

SEC File Number 801-62434  
IARD/CRD Number 22589

CRI SECURITIES, LLC  
400 ROBERT STREET NORTH  
ST. PAUL, MN 55101  
651.665.3500  
800.820.4205

### **CRI SPECTRUM ADVISOR PROGRAM**

October 3, 2014

Wrap Fee Program Brochure Pursuant to Part 2A, Appendix 1 of Form ADV

This wrap fee program brochure provides information about the qualifications and business practices of CRI Securities, LLC. If you have any questions about the contents of this brochure, or would like to receive an additional copy of this brochure, please contact CRI at 1-800-820-4205. Additional information about CRI Securities, LLC is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). “Registration” or being “registered” with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

**This brochure provides clients with information about CRI Securities, LLC and the CRI Spectrum Advisor Program that should be considered before becoming a client. This information has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

## **ITEM 2: MATERIAL CHANGES**

This Wrap Fee Program Brochure dated October 3, 2014 has been prepared by CRI Securities, LLC ("CRI") in accordance with the requirements of Form ADV as adopted by the United States Securities and Exchange Commission ("SEC"). The last annual update was March 31, 2014. Since that time, no material changes have occurred.

Pursuant to SEC Rules, CRI will ensure that clients receive a summary of any material changes to this and any subsequent Wrap Fee Program Brochure within 120 days of the close of CRI's business' fiscal year. CRI may further provide other ongoing disclosure information about material changes as necessary.

CRI will also provide clients with a new Wrap Fee Program Brochure, without charge, at any time upon request, or as necessary based on material changes or material new information. CRI's Wrap Fee Program Brochure may be requested by contacting CRI's Service Center at 1-800-820-4205.

## Table of Contents

Item 1: Cover Page.....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents .....	3
Item 4: Services, Fees and Compensation .....	4
A. Services .....	4
1. About CRI .....	4
2. CRI Spectrum Advisor Program .....	4
3. CRI's Model Allocation Portfolio System .....	5
4. CRI's Preferred List Selection Process .....	7
5. Administrative, Execution and Clearance Services.....	7
6. CRI Consultants.....	9
7. Opening an Account.....	9
8. Terminating an Account .....	10
B. Fees .....	10
1. Spectrum Fee.....	10
2. Payment of Fees .....	12
3. Non-Advisory Services for Certain Older Accounts .....	13
Item 5: Account Requirements and Types of Clients.....	13
Item 6: Portfolio Manager Selection and Evaluation.....	14
Item 7: Client Information Provided to Portfolio Managers .....	14
Item 8: Client Contact with a Portfolio Manager.....	14
Item 9: Additional Information .....	14
A. Disciplinary Information .....	14
B. Other Financial Industry Activities and Affiliations .....	14
1. CRI's Brokerage Service Business .....	14
2. CRI's Business Affiliations .....	15
C. Conflicts of Interest, Revenue Sharing and Other Payments from Funds.....	16
D. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	20
E. Review of Accounts .....	21
F. Client Referrals and Other Compensation .....	22
G. Financial Information.....	22
Item 10: Requirements for State Registered Advisers .....	22

## ITEM 4: SERVICES, FEES, AND COMPENSATION

### A. Services

#### About CRI

CRI Securities, LLC ("CRI") is registered with the Securities and Exchange Commission ("SEC") as both an investment advisor and a securities broker-dealer. It is also a member of FINRA and SIPC. As a broker-dealer, CRI offers a wide range of securities brokerage services and products, including mutual funds.

CRI provides investment advisory and brokerage services to a variety of clients, including individuals and businesses. Clients may simultaneously receive both investment advisory and brokerage services from CRI. Advisory services offered by CRI include but are not limited to financial planning for individuals and businesses, asset allocation and portfolio management services.

This Wrap Fee Program Brochure describes the CRI Spectrum Advisor wrap fee program (the "Program"). Advisory services offered by CRI other than CRI Spectrum Advisor are all described in another brochure containing the information required by Part 2A of Form ADV.

#### CRI Spectrum Advisor Program

CRI Spectrum Advisor is a wrap fee program sponsored by CRI. In accordance with the Program, each client opens a brokerage account ("Account") with CRI that will hold the client's assets covered by the Program. Clients pay fees and charges for various services provided under the Program in accordance with a bundled fee arrangement described below. CRI has established and actively maintains model portfolios and asset allocation strategies ("Strategies") that may be used in providing investment advice to clients with respect to assets in the Program. CRI has also established and actively maintains a recommended list of mutual funds and exchange traded funds on which CRI has performed relevant research ("Preferred List") that may be used in recommending securities pursuant to the Strategies. Based upon information provided by the client regarding the client's investment objective, risk tolerance, time horizon, and other pertinent financial characteristics ("Characteristics"), CRI will recommend for a client's Account a Strategy and a portfolio of securities that is appropriate for the client. Where appropriate for the client's Characteristics, the recommended Strategy may be a customized Strategy rather than one based on CRI's model portfolios. Securities recommended for the Account may be securities from the Preferred List, as well securities not on the Preferred List, including equities, corporate bonds, U.S. government bonds, mutual funds, exchange traded funds, closed-end funds, municipal securities and other securities.

CRI's securities recommendations under the Program are based on CRI's due diligence and analysis of securities and their potential for meeting a client's financial needs. Accordingly, CRI seeks to make securities recommendations that are consistent with a client's Characteristics

and any guidelines or restrictions provided by a client in writing. Unless otherwise instructed by the client, CRI will reinvest all dividends and other distributions in client's Account.

Except for the ability to liquidate securities in order to generate cash to pay fees owed by clients, the Program is non-discretionary in nature and trades in a client's Account are executed on a non-discretionary basis. In certain cases, however, clients may expressly grant CRI limited discretionary authority to buy and sell mutual funds and/or exchange traded funds in clients' accounts. Therefore, except as described in the prior sentences, clients in the Program are required to review and approve CRI's Strategy and security recommendations. CRI will not place securities orders without obtaining the prior approval of clients.

CRI is authorized to follow the instructions of clients in every respect concerning the client's participation in the Program. However, CRI may reject such instructions if, in CRI's reasonable judgment, such instructions (i) are not consistent with the terms of the Program, or (ii) if implemented, would violate any applicable law, rule or regulation.

The Strategies utilized by CRI may vary from client to client. In most cases, CRI will recommend long-positions in mutual funds, exchange traded funds (ETFs), and other equity and fixed income securities. Clients must decide whether to accept or reject Securian's recommendations.

Mutual fund shares transferred into the Account by a client will be analyzed on a case-by-case basis and may, in the discretion of CRI, be liquidated within sixty days of such transfer, transferred to a separate CRI brokerage account, or be permitted to be held in the Account. Further, CRI may, in its sole discretion, reject any other type of security that a client wishes to transfer into the Account.

Clients are responsible to vote all proxies, consents, waivers and other documents regarding corporate actions, with respect to any securities held in their Account. CRI will not vote proxies. Nor will CRI be responsible for taking action or rendering any advice with respect to securities held in the Account which become subject to legal notices or proceedings, including bankruptcy proceedings.

#### CRI's Model Allocation Portfolio System

CRI's Model Allocation Portfolio System ("MAPS") seeks to take a systematic approach to providing an investment portfolio based on a client's risk profile, time horizon and investment objectives. Each of the five MAPS portfolios represents a different level of expected risk and return that seeks to accomplish its objectives by allocating portfolio assets across a different mix of investment sub-asset classes. MAPS offers the following five model portfolios, each with a different investment risk and return profile:

- Income Portfolio – appropriate for clients whose primary objective is current income.

- Income and Growth Portfolio – appropriate for clients whose primary objective is income, with a secondary objective of modest long-term growth.
- Conservative Growth Portfolio – appropriate for clients whose primary objective is growth of principal with a secondary objective of income.
- Growth Portfolio – appropriate for clients whose objective is high long-term growth of principal.
- Aggressive Growth Portfolio – appropriate for clients whose objective is the highest possible long-term growth of principal.

The Income Portfolio is the most conservative MAPS portfolio, but it still has exposure to certain risks, including interest rate risk, credit risk and loss of principal. The Aggressive Growth Portfolio is the most aggressive MAPS portfolio, and may experience considerable fluctuations in value, especially over the short-term, including loss of principal.

MAPS includes three different allocation strategies for aligning a portfolio with a client's financial goals:

- Core Allocation Strategy – In this strategy, allocations in each of the five MAPS model portfolios use up to six investment sub-asset classes.
- Strategic Allocation Strategy – In this strategy, allocations in each of the five MAPS model portfolios use up to 12 of 13 available investment sub-asset classes. The strategic model portfolio allocations seek greater risk-adjusted returns through additional categories of investments.
- Tactical Allocation Strategy – In this strategy, allocations in each of the five MAPS portfolios also use up to 12 of 13 available investment sub-asset classes, but the strategy includes an additional category for more specialized tactical investments to further customize a portfolio. An allocation to tactical investments is intended to create a more efficient portfolio, but it may also increase exposure to risks that apply to any individual sub-asset class. Additional risk may also be incurred because managers of tactical investment vehicles may have broad investment discretion with little restriction as to asset type, market capitalization or investment style. Tactical investment vehicles may use speculative transactions such as short sales, investments in derivatives, and the use of long/short strategies, and they may also place a greater reliance on a manager's ability to accurately anticipate the future value of a security or the market.

### CRI's Preferred List Selection Process

When selecting a mutual fund or exchange traded fund for inclusion on the Preferred List, CRI seeks to utilize a disciplined due diligence process which includes the examination of a variety of factors, which may include, but is not limited to the following:

- Mutual Funds – factors include the manager's investment style, whether the approach is active or passive, the manager tenure and length of track record, stability of investment personnel, assets under management/capacity, rate of return as compared to risk and peers over multiple time periods, expense ratio, level of adherence to a stated investment style, investment approach, investment performance, level of risk and portfolio holdings.
- Exchange Traded Funds – factors include the benchmark, tracking error to the benchmark, investment performance, volume, liquidity, cost, comparison to peer groups, investment objective, investment philosophy, investment process, construction methodology and portfolio holdings.

### Administrative, Execution and Clearance Services

Each client participating in the Program is required to enter into a brokerage account agreement with CRI to open an Account that will hold the client's assets covered by the Program. Clients also direct that all orders for the purchase or sale of securities in client Accounts will be introduced to Pershing, LLC ("Pershing") by CRI and settled and cleared by Pershing. By directing trades in the foregoing manner, CRI will not be able to: (i) select broker-dealers on the basis of price or other attributes; (ii) negotiate commissions (or mark-ups or mark-downs on fixed income and other securities) or negotiate the price or quality of the custody, settlement and clearing services provided by Pershing; or (iii) aggregate or "batch" orders for purposes of execution with orders for the same securities for other accounts managed by CRI which are not settled and cleared by Pershing. As a result, certain transactions may result in less favorable net prices on the purchase and sale of securities than would be the case if CRI were able to shop around and select broker-dealers. The ability to achieve best execution may be partially or wholly limited by the nature of the directed brokerage arrangement and clients may not achieve executions of the nature, quality, speed or price that might otherwise occur. As a result of the foregoing, a client's Account might not generate the returns it would if orders were not directed. However, since management of the Account occurs via a bundled fee arrangement that includes the costs of Pershing's settlement and clearance services, the use of Pershing should not result in additional brokerage fees to a client.

Clients authorize CRI to aggregate purchase and sale orders for securities held (or to be held) in client Accounts with similar orders being made on the same day for CRI's other accounts which are also custodied or cleared through Pershing. CRI may aggregate trades for clients and transmit "batched" orders in an effort to reduce market impact and to obtain best execution. When an order is so aggregated: (i) the actual prices applicable to the aggregated transaction

will be averaged and the Account and each other account or portfolio participating in the aggregated transaction shall be treated as having purchased or sold its portion of the securities at such average price, and (ii) all transaction costs incurred in effecting the aggregated transaction shall be shared on a pro-rata basis among the accounts participating in the transaction. Where the batched order is not filled in its entirety, clients will be deemed to have purchased or sold a proportionate share of the securities involved. In some cases, aggregating orders may adversely affect the size of the position obtainable, and in some cases, clients would receive better price execution if they did not participate in a batched order.

As the introducing broker-dealer of record for Accounts, CRI has an interest in having Pershing settle and clear securities transactions under the Program. Under its agreement with Pershing, the fees charged and the level of services provided by Pershing are dependent upon the amount of assets introduced by CRI to Pershing. The securities trades directed to Pershing under the Program are included in the calculation of assets introduced by CRI to Pershing and therefore may result in reduced fees being charged to CRI by Pershing or in CRI's receipt of additional services from Pershing. Pershing's custodial and brokerage services are included in the fees paid by clients as described in Item 4.B below.

Pershing maintains custody of all Account assets and performs custodial functions including, among other things, crediting of interest and dividends on Account assets and crediting of principal on called or matured securities in the Account, together with other custodial functions customarily performed with respect to securities brokerage accounts.

Cash balances in the Account are subject to periodic sweeps into a choice of one or more money market funds as CRI may make available from time to time for designation by clients on the brokerage account application. As part of the program, the client must agree that, after providing the client prior notice, CRI may change the sweep option and transfer funds from one sweep option to another sweep option, including changes between money market funds and bank deposit products. The client receives a separate prospectus relating to the applicable mutual fund(s), which prospectus will contain a complete description of the relevant fees and/or expenses.

Pershing makes available to the client confirmations of each purchase and sale. Monthly Account statements are forwarded by Pershing to the client for each month in which activity occurs in the client's Account. Quarterly account statements are also forwarded by Pershing to the client, regardless of whether there has been any activity in the client's Account. Pershing also acts as general administrator of the Account, which includes, deducting Account fees and processing, pursuant to the client instructions transmitted by CRI, deposits to and withdrawals from the Account.

CRI has also entered into an agreement with Lockwood Advisors, Inc. ("Lockwood"), Pershing's affiliate, pursuant to which Lockwood provides various administrative services, including making quarterly reports analyzing the performance of the Account available to Client.



The costs of the execution, clearance and administrative services provided by Pershing and Lockwood are included in the Program Fee and therefore also the total Spectrum Fee, which are described below.

If you have granted CRI the limited authority to do so, upon your instruction, CRI will (1) instruct Pershing or other custodians to transfer assets from your account to another of your identically registered account(s) with CRI held at such custodian; or (2) instruct Pershing or other custodians to remit to you funds or securities in your Account to you at your address of record with Pershing. CRI does not have the authority to open an account on your behalf or to designate or change your address of record.

### CRI Consultants

The services available under the Program are provided by CRI's investment advisor representatives ("Consultants"), who are also registered securities representatives of CRI (*i.e.*, registered with FINRA to sell securities) and licensed as insurance agents for Minnesota Life Insurance Company ("Minnesota Life"). CRI's Consultants may also be registered investment advisor representatives or registered securities representatives of CRI's affiliate, Securian Financial Services, Inc ("Securian Financial"). Consultants may also be licensed as insurance agents for other insurance companies.

Each Consultant must meet at least one of the following requirements:

- Qualify as a Chartered Financial Analyst (CFA), CERTIFIED FINANCIAL PLANNER<sup>™</sup> Professional (CFP<sup>®</sup>), or Chartered Financial Consultant (ChFC);
- Pass the NASAA Investment Advisors Law (NASD Series 65) exam or the NASAA Uniform Combined State Law (NASD Series 66) exam; or
- Otherwise meet state and firm investment advisory registration requirements.

Each Consultant that has clients in the Program is compensated by CRI for providing investment advisory and related services. The amount of this compensation may be more than what the Consultant would receive if the client participated in other programs offered by CRI, or paid separately for investment advice, brokerage and other services. A Consultant may therefore have a financial incentive to recommend the Program over other programs or services.

### Opening an Account

Clients may enter the Program by executing an investment management agreement ("Agreement") with CRI. As noted above, clients must also open a brokerage account with CRI in order to participate in the Program.

In connection with opening an Account, CRI obtains information regarding the client's investment objective, risk tolerance, time horizon, and other financial characteristics. Based upon the information provided by the client, CRI will develop and recommend an investment strategy and securities for the Account. Except as discussed herein, it is up to the client to decide whether to accept or reject CRI's recommendations.

#### Terminating an Account

Either CRI or a client may terminate the Agreement at any time with written notice and thereby terminate an Account under the Program. As noted, if an Account is terminated during a quarter, or the client makes a full withdrawal of Program assets, CRI will refund to the client a pro-rata portion of any pre-paid, but unearned fees paid for that quarter. The amount refunded to the client will be based on the number of days remaining in the quarter as of the date of termination. However, termination will not affect any liabilities or obligations incurred or arising from transactions in a client's Account that are initiated before such termination.

Upon termination of the Agreement, CRI will not be obligated to recommend any action with regard to the securities in the Account and clients will have sole responsibility to decide what happens to the assets in the Account. Upon termination, it is clients' responsibility to issue instructions in writing regarding the assets held in the Account. Clients may either instruct CRI to liquidate the assets in the Account or to transfer the assets in the Account to a third party. If clients instruct CRI to liquidate the assets in the Account, clients will be subject to CRI's then-current standard commission and fee schedule. If clients do not provide instructions regarding the Account assets to CRI upon termination of the Agreement, then CRI will automatically transfer the assets therein to a standard brokerage account that is subject to CRI's then-current standard commission and fee schedule.

### **B. Fees**

#### Spectrum Fee

Each client in the Program pays an annualized asset-based fee ("Spectrum Fee") in accordance with the Schedule set forth in the Agreement. The Spectrum Fee, which includes the costs of the investment advisory, execution, clearance and administrative services provided by CRI, Lockwood, and Pershing under the Program (exclusive of certain charges associated with securities transactions described below and charges for optional services), consists of two components: (i) the "Program Fee" charged by CRI (which covers, among other things, the cost of the administrative, clearance and custodial services charged to CRI by Pershing) and (ii) the "Consultant Fee," which is the fee charged for the Consultant's services. The Spectrum Fee will not exceed 2.00%.

Lockwood deducts the entire Spectrum Fee from Client's Account and pays it to CRI. CRI then uses a portion of the Program Fee (which is included in the total Spectrum Fee) to pay Pershing

and Lockwood, and a portion of the Consultant Fee (which is also included in the total Spectrum Fee) to pay its Consultant.

The Program Fee is not negotiable. In contrast, the Consultant Fee portion of the Spectrum Fee is negotiable, within limits, by clients and the Consultant. In negotiating the Consultant Fee, Consultants generally take into consideration, among other things, the amount of assets clients maintain in the Program, whether clients maintain other securities brokerage or investment advisory relationships with CRI, the amount of assets in such other accounts, and the duration and scope of clients' relationship with CRI. In general, clients may be able to negotiate a lower Consultant Fee if they maintain other securities brokerage or investment advisory relationships with CRI.

#### **Client Fees for Accounts Opened Prior to September 15, 2013**

Account Assets	Maximum Consultant Fee	Program Fee	Maximum Spectrum Fee
First \$250,000	1.75%	0.25%	2.00%
Next \$250,001 to \$500,000	1.75%	0.20%	1.95%
Next \$500,001 to \$1,000,000	1.00%	0.10%	1.10%
Next \$1,000,001 to \$2,000,000	1.01%	0.09%	1.10%
Next \$2,000,001 to \$3,000,000	1.02%	0.08%	1.10%
Next \$3,000,001 to \$4,000,000	1.03%	0.07%	1.10%
Next \$4,000,001 to \$5,000,000	1.04%	0.06%	1.10%
Next \$5,000,001 to \$10,000,000	1.05%	0.05%	1.10%
Over \$10,000,000	1.10%	0.00%	1.10%

#### **Client Fees for Accounts Opened on or after September 15, 2013**

Account Assets	Maximum Consultant Fee	Program Fee	Maximum Spectrum Fee
First \$250,000	1.75%	0.25%	2.00%
Next \$250,001 to \$500,000	1.75%	0.20%	1.95%
Next \$500,001 to \$1,000,000	1.20%	0.10%	1.30%
Next \$1,000,001 to \$2,000,000	1.01%	0.09%	1.10%
Next \$2,000,001 to \$3,000,000	1.02%	0.08%	1.10%
Next \$3,000,001 to \$4,000,000	1.03%	0.07%	1.10%
Next \$4,000,001 to \$5,000,000	1.04%	0.06%	1.10%
Next \$5,000,001 to \$10,000,000	1.05%	0.05%	1.10%
Over \$10,000,000	1.10%	0.00%	1.10%

The total fees charged under the Program may be higher than what another investment adviser would charge for a similar combination of services, or what would be charged by CRI or another investment adviser if the investment advisory and securities brokerage services were provided

separately. The relative cost of the Program is affected by such factors as the administrative costs associated with wrap fee arrangements, the fees charged when investment adviser and brokerage services are purchased separately, the size of a client's Account, and the level of trading activity in a client's Account.

The Spectrum Fee does not include certain fees and charges associated with securities transactions, including the following: (i) charges imposed by law; (ii) internal charges and fees, including redemption or short term trading fees that may be imposed by any collective investment vehicles, such as mutual funds, closed-end funds, unit investment trusts, exchange-traded funds or real estate investment trusts (clients pay a pro-rata portion of such fees, which are in addition to the fees paid to CRI under the Program); and (iii) fees for optional services elected by clients. Pershing also charges interest on any outstanding loan balances to clients who borrow money from it. Clients will also be charged for specific account services, excluding commissions for transactions in client's Account, as described in CRI's Client Commission and Fee Schedule. If you choose to have trade confirmations delivered by mail rather than delivered electronically, there will be a charge for each trade confirmation. See the CRI Account agreement or ask your financial advisor for more information regarding these fees.

Each CRI Consultant assigned to your Account will be compensated for services to clients by receiving a percentage of the compensation received by CRI in accordance with the fee schedule attached to the client's investment management agreement with CRI. CRI Consultant compensation ranges from 30% to 56% of the total compensation such financial advisor's sales and other activities produce for CRI and Securian Financial in any given twelve month period. Therefore, depending upon the financial advisor's total sales and revenue production from all clients, the financial advisor's compensation for the services provided to client may range from 30% to 56% of the compensation received by CRI pursuant to the formula described in client investment management agreements with CRI, and it can change each month depending upon the CRI Consultant's total revenue production for CRI and Securian Financial. Each CRI Consultant also has one or more supervisors who do not provide Services directly to Client. These supervisors are paid a percentage of the compensation received by CRI for the supervisory services they provide for CRI. Some of these supervisors may share a portion or all of their compensation with the CRI Consultants they supervise. For more detailed information about the compensation paid to your CRI Consultant, please call CRI at (800) 820-4205.

#### Payment of Fees

The Spectrum Fee is payable at inception and quarterly in advance thereafter, based on the value of the assets in the Account on the date of inception, and thereafter, on the last business day of the prior quarter (except as discussed below in connection with additions to the Account). The first payment will be assessed on a pro rata basis in the event the Agreement is executed at any time other than the first day of the billing cycle. For the purposes of fees and valuation, securities will be valued at the closing price on the principal exchange on which they are traded. All cash and securities in the Account will be included in determining the value of the Account for the purpose of calculating the Spectrum Fee. Securities not listed on a national

securities exchange will be valued in a manner determined in good faith by CRI by consulting other exchanges or validation services.

The Spectrum Fee is paid first out of free credit balances, if any, in the Account, second, from the liquidation or withdrawal of shares of any money market funds or balances in any money market account, and to the extent that such assets are insufficient to satisfy payment of the fee, from the sale and liquidation of other Account assets. CRI may, in its discretion and without seeking the prior consent of clients, sell securities to the extent necessary to pay the Spectrum Fee. Such discretion may be exercised only if the free credit balances in a client's Account are not sufficient to pay the Spectrum Fee. Clients are solely responsible for any losses or tax consequences as a result of a sale of Account assets to satisfy their obligation to pay the Spectrum Fee.

Additions may be made at any time and will result in an adjustment to the Spectrum Fee with respect to such new assets prorated from the date of the addition. Withdrawals of assets may be made at any time and will result in an adjustment to the Spectrum Fee with respect to the withdrawn assets prorated from the date of the withdrawal. The proceeds of a withdrawal will be delivered to the client after the time necessary for the resulting trades to clear and settle. If the Account is terminated by either party, fees paid for that quarter will be prorated based on the number of days in the quarter for which the Program was in effect and any unearned investment advisory fees will be returned to the client, and the market value of the assets in the Account shall be calculated as of the close of trading on the last business day that CRI provides investment advisory services under the Agreement.

The client will authorize Pershing to deduct all applicable fees from the client's Account. All such fees will be clearly noted on the client's statements.

#### Non-Advisory Services for Certain Older Accounts

With respect to accounts opened prior to June 15, 2009 ("Covered Accounts"), the Program also offers three tiers of non-discretionary services based on the level of assets in a client's Covered Account: Spectrum Advisor, Spectrum Advisor Silver, and Spectrum Advisor Gold (collectively the "Tiers"). Clients with Covered Accounts may receive various non-investment advisory benefits and services based on the applicable Tier for their Covered Accounts. More information regarding the Tiers and related services may be found in CRI's former disclosure brochure (Schedule H of Form ADV Part II) for the Program as provided to clients when the clients' accounts were opened. A copy of such brochure may be obtained from the client's Consultant or from CRI.

#### **ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

The minimum account size under the Program is generally \$50,000. Lesser amounts may be accepted in some circumstances. Services under the Program are offered primarily to

individuals and certain tax qualified accounts such as individual retirement accounts. CRI reserves the right to reject any client from participating in the Program.

#### **ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION**

Under the Program, CRI does not select portfolio managers to manage assets in client Accounts, nor does CRI or any person supervised by CRI act as a portfolio manager under the Program. Rather, the Program is offered to clients through CRI by CRI Consultants, who are solely responsible for gathering information about client Characteristics and, based on those Characteristics, recommending to the client an appropriate Strategy and portfolio of securities.

See Item 4 in this Brochure for more information about CRI's Consultants.

#### **ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

Under the Program, CRI does not select portfolio managers to manage assets in client Accounts, nor does CRI or any person supervised by CRI act as a portfolio manager under the Program.

CRI does not provide any information about clients to the CRI Consultants. Clients participating in the Program provide relevant personal information, including investment objectives, risk tolerance, time horizon and financial and other Characteristics directly to their CRI Consultant.

#### **ITEM 8: CLIENT CONTACT WITH A PORTFOLIO MANAGER**

There are no restrictions placed on Client's ability to contact the client's CRI Consultant. Clients have regular access to CRI and CRI Consultants to discuss their Accounts, Characteristics, and Strategies.

#### **ITEM 9: ADDITIONAL INFORMATION**

##### **A. Disciplinary Information**

CRI has no material disciplinary or legal events to report.

##### **B. Other Financial Industry Activities and Affiliations**

The following are CRI's other financial industry activities and affiliations.

##### CRI's Brokerage Services Business

CRI's principal business activity is as a securities broker-dealer. CRI's securities brokerage business consists primarily of the sale of mutual funds and, on a fully-disclosed basis, general securities through CRI's clearing agreement with Pershing. In this capacity CRI receives

compensation in the form of dealer concessions, commissions from brokerage customers, and/or distribution (Rule 12b-1) fees, from which CRI pays commissions to CRI's Consultants.

As a securities broker-dealer CRI also provides investment advice to clients, which is incidental to the brokerage services provided, and for which CRI does not receive any special compensation, other than the customary commissions or fees charged for such brokerage services. The Consultants are also registered representatives of CRI in its capacity as a broker-dealer.

### CRI's Business Affiliations

Fifty percent of CRI's voting securities are owned by Enterprise Holding Corporation, a corporation organized for the purpose of holding subsidiary corporations. Enterprise holding corporation is wholly owned by Minnesota Life Insurance Company, a wholly owned subsidiary of Securian Financial Group, Inc., and an indirect subsidiary of a mutual insurance holding company called Minnesota Mutual Companies, Inc. Minnesota Life, Advantus Capital Management, Inc. ("Advantus Capital"), an affiliated investment advisor, and Securian Financial Services, Inc. ("Securian"), an affiliated broker-dealer and investment advisor, are also wholly owned subsidiaries of Securian Financial Group, Inc. The other 50% of CRI's voting securities are owned by Philip C. Richards, who is also the principal owner of an insurance agency named North Star Consultants, Inc. Many of CRI's customers, whether for brokerage or advisory services, are also customers of Minnesota Life, Securian Financial, or North Star. Advantus Capital provides investment advice to other affiliated entities, including Minnesota Life, and to private accounts. CRI may benefit from these affiliations in various ways, including access to additional investment-related research and information. Minnesota Life and Advantus Capital conduct separate businesses but may on rare occasions coincidentally trade for their own accounts in securities that CRI has recommended to its advisory clients.

CRI believes that it benefits from these affiliations in various ways, including access to additional investment-related research and information. Some of CRI's affiliates may coincidentally trade for their own accounts in securities that CRI has recommended to CRI clients.

*Affiliated Insurance Businesses.* The insurance companies owned directly or indirectly by Securian Financial Group, Inc. (include Minnesota Life Insurance Company ("Minnesota Life") (see [www.minnesotalife.com](http://www.minnesotalife.com)), Securian Life Insurance Company (see [www.securianlife.com](http://www.securianlife.com)), Securian Casualty Company, Cherokee National Life Insurance Company (see <http://www.cnlf.com>), CNL/Insurance America, Inc., American Modern Life Insurance Company, and Southern Pioneer Life Insurance Company). These insurance companies provide a variety of insurance and annuities products (including term life insurance, indexed life insurance, variable life insurance, fixed and indexed annuities, group term and variable life insurance, accidental death and dismemberment insurance, mortgage life insurance, credit life and disability insurance, debt protection, guaranteed asset protection, and collateral protection

insurance) to individuals, businesses, employers, banks, and credit unions. Many of CRI's customers are also customers of Minnesota Life.

*Affiliated Investment Advisors and Broker-Dealers.* Advantus Capital Management, Inc. ("Advantus Capital") is also a wholly-owned subsidiary of Securian Financial Group, Inc. Advantus Capital is registered as an investment advisor with the SEC. Advantus Capital provides investment advice to affiliated entities, including Minnesota Life, and to unaffiliated entities, including unaffiliated insurance companies, public and corporate pension plans, retirement plans, mutual fund companies, Taft-Hartley plans, foundations, and endowments. See [www.advantuscapital.com](http://www.advantuscapital.com) for more information.

H. Beck, Inc. ("HBI") is also a wholly owned subsidiary of Securian Financial Group, Inc. HBI is registered with the SEC as both an investment advisor and a broker-dealer. HBI is also a member of FINRA, the SIPC, and the National Futures Association. HBI provides investment advice and brokerage services that serve the needs of individuals, trusts, estates, and businesses. See [www.cfginc.com](http://www.cfginc.com) for more information.

Securian Financial Services, Inc. ("Securian Financial") is a wholly owned subsidiary of Securian Financial Group, Inc. Securian Financial is registered with the SEC as both an investment advisor and a broker-dealer. Securian Financial is also a member of FINRA and the SIPC. Securian Financial provides mutual funds, brokerage services, and general securities to individuals, trusts, estates, and businesses. See [www.securian.com/FinancialServices/home.asp](http://www.securian.com/FinancialServices/home.asp) for more information.

*Affiliated Banking Institutions.* Securian Trust Company, N.A. ("Securian Trust") is also a wholly owned subsidiary of Securian Financial Group, Inc. Securian Trust is a national bank chartered by the Office of the Comptroller of the Currency. Securian Trust provides expertise in trust administration and trust investment management.

### **C. Conflicts of Interest, Revenue Sharing and Other Payments from Funds**

As required by law, CRI maintains certain policies and procedures, such as CRI's "Code of Ethics" (see "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" below) reasonably designed to prevent CRI and CRI's Consultants from acting in any way that is inconsistent with CRI's legal obligations to clients, including the requirement that CRI put clients' interests first.

*Revenue Sharing.* Subject to the foregoing, CRI's affiliate, Securian Financial Services, Inc. ("Securian"), receives payments, commonly known as "revenue sharing," from investment advisers, principal underwriters, or other affiliates of certain mutual funds in which clients' Program assets may be invested. As a result, Securian has an economic interest in CRI Consultants recommending such funds for accounts in the Program. From time-to-time, certain of these funds may also be on Securian's or CRI's Preferred List. CRI does not, however, require CRI's Consultants to recommend such funds, nor does Securian share these payments with CRI's



Consultants. Securian receives revenue sharing payments from investment advisers, principal underwriters, or other affiliates of the following mutual funds in which clients' Program assets may be invested:

Ivy Mutual Funds Revenue Sharing. Subject to certain exclusions, CRI's affiliate, Securian, generally receives revenue sharing payments in connection with the sale and retention by Securian and CRI of Ivy Funds from Ivy Funds Distributor, Inc. ("IFD") or its affiliates in all accounts for which CRI is the broker-dealer of record. In addition, Securian may be paid an annual amount equal to .05% of the average daily account value of Securian and CRI accounts holding shares of the Ivy Funds. Securian and/or its affiliated companies are also paid annual incentive compensation of between .05% and .15% depending on the level of Ivy Funds assets held in Securian and CRI accounts. The amount of Ivy Funds that are included in clients' accounts under the Program are included in the revenue sharing arrangement between IFD and Securian.

FundVest Mutual Funds Revenue Sharing. Pershing makes certain mutual funds (the "FundVest Funds") available to the Program that do not have transaction fees, provided they are held for at least three months (if the FundVest funds are held for less than three months, Securian bears any transaction fees). Pershing receives payments, commonly referred to as "revenue sharing," and 12b-1 and other fees from the investment advisers, principal underwriters, or other affiliates of the FundVest Funds. Pershing also receives operational reimbursements from some of the FundVest Funds in the form of networking or omnibus processing fees. These fees are based on a flat fee per holding and paid to Pershing in exchange for various services Pershing provides the FundVest Funds, such as accounting services, dividend calculation and posting, reconciliation, client confirmations, statement preparation and mailing, and tax statement preparation and mailing.

CRI's affiliate, Securian, receives from Pershing a portion of the revenue sharing payments and 12b-1 fees Pershing receives in connection with the sale and retention of the funds that participate in Pershing's FundVest program sold by Securian. This is a conflict of interest for CRI and Securian. These fees are paid in accordance with an asset-based formula, and they are in addition to the fees which CRI receives from you.

For additional details regarding these revenue sharing payments or a listing of funds that pay Pershing networking or omnibus fees, please refer to [www.pershing.com/mutual\\_fund.htm](http://www.pershing.com/mutual_fund.htm) (Securian makes no representations as to the completeness or accuracy of such materials).

Lord Abbett Mutual Funds Revenue Sharing. Subject to certain exclusions, Securian generally receives revenue sharing payments in connection with the sale and retention of Lord Abbett mutual funds (the "Lord Abbett Funds") from Lord Abbett & Co. ("Lord Abbett") in all accounts for which either CRI or Securian is the broker-dealer of record. Each quarter Lord Abbett pays Securian a sum that varies but does not exceed 0.05% of the previous quarter's Lord Abbett Funds sales by Securian and CRI and 0.02% of Lord Abbett Funds assets attributable

to Securian and CRI. The amount of Lord Abbett Funds that are included in clients' accounts under the Program are included in the revenue sharing arrangement between Lord Abbett and Securian.

Additional Revenue Sharing Information. For more information about revenue sharing and other types of indirect compensation received by Securian, see the Strategic Partner webpage located at [www.securianfinancial.com](http://www.securianfinancial.com).

*12b-1 Fees.* CRI may also receive 12b-1 fees from mutual funds in which clients' assets are invested. These 12b-1 fees are in addition to the Spectrum Fee paid under the Program, and are also in addition to any revenue sharing payments that may be received as described above. Clients in the Program might be able to purchase such mutual funds without paying the 12b-1 fees and the Spectrum Fee; however, in such cases, clients would not receive the benefits of the Program. For more information about a fund's sales charges or 12b-1 fees see the fee and expense table in the summary section of the fund's prospectus (CRI makes no representations as to the completeness or accuracy of such materials).

*ERISA Considerations.* If the Employee Retirement Income Security Act of 1974, as interpreted by the Department of Labor, imposes obligations on CRI to take certain actions with respect to revenue sharing payments, 12b-1 fees charged to mutual fund shares owned by employee benefit plans or other sources of revenue, CRI will act in accordance with such obligations.

CRI acts as an investment adviser under the Investment Advisers Act of 1940 and a non-discretionary fiduciary investment adviser within the meaning of ERISA Section 3(21)(A)(ii) with regard to the ERISA Fiduciary Services (defined below) CRI provides to plans subject to ERISA. The "ERISA Fiduciary Services" include only the provision of investment advice; all other services are provided on a non-fiduciary basis.

*Conference Sponsorships.* Some of the mutual funds that are selected for inclusion in accounts under the Program, or affiliates of such funds, may, from time to time, pay fees to CRI in exchange for the opportunity to appear at conferences or other meetings sponsored and organized by CRI. For more information about these conference sponsorships, please contact CRI, or see the Strategic Partner webpage located at [www.securianfinancial.com](http://www.securianfinancial.com).

*Mutual Funds Sub-Advised by Advantus Capital.* Advantus Capital Management, Inc. ("Advantus Capital"), an affiliate of CRI's, serves as investment sub-advisor for certain of the Ivy Funds, and receives a management fee for its services. CRI receives no direct compensation as a result of this relationship, but Advantus Capital's compensation increases if the assets in such funds increase. If such funds are held in client Accounts under the Program, Advantus Capital will receive additional investment sub-advisory fees as a result of such holdings. See the prospectuses for the Ivy Funds for more information.

The arrangements described above present conflicts of interest for CRI and/or Consultants. Typically, this conflict of interest is because CRI and/or Consultants receive compensation or

other benefits in addition to the fees CRI receives from clients. Conflicts of interest also arise when (i) CRI can achieve certain expense reductions based upon how client assets are invested (e.g. the rates CRI pays third party service providers may decrease as CRI introduces more assets to those third party service providers), (ii) CRI receives additional compensation from client in a capacity other than as client's investment advisor (e.g. for certain programs CRI also acts as the broker-dealer and receive additional compensation in that capacity), or (iii) one of CRI's affiliates may receive compensation through some of CRI's programs (e.g. a program where an affiliate of CRI's provides trust services to client) or from some of the investment options in those programs. In all of these situations CRI has an economic interest in how clients' assets are invested, thus resulting in a conflict between interests of clients and CRI.

Consultants are compensated under the Program as a result of clients engaging CRI to provide services. The amount of that compensation may be more than what the Consultant would earn if clients paid separately for services that CRI bundles together under the Program (e.g. paying separately for investment advice and brokerage services). Therefore, Consultants may have an economic interest in whether a client receives investment advisory services versus securities brokerage services, thus resulting in a conflict between a client's interests and a Consultant's interests. For more information about a Consultant's compensation, please contact the Consultant.

*Non-Cash Compensation from CRI and its Affiliates.* In accordance with FINRA rules, either CRI or CRI's affiliate Minnesota Life will award credits which allow CRI's Consultants who are responsible for the sales of investment advisory services, insurance products, and other investment products to attend conventions and other meetings sponsored by CRI or CRI's affiliates for the purpose of promoting the sale of investment advisory services (including services under the Program), insurance products, and other investment products offered by CRI and CRI's affiliates. Such credits may entitle Consultants to reimbursement for transportation, hotel accommodations, meals, registration fees, and the like.

CRI's Consultants may also be eligible for financing arrangements, no-cost training, group health and/or life insurance benefits, retirement benefits, deferred compensation benefits, and other benefits based on their contract with CRI's affiliate, Minnesota Life. All of these programs are designed to encourage CRI's Consultants to sell Minnesota Life's insurance products.

All of the non-cash compensation described in this section, in conjunction with the cash compensation received by CRI's Consultants in connection with the Program, may be more or less than the overall compensation received by CRI's Consultants in connection with the sale of other products and services offered by CRI. The amount and/or structure of such compensation may influence CRI's Consultants to favor certain investment alternatives over others. However, the differences in compensation may also reflect differences in sales effort or ongoing customer services expected of the Consultant.

For more information about non-cash programs and other benefits received by Consultants, please contact CRI.

*Non-Cash Compensation and Marketing Assistance from Third Parties.* The sponsors (or their affiliates) of certain mutual funds that may be held in client Accounts under the Program may provide non-cash benefits to CRI's Consultants such as meals or tickets to sporting or entertainment events. In addition, some of those third parties sponsor or participate in conventions, conferences, or training events and may provide CRI's Consultants and/or CRI's home office employees with transportation, hotel accommodations, meals, registration fees, and the like in order to encourage them to attend such events. The sponsors may also provide some of CRI's Consultants with additional financial support by reimbursing CRI's Consultants for certain marketing related expenses, such as client seminars, client appreciation events, and donations to charities or charitable events. In general, sponsors are more willing to make such reimbursements or will make larger reimbursements based on the amount of assets invested in their funds by a CRI Consultant's clients. This is a conflict of interest for CRI Consultants. We maintain policies that limit the amount of this financial support that CRI Consultants may receive. For more information about whether client's CRI Consultant receives any of the type of support described in this paragraph, please contact the CRI Consultant.

#### **D. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 (the "Act"), CRI has established and enforces a written code of ethics ("Code") that describes standards of business conduct, including applicable fiduciary obligations, that must be observed by CRI and its "supervised persons" (as defined in the Act) in connection with CRI's investment advisory business. These standards include requirements:

- To act at all times with the utmost integrity and honesty, dealing fairly with clients, CRI, its associates and service providers;
- To place the interests of clients first;
- To render professional and unbiased investment advice to clients;
- To provide full, fair, and, timely information to clients;
- To avoid conflicts of interest with clients when supervised persons conduct personal securities transactions;
- To exercise diligence and care in maintaining and protecting clients' non-public, personal or confidential information; and
- To comply at all times with federal securities laws.

All supervised persons are prohibited from trading on the basis of material non-public information. In addition, the Code prohibits certain supervised persons (“Access Persons”) from trading, in their personal accounts or in other accounts in which they have a beneficial interest, in “reportable securities” (as defined in Rule 204A-1 and the Code) ahead of a client’s trade in the same security, and from purchasing any security that is part of an initial public offering. Access Persons must also obtain prior approval from CRI’s Chief Compliance Officer before purchasing any security as part of a private placement or other limited offering.

In order to avoid conflicts of interest, the Code requires Access Persons to provide, and CRI to review, both initial and annual reports of all reportable securities beneficially owned by such access Person. Quarterly reports of all transactions in reportable securities by Access Persons are also required under the Code and are also required to be reviewed by CRI.

Each supervised person receives a copy of the Code and of each amendment thereto, and is required to acknowledge such receipt in writing. The Code further requires each supervised person to report any violation of the Code promptly to CRI’s Chief Compliance Officer.

A copy of CRI’s Code of Ethics will be provided to any client or prospective client upon request.

CRI and its affiliates have investment responsibilities, render investment advice to, and perform other investment advisory services for, other individuals and entities (“Other Accounts”). CRI and its affiliates (and their respective partners, directors, officers, agents and employees) may buy, sell or trade in any securities for their own respective accounts (“Affiliated Accounts”). CRI and its affiliates may give advice or exercise investment responsibility and take such other actions with respect to Other Accounts and Affiliated Accounts which may differ from the advice given or the timing or nature of action taken with respect to a client’s Account.

Other Accounts and Affiliated Accounts may at any time, hold, acquire, increase, decrease, dispose of or otherwise deal with positions in investments in which a client’s Account may have an interest from time to time, whether in transactions which involve the client’s Account or otherwise. CRI has no obligation to purchase for a client’s Account a position in any security which Other Accounts or Affiliated Accounts may acquire.

## **E. Review of Accounts**

CRI will periodically review and monitor the performance, composition and risk profile of the client’s Account and, if appropriate, will make recommendations based on the results of the reviews. In addition, CRI or its Consultant will consult with each client in the Program at least annually regarding the Account and whether anything has changed in the client’s financial circumstances or investment objectives that might affect the manner in which the client’s assets should be managed. The review includes consideration whether the client’s Account remains properly aligned with the client’s financial objectives, risk tolerance and other financial characteristics.

CRI or its Consultant will also be available on an ongoing basis to discuss the client's Account, any questions relating to the securities therein and any changes which may have occurred in the client's financial circumstances or investment objectives.

As noted above, clients also receive quarterly account statements, quarterly performance reports, brokerage statements for each month in which trading activity occurs in the client's Account, and confirmations of each purchase and sale in an Account (unless the client elects to suppress confirmations and receive only quarterly statements). CRI or its Consultant is available to assist a client in reviewing all these reports and statements.

#### **F. Client Referrals and Other Compensation**

CRI does not receive any compensation or other economic benefit from any person, other than clients, for providing advice in connection with the Program, except as described above under Item 9(C), "Conflict of Interest, Revenue Sharing and Other Payments from Funds." CRI does not compensate any person for client referrals to the Program.

#### **G. Financial Information**

CRI does not require payment of fees more than one quarter in advance. For this reason, CRI is not required to provide an audited balance sheet for its most recent fiscal year. CRI has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, nor has CRI been the subject of a bankruptcy proceeding.

#### **ITEM 10: REQUIREMENTS FOR STATE REGISTERED ADVISERS**

CRI is federally registered.