton Financial Group does not vote client proxies but third party money managers selected or recommended by our firm may vote proxies for clients. Clients will otherwise receive their proxies or other solicitations directly from their custodian. Clients may contact CarrThaxton Financial Group, LLC at (781) 861-9700 to discuss any questions they may have with a particular solicitation.

**Item 18 – Financial Information**

CarrThaxton Financial Group, LLC does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance.

There are no financial conditions that are reasonably likely to impair the firm's ability to meet contractual commitments to clients. At no time has CarrThaxton Financial Group, LLC. been the subject of a bankruptcy petition.

**Item 19 – Requirements for State Registered Advisers**

The principal executive officer of CarrThaxton Financial Group is Scott E. Thaxton. He is not actively engaged in a business other than giving investment advice.

Scott has not been involved in an arbitration or a material event that requires disclosure and he is not compensated for advisory services with performance-based fees.

Scott does not have a relationship or other arrangement with an issuer of securities. Any such financial industry activity and affiliation is disclosed in Item 10 above.