

**Disclosure Brochure  
Part 2 of Form ADV**

Item 1— Cover Page



EST<sup>d</sup> 1980

**LEF A V I**

W E A L T H M A N A G E M E N T

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This brochure provides information about the business practices of Lefavi Wealth Management (“LWM”). LWM is an investment adviser registered with the Securities and Exchange Commission. Registration as an investment adviser does not imply any level of skill, training, aptitude or qualification. Nevertheless, this document, coupled with any conversations that you have with Lefavi Wealth Management, will provide you with information about which you can determine to hire or retain Lefavi Wealth Management.

If you have any questions about the contents of this brochure, please contact us at: (800) 998-2427, or by email at: [compliance@lefavi.com](mailto:compliance@lefavi.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority. Additional information about the Adviser is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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Effective Date of Brochure: August 22, 2019

## Material Changes – Item 2

### Annual Update

The Material Changes section of this brochure will be updated when material changes occur or at least annually.

This update to our form ADV incorporates the following changes:

Our toll-free phone number has changed to the following: 800-998-2427.

### Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (800) 998-2427 or by email at: [compliance@lefavi.com](mailto:compliance@lefavi.com).

# Table of Contents

Item 3

MATERIAL CHANGES – ITEM 2 .....	2
ADVISORY BUSINESS – ITEM 4 .....	4
FEES AND COMPENSATION – ITEM 5 .....	7
PERFORMANCE FEES – ITEM 6 .....	9
TYPES OF CLIENTS – ITEM 7 .....	9
METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS – ITEM 8 .....	10
DISCIPLINARY INFORMATION – ITEM 9 .....	15
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS – ITEM 10 .....	16
CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING – ITEM 11	16
BROKERAGE PRACTICES – ITEM 12 .....	17
REVIEW OF ACCOUNTS – ITEM 13 .....	18
CLIENT REFERRALS AND OTHER COMPENSATION – ITEM 14 .....	19
CUSTODY – ITEM 15 .....	20
INVESTMENT DISCRETION – ITEM 16 .....	20
VOTING CLIENT SECURITIES – ITEM 17 .....	21
FINANCIAL INFORMATION – ITEM 18 .....	21
EXHIBIT A - BUSINESS CONTINUITY PLAN .....	22
EXHIBIT B - INFORMATION SECURITY PROGRAM .....	23
DISCLOSURE BROCHURE - PART 2B OF FORM ADV .....	28
EDUCATION AND BUSINESS STANDARDS – ITEM 2 .....	29

## Advisory Business – Item 4

### Firm Description

Lefavi Wealth Management, Inc., (“the Adviser” and “LWM”) was founded in 1980 and is an SEC registered investment adviser. The Adviser provides investment management services and financial planning services to separately managed accounts of clients. Most clients are retail investors or high net worth individuals but may also include businesses, charitable entities, and retirement/pension accounts.

The Adviser does not act as a custodian of client assets and the client maintains asset control. Assets are held in custody at either a clearing firm, a mutual fund company or its transfer agent, at the issuer (for non-certificated, privately placed securities) or some other duly authorized custodian. The Adviser places trades for clients under discretionary authority granted by the client in the Advisory contract.

The Adviser does not act as a sponsor and does not provide investment advice to a WRAP program.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Any conflicts of interest arising out of the Adviser’s or its associated persons are disclosed in this brochure at Item 14.

### Principal Owners

Bruce A. Lefavi owns 100% of the Adviser.

### Types of Advisory Services

The Adviser provides investment supervisory services, manages investment advisory accounts not involving investment supervisory services and furnishes investment advice to clients. The Adviser also furnishes advice to clients on matters not involving securities, such as financial planning matters generally, retirement planning, educational planning, charitable giving, long-term care insurance, taxation issues, and trust services that often include estate planning as arranged through 3<sup>rd</sup> party Certified Public Accountants or attorneys.

As of December 31, 2018, the Adviser manages approximately \$302,880,884 in assets for approximately 693 clients. As of the effective date of this Brochure, all assets are managed on a discretionary basis, and none are managed on a non-discretionary basis.

### Asset Management

Client investments may include equities (stocks), warrants, corporate debt securities, Non-traded REITs and Business Development Companies (BDCs), municipal securities, investment company securities (e.g., mutual funds shares and Exchange Traded Funds), variable and fixed insurance products, U.S. Government securities, interests in limited

partnerships, and private placements. Non-traded and other alternative investments may be utilized in portfolios, where appropriate, to provide clients with assets that are non-correlated to the stock market. Assets are invested primarily in advisory share class mutual funds and exchange-traded funds through our affiliated broker-dealer and our unaffiliated custodian, or, occasionally, directly through the fund companies.

**Initial public offerings (IPOs) are not available through the Adviser.**

### Insurance Services

The Adviser offers insurance products through insurance companies with which our affiliated broker-dealer has established a relationship as an agent. Insurance products include both fixed and variable annuities, life insurance, and long-term care insurance. These products are purchased net of commission. This means that our affiliated broker-dealer does not earn income from the purchase. If a previously purchased product earned our affiliated broker-dealer a trailing commission, the assets that generate that commission are not charged an asset management fee. The Adviser does not make any representation that these products are available at the lowest cost and similar products are available from other providers. The client is under no obligation to purchase insurance products from the Adviser or our affiliated broker-dealer.

### Types of Agreements

The following agreements define the typical client relationships.

#### Investment Management Agreement

As part of the investment management service, (i) the material aspects of the client's financial affairs are reviewed, (ii) realistic goals are set and (iii) objectives to reach those goals are determined. Following modern portfolio theory, the Adviser creates asset allocation models for its clients. An Advisory representative will recommend changes as the Adviser deems appropriate.

The Adviser periodically reviews a client's financial situation and portfolio through regular contact with the client, which includes an annual meeting. Adviser periodically updates the asset-allocation models and reviews the allocations in client portfolio. The Adviser will review and rebalance the portfolio as necessary, but no less than annually. The Adviser agreement sets forth both service and fees. The agreement may be terminated by either party at any time. If the adviser terminates an agreement, the client will be given thirty days written notice.

#### Financial Planning Agreement

A financial plan may include, but is not limited to 1) a net worth statement; 2) a cash flow statement; 3) a review of investment accounts, including asset allocation and rebalancing recommendations; 4) strategic tax planning; 5) a review of retirement accounts and plans, including

recommendations; 6) a review of insurance policies and recommendations for changes, if necessary; 7) retirement scenarios; 8) estate planning review and recommendations; and/or 9) education planning with funding recommendations, 10) charitable giving, or 11) employee plans.

Financial planning services do not require the client use or purchase Investment Advisory services offered by the Adviser or any particular products.

There is an inherent conflict of interest for the Adviser whenever a financial plan recommends use of professional investment management services or the purchase of products through LWM or its affiliated broker-dealer. The Adviser does not make any representation that the products and services offered by LWM are offered at the lowest available cost. The client may be able to obtain the same products or services at a lower cost from other providers. The client is under no obligation to accept any of the recommendations of the Adviser or use any service of the Adviser in particular.

### Tailored Relationships

The goals and objectives for each client are documented as part of the client's file. Clients may impose restrictions on investing in certain securities or types of securities that are detailed in the client's Investment Management Agreement.

### Assignment of Investment Management Agreements

Agreements may not be assigned without client consent.

### Termination of Agreements

A client may terminate any of the aforementioned agreements at any time by notifying the Adviser or Adviser Representative. Clients are charged *pro rata* for services provided through the date of the termination notice and any applicable administrative fees. If the client made an advance payment, the Adviser will refund any unearned portion of the advance payment.

The Adviser reserves the right to terminate any engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in the Adviser's judgment, to provide proper financial advice. The Adviser will provide thirty days written notice in the event that an engagement is terminated.

## Fees and Compensation – Item 5

### Investment Management

For those clients who contract with the Adviser for Investment Management Services, the Adviser will charge a standard investment management fee of one percent (1%), factored against the value of assets under management in a client's account. Fees may be negotiated by the client, but in no case will exceed 1.75% of the value of assets under management. Fee calculations are made on the last business day of the calendar quarter by factoring the fee percentage against the value of the assets in the investment account and dividing the product of the calculation by 4. For accounts opened during the quarter, the fee will be prorated for that quarter according to the number of calendar days the account was under management. For clients terminating accounts before the end of a quarter, the portfolio value will be determined at the end of the prior full billing quarter, prorated by the number of days the account was managed during the quarter.

The Adviser and its affiliate, Bruce A. Lefavi Securities, Inc. ("BALS") do not charge a commission for executing trades or for customary transaction costs like clearing firm ticket charges, postage and handling fees, exchange fees and other fees generated by executing trades in advisory accounts by BALS. Other fees that might be charged and are not otherwise paid by the firm, such as SEC charges, result in a cash reimbursement to the client's advisory account on a monthly basis or as a credit against the asset management fee.

Clients who have previously paid commissions to BALS as part of executing transactions recommended by the Adviser do not incur an investment management fee for those products. In cases where a client's account contains products on which a commission was paid to BALS, the Adviser will not include the commissioned product value when computing the quarterly fee for assets under management.

In no instance will a client pay both a management fee to the Adviser as well as a commission paid to BALS for product execution. Clients should understand, however, that the fee waiver by the Adviser applies solely to products executed through the Adviser's affiliate, BALS. Where a client has chosen a broker-dealer other than BALS to purchase or sell products, the Adviser will continue to charge its asset management fee as calculated above on all assets, including those assets not purchased at BALS.

There is a \$500,000 account minimum as well as a minimum annual fee of \$400.00. Either the account minimum or the fee minimum may be waived by the Adviser in its sole discretion. For example, without limitation, the Adviser may waive investment fees and BALS may waive commissions on recommended products for employees of the Adviser and their families or families of existing clients.

### Financial Planning

Compensation to the Adviser and its adviser representatives for financial planning including the creation of a financial plan, are agreed upon at the commencement of the engagement, usually during the first meeting of the client and the Adviser's representative. This compensation is a flat fee for described services or may, in some instances, be based on an hourly rate for service. If the scope of the engagement changes during the course of creating the plan, the fee arrangement may be renegotiated to reflect the change. A Financial Planning Engagement ends upon delivery of a financial plan. Further services, as necessary, may be furnished after delivery of the financial plan. Compensation for such services is billed separately and is in addition to compensation for the financial plan.

## Fee Billing

Investment management fees are billed quarterly, in advance. This means LWM invoices clients at the beginning of each billing period. Payment in full is expected upon invoice presentation. Fees are normally deducted from the client account to facilitate billing as authorized by the investment management agreement. However, clients may also pay by check or credit card.

Fees for financial plans are initially billed at half of an agreed upon flat fee in order to commence work, and, upon delivery of the financial plan, an invoice for the balance is presented. If hourly rates are charged, the Adviser and client may otherwise agree on the method of payment.

## Other Compensation

### Affiliated Broker-Dealer

It is our business practice to avoid purchasing products which pay a commission to our affiliated broker-dealer. However, BALS may erroneously receive overrides, reallowances, or trailing fees in conjunction with selling insurance products or alternative investments to advisory clients. Any compensation received in this manner will be returned to the issuer or to the advisory client. If BALS earned a commission on past investments clients will not pay a management fee on that investment.

Clients are always free to purchase products from another, unaffiliated, broker-dealer.

### Other Fees

Clients will likely incur fees from non LWM affiliated brokerage firms, custodians, administrators and other service providers. These fees are charged by the service provider, not LWM or BALS. The amount and nature of these fees is based on the service provider's fee schedule(s) at the provider's sole discretion. These fees are separate and distinct from any fees charged by the Adviser or our affiliated broker-dealer.



Mutual funds, variable annuity products and other managed products or partnerships are often investments in clients' portfolios. Clients may be charged for services performed by the providers/managers of these products in addition to the management fee paid to the Adviser. The fees and expenses charged by the product providers are separate and distinct from the management fee charged by the Adviser. These fees will generally include a management fee, other fund expenses and a possible distribution fee.

If a client's portfolio contains corporate debt or other types of over-the-counter securities, the client may also pay a mark-up or mark-down to the broker or dealer on the other side of the transaction. The mark-up or mark-down is included in the purchase price of the security and is not received by BALS or LWM.

Clients can invest in these products directly, without the services of the Adviser. Accordingly, the client should review both the fees charged by the funds and the applicable program fee charged by the Adviser to understand the total amount of fees to be paid by the client and to evaluate the Advisory services provided. These charges are generally outlined in the prospectus of products selected like mutual funds or offering memoranda of other investments.

## Performance Fees – Item 6

LWM fees are not based on a share of the capital gains or capital appreciation of managed securities. However, the Adviser may from time to time select investments that charge a performance fee in which the Adviser does not participate. For these investments, refer to their offering memorandum for an explanation of performance fees.

## Types of Clients – Item 7

The Adviser generally provides investment advice to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, or business entities. Client relationships vary in scope and length of service.

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

### Methods of Analysis

Security analysis methods used by the Adviser may include fundamental and technical analysis. The main sources of information include financial newspapers, magazines, and online resources, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases and specialty research providers such as Morningstar's Mutual Fund Rating Service as well as other data providers. Technical and fundamental analysis focuses on the merits of the issuers and trading patterns of individual securities.

### Investment Strategies

LWM bases its investment advice on Modern Portfolio Theory. Diversification and asset allocation are hallmarks of this strategy. Modern portfolio theory determines the allocation of assets between investment classes and seeks diversified selections of securities types, asset classes, and industry sectors to maximize the expected return on a portfolio within the framework of the amount of risk the portfolio's owner is willing to bear.

The primary investment strategy used with client accounts is strategic asset allocation utilizing mutual funds and exchange traded funds. Portfolios may also contain equities, bonds, and alternative investments when appropriate. Portfolios are generally globally diversified to control the risk associated with specific markets.

When LWM decides to use alternative investments, like Real Estate Investment Trusts, the goal is non-correlation with the equity markets, steady distribution income, which may or may not be taken from operating expenses, and potential tax advantages. Investors should be aware that these goals often come with illiquidity risk and that non-traded alternatives are often associated with higher fees than other investments. LWM offers only non-traded alternatives that can be purchased net-of-commission, thereby waiving any commission that our affiliated broker-dealer would otherwise earn. However, clients may still be responsible for any internal product fees not passed on to BALS, as described in the various offering documents.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Clients may be required to execute an Investment Policy Statement that documents their objectives and their desired investment strategy.

**The Adviser's strategies do not involve frequent trading or market timing.**

## Market, Security and Regulatory Risks

Any investment with the Adviser involves risk of loss. Clients should be prepared to bear a complete loss of capital. All investment strategies have certain risks that are borne by the investor. These are described below:

### Market Risks

**Market Volatility:** The profitability of a client's Account depends in part on the Adviser correctly assessing the future price movements of stocks, bonds, and other securities and the movements of interest rates. The Adviser cannot guarantee that it will be successful in predicting price and interest rate movements.

**LWM's Investment Activities:** The Adviser's investment activities involve a degree of risk of loss. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the Adviser. Such factors include a wide range of economic, political, competitive, technological and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. The securities markets may be volatile, which may adversely affect the ability of the Adviser to realize profits.

**Material Non-Public Information:** The Adviser and/or its affiliates and their respective personnel may acquire confidential or material non-public information which will restrict the Adviser and BALS from initiating transactions in certain securities. The Adviser may be unable to initiate a transaction because of these restrictions.

**Accuracy of Public Information:** The Adviser selects investments, in part, by relying on information and data filed by issuers with various government regulators or made directly available to the Adviser by the issuers or through sources other than the issuers. Although the Adviser evaluates all such information and data and seeks independent corroboration when it is considered appropriate and reasonably available, the Adviser is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

**Investments in Undervalued Securities.** The Adviser may invest in undervalued securities. The identification of investment opportunities in such "value" investing is a difficult task, and there are no assurances that such opportunities will occur. While investments in undervalued securities may offer the opportunities for capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Adviser's investments may not adequately compensate for the business and financial risks assumed.

**Small Companies.** The Adviser may invest a portion of its assets in small and/or unseasoned companies with small market capitalization. Although smaller companies may have potential for more rapid growth than large companies, those investments involve higher risks. Smaller companies may lack the management experience, financial resources, capital, liquidity, product diversification and competitive strength of larger companies. In addition, in many instances, the frequency and volume of trading in those shares may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations, volatility and illiquidity.

**Leverage:** When deemed appropriate by the Adviser and subject to applicable regulations, the Adviser may employ leverage in its investment program, whether directly through the use of borrowed funds, or indirectly through investment in certain types of financial instruments with inherent leverage. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss.

**Market or Interest Rate Risk:** The price of most fixed income securities move in the opposite direction of the change in interest rates. For example, as interest rates rise, the price of fixed income securities generally falls. If the Adviser holds a fixed income security to maturity, the change in its price before maturity may have little impact on the Adviser's performance (assuming no default/insolvency); however, if the Adviser has to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss.

**Fixed Income Call Option Risk:** Many bonds, including agency, corporate and municipal bonds, as well as mortgage-backed securities, contain a provision that allows the issuer to "call" all or part of the issue before the bond's maturity date. The issuer usually retains this right to refinance the bond in the future if market interest rates decline below the coupon rate. There are disadvantages to the call provision. First, the cash flow pattern of a callable bond is not known with certainty. Second, because the issuer will call the bonds when interest rates have dropped, the Adviser's clients are exposed to reinvestment rate risk – the Adviser will have to reinvest the proceeds received when the bond is called at lower interest rates. In such incidents, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.

**Inflation Risk:** Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if the Adviser purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the

purchasing power of the cash flow has declined by 1%. For all but inflation-linked bonds, adjustable bonds or floating rate bonds, the Adviser is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security.

### Investments in Non-U.S. Investments

From time to time, the Adviser may invest in non-U.S. securities and other assets (through ADRs and otherwise), which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and foreign issuers and markets are subject. Such risks may include:

- Political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets.
- Enforcing legal rights in some foreign countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against foreign governments.
- Foreign securities and other assets often trade in currencies other than the U.S. dollar, and the Adviser may seek to indirectly hedge or limit exposure to foreign currencies. In pursuit of that objective, the Adviser may purchase and sell foreign currencies through forward exchange contracts. Such exposure techniques may or may not be effective and would create additional costs. Changes in currency exchange rates will affect the Adviser's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of the Adviser's investments to decline. Some foreign currencies can be particularly volatile, and the relative strength or weakness of any particular currency to the US dollar fluctuates over time (unless it is a "pegged" currency). Foreign governments may intervene in the currency markets, causing a decline in value or liquidity of the Adviser's foreign currency holdings. If the Adviser enters into forward foreign currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates. On the other hand, if the Adviser enters forward contracts for the purpose of increasing return, it may sustain losses with negative currency valuation adjustments.
- Non-U.S. securities, commodities and other markets may be less liquid, more volatile and less closely supervised by the government than in the United States. Some foreign countries lack uniform accounting, auditing and financial reporting standards, and there may be less public information about the operations of issuers in such markets.

### Risk of Default or Bankruptcy of Third Parties

The Adviser may engage in transactions in securities, commodities, other financial instruments and other assets that involve counterparties. Under certain conditions, the Adviser could suffer losses if a counterparty to a transaction were to default or if the market for certain securities, commodities, other financial instruments and/or other assets were to become illiquid.

### Regulatory Risks

**Strategy Restrictions:** Certain institutions may be restricted from directly utilizing investment strategies of the type in which the Adviser may engage. Such institutions, including entities subject to ERISA, should consult their own Advisers, counsel and accountants to determine what restrictions may apply and whether conducting business with the Adviser is appropriate in light of the Adviser's investment management style and strategies.

**Trading Limitations:** For all securities, instruments and/or assets listed on an exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the Adviser to loss. Also, such a suspension could render it impossible for the Adviser to liquidate positions and thereby expose the Adviser to potential losses.

**Conflicts of Interest:** In the administration of client accounts, portfolios and financial reporting, the Adviser faces various inherent conflicts of interest, which are described in this brochure. The Adviser follows a Code of Ethics that provides that the client's interest is always held above that of the Firm and its associated persons.

**Supervision of Trading Operations:** The Adviser supervises and monitors trading activity in the portfolio accounts to foster compliance with all objectives. Despite the Adviser's efforts, however, there is a risk that unauthorized or otherwise inappropriate trading activity may occur in portfolio accounts.

### Security Specific Risks

Depending on the nature of the investment management service selected by a client and the securities used to implement the investment strategy, clients will be exposed to risks that are specific to the securities in their particular investment portfolio.

**Liquidity:** Liquidity is the ability to readily convert an investment into cash. Securities where there is a ready market that is traded through an

exchange are generally more liquid. Securities traded over-the-counter or that do not have a ready market or are thinly traded are less liquid and may face material discounts in price level in a liquidation situation.

**Limited Liquidity of Interests:** An investment in a partnership usually involves substantial restrictions on liquidity and its interests are not freely transferable. There is no market for these interests and no market is expected to develop. Additionally, transfers are usually subject to the consent of the general partner at the general partner's sole discretion. Investors in these types of investments may be unable to liquidate them in response to client needs.

**Lack of Registration:** Private Funds or many Limited Partnership interests have neither been registered under the Securities Act nor under the securities or "blue sky" laws of any state and, therefore, are subject to transfer restrictions under The Securities Laws.

**Withdrawal of Capital:** The ability to withdraw funds from private funds or Limited Partnership interests is usually restricted in accordance with the withdrawal provisions contained in an Offering Memorandum. In addition, substantial withdrawals by investors within a short period of time could require a fund to liquidate securities positions and other investments more rapidly than would otherwise be desirable, possibly reducing the value of the fund's assets and/or disrupting the fund's investment strategy.

## Disciplinary Information – Item 9

**Bruce Lefavi** has three disclosed events.

In 2012, a client alleged funds were lost due to not being invested. The complaint was settled later in 2012.

In 2014, the Financial Industry Regulatory Agency (FINRA) found that Bruce Lefavi and our affiliated broker-dealer, BALS, violated advertising rules and sold unregistered securities. The matter was settled in 2014, FINRA imposed a fine of \$75,000, paid jointly and severally by our BALS and Bruce Lefavi, and a ten (10) day suspension of Bruce Lefavi in the capacity of a principal. He remained a financial adviser and a Registered Representative during the suspension.

In 2014, a client alleged that Bruce Lefavi sold them an unsuitable investment in illiquid products. BALS settled the complaint.

**BALS** has two disclosed events.

In 2014, the Financial Industry Regulatory Agency (FINRA) found that our affiliated broker-dealer, along with Bruce Lefavi, violated advertising rules and sold unregistered securities. See above. The broker-dealer was fined jointly and severally for \$75,000.

In 2017, BALS was censured and fined \$25,000 for violations of content standards of FINRA rule 2210, since certain communications failed to identify risks associated with REITs and BDCs, omitted material facts, contained inaccurate descriptions; and violated FINRA rule 3110(B) requiring a reasonable supervisory system and written supervisory procedures concerning fee-based accounts.

## Other Financial Industry Activities and Affiliations – Item 10

### Brokerage Affiliations

The Adviser is affiliated by common ownership with BALS. Registered representatives of BALS are also investment adviser representatives of the Investment Adviser, LWM. When effecting brokerage transactions, dually registered personnel, serving generally as both Investment Adviser Representatives and Registered Representatives, are permitted to exercise discretionary authority on behalf of clients in the capacity of Investment Adviser Representatives. Although trading activity is routed through BALS, advisory clients are not charged pass-through fees, such as postage and handling or ticket charges. BALS does not earn a commission on these transactions. If BALS receives compensation generated by holdings in an advisory account, these will be reimbursed to the client either directly as a cash credit, or in the form of a credit toward the next quarterly advisory fee.

The Adviser discloses that brokerage services provided by BALS are sometimes not the lowest cost available and clients may be able to obtain those services and/or products at a more favorable rate from other brokerage firms. Clients of the Adviser are not required to use the brokerage services offered by BALS even though LWM is making recommendations regarding investments.

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

### Code of Ethics

The LWM Code of Ethics establishes standards of conduct for its supervised persons. It includes general requirements that supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to report their



personal securities transactions and holdings to the Adviser's Compliance Officer and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Adviser's Compliance Officer. Each supervised person of the Adviser receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during that year. Clients and prospective clients may obtain a copy of the Adviser's Code of Ethics by contacting the Compliance Officer of the Adviser.

### Participation or Interest in Client Transactions

Under the Adviser's Code of Ethics, the Adviser and its managers, members, officers and employees may invest personally in securities of the same classes as are purchased for clients and may own securities of the issuers whose securities are subsequently purchased for clients. If an issue is purchased or sold for clients and any of the Adviser managers, members, officers and employees on the same day purchase or sell the same security, either the clients and the Adviser managers, members, officers or employees shall receive or pay the same price, or the clients shall receive a more favorable price. The Adviser and its managers, members, officers and employees may also buy or sell specific securities for their own accounts based on personal investment considerations, which the Adviser does not deem appropriate to buy or sell for clients.

### Personal Trading

The Chief Compliance Officer of the Adviser reviews all employee trades (except for her own trading activity, which is reviewed by another principal). The personal trading reviews are conducted to consider and avoid situations where the personal trading of employees would affect markets or otherwise receive preferential pricing vis-à-vis the clients.

## Brokerage Practices – Item 12

### Brokerage Selection

Clients are free to choose any broker-dealer through whom they wish to execute transactions recommended by the Adviser. The client is also free to designate a custodian for their account. If the client chooses not to designate a specific broker-dealer to execute transactions, or to custody assets, the Adviser will execute transactions through its affiliated broker-dealer, BALS, and choose a custodian for client accounts.

The Adviser, when recommending BALS or any other broker-dealer or custodian, will seek to achieve best execution of transactions. Best execution requires the Adviser determine the most efficient, reasonable service for trade execution at the reasonably best price. In

making this determination, the Adviser will not select competitive bids, nor achieve the absolutely lowest available commission cost, but will use reasonable diligence to achieve the most advantageous order execution for customers given prevailing market conditions.

### Soft Dollars

Research and related services furnished by brokers may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; etc. If Adviser seeks executions outside of the correspondent clearing relationship of its affiliated broker-dealer, it strives for the best price and execution for costs and discounts which are competitive in relation to the value of the transaction and which comply with Section 28(e) of the Securities Exchange Act of 1934, as amended. The Adviser uses a broker-dealer other than its affiliated broker-dealer's clearing firm it takes into account the financial stability and reputation of firms and services provided by such brokers. The client may not, in any particular instance, be the sole direct or indirect beneficiary of services provided. The Adviser is under no obligation to transact business with any particular broker dealer including BALS.

### Order Aggregation

LWM generally does not aggregate trades.

### Directing Brokerage for Client Referrals

The Adviser does not direct brokerage for client referrals.

### Directed Brokerage

The Adviser generally does not allow clients to direct brokerage.

## Review of Accounts – Item 13

### Periodic Reviews

Account reviews are performed no less than annually by the Investment Adviser Representatives. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client. The Chief Compliance Officer samples client accounts periodically to review activity in the account and investment suitability.

### Review Triggers

Accounts are reviewed no less than annually or more frequently when market conditions dictate. Other conditions that may trigger a review are changes in the tax laws, new investment information, significant market movements and changes in a client's financial or personal situation.

## Regular Reports

Adviser provides a quarterly statement to the client summarizing the value of the client's portfolio. In addition, the Adviser will provide an investment report to the client when the client attends an annual review. This report details the performance of the portfolio and the holdings in the entire portfolio. This report is used as the basis to make any needed changes to the client's portfolio. Clients receive statements of account positions no less than quarterly from the account custodian. Client should use the statement from the custodian as the official statement of the account's position and value and compare that statement with other statements and reports provided by the Adviser. If discrepancies exist, client should notify the Adviser.

## Client Referrals and Other Compensation – Item 14

### Incoming Client Referrals

The Adviser receives client referrals which may come from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. Adviser does not compensate referring parties for referrals or accept referral fees or any compensation when a prospect is referred to a third party.

### Conflicts of Interest

LWM offers clients advisory account services and charges a fee. BALS offers products to buy and/or sell and charges a transaction-based commission. A client is free to choose either type of account when considering the services of LWM and/or BALS. Since LWM and/or BALS representatives are paid different compensation based on the type of account a client chooses, a conflict of interest exists or may exist when a representative makes a recommendation of one type of account rather than the other. The Advisor endeavors to give clients cost information on each type of account as part of its recommendations, so the client can decide which type of account is appropriate for them.

BALS has at times received certain transaction-based compensation, whether at point of sale or through trailing compensation, paid by sponsors of various products like mutual funds. The receipt of such compensation creates a conflict of interest since representatives are incentivized or may be incentivized to make recommendations which favor products paying a particular type of compensation.

As an example, without limitation, where a mutual fund pays trailing 12b-1 compensation for products, the purchase of such fund may increase client costs or reduce client returns on such investments. The advisor representative acting as a registered representative of BALS is incentivized to recommend such products based in part on compensation received.

The Adviser seeks to remedy these conflicts in the following way. First, the Adviser has for the most part eliminated and will not select mutual funds which pay trailing compensation where other choices are available, like adviser funds, which offer reasonably comparative features. If such advisor funds are not available, the Adviser will credit the client against any advisor fee charging 12b-1 compensation received by BALS.

Secondly, the Advisor will not include in its calculation of the adviser fee the value of assets of advisory clients which generated a commission for BALS. Only those products for which BALS did not receive a commission will be included in the assets under management collection.

Clients can decide not to accept investment recommendations which include compensation described above. The client may choose to execute transactions through a broker-dealer other than BALS which also eliminates compensation conflicts of interest.

Finally, LWM and/or BALS has a conflict of interest when recommending certain products which may pay BALS and/or LWM a “dealer concession” or marketing fee. This concession does not come from investor funds. Nevertheless, receipt of such concession or marketing fee incentivizes the Adviser and/or a representative to recommend a product paying the concession and/or marketing fee because it results in additional compensation to LWM and/or BALS. The existence of such a concession or fee and its amount will be disclosed by the Adviser before making any recommendations of a product which offers this concession or fee.

## Custody – Item 15

### Custody Policy

The Adviser does not accept or permit itself or its employees to obtain custody of client assets including cash or securities, or act as trustee, provide bill paying service, have password access to accounts or have any other form of control over client assets. All checks or wire transfers to fund client accounts are required to be made out to/sent to the account custodian.

### Account Statements

All assets are held at qualified custodians and the custodians provide account statements not less frequently than quarterly to clients at their address of record. Clients should carefully review such statements for any discrepancies or inaccuracies.

### Performance Reports

Pursuant to amendments to Rule 206(4) under the Investment Advisers Act of 1940, the Securities and Exchange Commission requires advisers to urge clients to compare the information set forth in their statement from the Adviser, if the Adviser sends separate statements/reports, with the statements received directly from the custodian to ensure accuracy of all account transactions.

## Investment Discretion – Item 16

Discretionary authority is granted either by the Adviser’s investment management agreement and/or by a separate limited power of attorney where such document is required. The Adviser has the authority to choose, without obtaining specific client

consent, investments for a client account. A firm's discretionary authority regarding investments may however be subject to certain limitations. These limitations are recognized as the restrictions and prohibitions placed by the client. All such restrictions must be agreed in writing.

If the Adviser is not granted discretionary authority, all transactions require approval by the client prior to execution.

## Voting Client Securities – Item 17

The Adviser does not vote nor advise clients how to vote proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. The Adviser will send client any proxy voting information as received.

## Financial Information – Item 18

The Adviser does not have any financial impairment that precludes it from meeting contractual commitments to clients. The Adviser has not been the subject of a bankruptcy petition in the last 10 years.

The Adviser is not required to provide a balance sheet as it does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.

## Exhibit A - Business Continuity Plan

The Adviser has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

### Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1-communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

### Alternate Sites

Alternate sites are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location. In the event of an emergency, clients may access their funds through contacting the custodians of their investments by the means printed on the clients' statements from those custodians.

### Summary of Business Continuity Plan

A summary of the business continuity plan is available upon request to Lefavi Wealth Management's Chief Compliance Officer.

## Exhibit B - Information Security Program

### Information Security

The Adviser maintains an information security program to reduce the risk that your personal and confidential information may be breached. This program includes password protected files and devices, the frequent changing of passwords, encryption, and verification of requests to transfer funds.

### Privacy Practices

#### Privacy Policy

Below is a summary of the Adviser's Privacy Policy regarding client personal information. A complete version of the Privacy Policy is provided to clients along with the client Advisory agreement and may be obtained by contacting the Compliance Officer of the Adviser.

- a) The Adviser Collects non-public personal information about its clients from the following sources:
  - Information received from clients on applications or other forms
  - Information about clients' transactions with the Adviser, its affiliates and others
  - Information received from our correspondent clearing broker with respect to client accounts
  - Medical information submitted as part of an insurance application for a traditional life or variable life policy
  - Information received from service bureaus or other third parties
- b) The Adviser will not share such information with any affiliated or nonaffiliated third party except:
  - When necessary to complete a transaction in a customer account, such as with the clearing firm or account custodians
  - When required to maintain or service a customer account
  - To resolve customer disputes or inquiries
  - With persons acting in a fiduciary or representative capacity on behalf of the customer
  - With rating agencies, persons assessing compliance with industry standards, or to the attorneys, accountants and auditors of the firm
  - In connection with a sale or merger of the Adviser's business
  - To protect against or prevent actual or potential fraud, identity theft, unauthorized transactions, claims or other liability
  - To comply with federal, state or local laws, rules and other applicable legal requirements

- In connection with a written agreement to provide investment management or Advisory services when the information is released for the sole purpose of providing the products or services covered by the agreement
  - In any circumstances with the customer's instruction or consent.
- c) The Adviser restricts access to confidential client information to individuals who are authorized to have access to confidential client information and need to know that information to provide services to clients.
- d) The Adviser maintains physical, electronic and procedural security measures that comply with applicable state and federal regulations to safeguard confidential client information.



## Disclosure Brochure - Part 2B of Form ADV

Item1–Cover Page



EST<sup>d</sup> 1980

# LEFAVI

WEALTH MANAGEMENT

Lefavi Wealth Management, Inc.  
2323 Foothill Drive, Suite 100  
Salt Lake City, Utah 8419  
Ph (800) 998-2427  
Fax (801) 486-9058  
[www.lefavi.com](http://www.lefavi.com)  
[compliance@lefavi.com](mailto:compliance@lefavi.com)

This Brochure Supplement provides information about principals and investment adviser representatives of Lefavi Wealth Management. If you are receiving this Brochure Supplement, then you should have received a copy of Brochure itself. Please contact the Chief Compliance Officer at (800) 998-2427, or by email at: [Compliance@lefavi.com](mailto:Compliance@lefavi.com) if you did not receive Lefavi Wealth Management Brochure or if you have any questions about the contents of this supplement. The information in the Brochure and the Brochure Supplement have not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority. Additional information about the firm and its Investment Advisory Representatives is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Effective Date: April 1, 2019**



## Education and Business Standards – Item 2

Lefavi Wealth Management requires that Advisers have a bachelor's degree and further coursework or work experience demonstrating knowledge of investment management principles. FINRA licensing is required or must be obtained because the Adviser requires that its Investment Adviser Representatives are also registered with its affiliated broker-dealer.

Examples of acceptable coursework may include: an MBA, a CFP, a CFA, a ChFC, JD, CTFA, or CPA. Alternatively, Investment Adviser Representatives must have work experience that demonstrates their aptitude for investment management.

### Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail. Their individual education and business backgrounds are detailed below.



## **Bruce A. Lefavi**

Date of birth: 11/13/45

### Educational Background

- Bachelor's Degree in Electrical Engineering from University of Illinois, 1969
- Master's Degree in Business Administration from the University of Utah, 1975
- FINRA Series Registrations 4, 24, 27, 53, 63, 65

### Business Experience

- President of Bruce A. Lefavi Securities, Inc., 1981-Present
- President of Lefavi Financial Center, 1985-Present
- President of Fun Risk Management Insurance, 2015 - 2018
- Member of Institute of Certified Financial Planners (ICFP), 1990-1999
- Author of "Bulletproof Your Financial Future", 1993 (Out of Print)
- Author of "Bulletproof Retirement", 2008 (Out of Print)

### Disciplinary Information – Items 3 & 7

As it relates to past, current or prospective clients, Mr. Lefavi has three disclosure events.

- In early 2012, a client alleged he was not invested when the market was going up. The claim was settled without arbitration.
- In 2014, the Financial Industry Regulatory Authority (FINRA) found Bruce A. Lefavi and our affiliated Broker/Dealer, Bruce A. Lefavi Securities, in violation of several advertising regulations and the sale of unregistered securities (albeit inadvertent) stemming from incidences dating between January 2010 to May 2013. Our affiliated firm and Mr. Lefavi were fined jointly and severally, and Mr. Lefavi served a ten-day suspension as a principal. He remained a Registered Representative and Investment Adviser Representative during the suspension. Further details are available on FINRA's Brokercheck Website (<https://brokercheck.finra.org>).
- In 2014, Mr. Lefavi received a complaint that he had sold unsuitable investments to a client. The claim was settled without arbitration.

### Other Business Activities – Item 4

- President, Bruce A. Lefavi Securities Inc., 1981 – Present
  - Bruce A. Lefavi is the sole stock holder for Lefavi Wealth Management and Bruce A. Lefavi Securities, Inc.

Mr. Lefavi is a Registered Representative with Bruce A. Lefavi Securities Inc. Clients are under no obligation to purchase securities or advisory services through Mr. Lefavi.

- Managing Member of Top Hat Investments, LLC, 1995 – Present  
Top Hat Investments LLC is investment-related. It owns and manages commercial real estate.



- Managing Member of Omega Leasing LLC, 1995-Present  
Omega Leasing LLC leases office equipment.

#### Additional Compensation – Item 5

In the course of business, Mr. Lefavi does not receive economic benefit from non-clients for providing advisory services. As part of due diligence and research, Mr. Lefavi may receive benefits from attending sales conferences that are sponsored by vendors.

#### Supervision – Item 6

The Chief Compliance Officer reviews Mr. Lefavi's work through frequent office interactions as well as remote interactions and through our client relationship management system and routine reviews and audits.

**Phone: (800) 998-2427 Email: [compliance@lefavi.com](mailto:compliance@lefavi.com)**



## **Jay V. Greenburg**

Date of birth: 4-26-1966

### Educational Background

- UofU BS Business Finance 1995
- FINRA Series Registrations: 7, 66, 24
- CFP® Certified Financial Planner
- Life and Health Insurance License

### Business Experience

- Bruce A. Lefavi Securities, Inc, 05-14-2018 – Present
- Lefavi Wealth Management, 05-14-2018 – Present
- E\*TRADE Oct-30 2017 to 5-13-2018
- TD Ameritrade Jan 8, 2013 through June 20 2017
- TD Ameritrade Investools (unlicensed) Dec9 2010 through Jan7 2013
- MetaStock (unlicensed) 1999

### Disciplinary Information – Items 3 & 7

Mr. Greenburg has no disciplinary events, arbitrations, FINRA or other regulatory disciplinary actions, and no bankruptcies.

### Other Business Activities – Item 4

- Bruce A. Lefavi Securities Inc.

Jay V. Greenburg is a Registered Representative with Bruce A. Lefavi Securities, Inc. Clients are under no obligation to purchase securities or advisory services through Bruce A Lefavi Securities, Inc.

### Additional Compensation – Item 5

In the course of business, Mr. Greenburg does not receive economic benefit from non-clients for providing advisory services. As part of due diligence and research, Mr. Greenburg may receive benefits from attending sales conferences that are sponsored by vendors.

### Supervision – Item 6

The Chief Compliance Officer reviews Mr. Greenburg's work through frequent office interactions as well as remote interactions and through our client relationship management system and routine reviews and audits.

**Phone: (800) 998-2427, Email: [Compliance@lefavi.com](mailto:Compliance@lefavi.com)**



## **Trevor Knudtson**

Date of birth: 02/16/1984

### Educational Background

- BS Business Finance; 2012
- FINRA Series 7, 63, 65

### Business Experience

- Bruce A. Lefavi Securities, Inc, 05-14-2018 – Present
- Lefavi Wealth Management, 05-14-2018 – Present
- Fidelity Investments: 09-10-2012 – 05-12-2014

### Disciplinary Information – Items 3 & 7

Mr. Knudtson does not currently have any legal or disciplinary events, arbitrations, FINRA or other regulatory disciplinary actions, and no bankruptcies.

### Other Business Activities – Item 4

- Bruce A. Lefavi Securities Inc.

Trevor Knudtson is a Registered Representative with Bruce A. Lefavi Securities, Inc. Clients are under no obligation to purchase securities or advisory services through Bruce A Lefavi Securities, Inc.

### Additional Compensation – Item 5

In the course of business, Mr. Knudtson does not receive economic benefit from non-clients for providing advisory services. As part of due diligence and research, Mr. Knudtson may receive benefits from attending sales conferences that are sponsored by vendors.

### Supervision – Item 6

The Sales Supervisor, Jay Greenburg, reviews Mr. Knudtson's work through frequent office interactions as well as remote interactions and through our client relationship management system and routine reviews and audits.

**Phone: (800) 998-2427, Email: [Compliance@lefavi.com](mailto:Compliance@lefavi.com)**



## **Jeff Kemp**

Date of birth: 06/12/1977

### Educational Background

- B.S. Business Admin; 2003
- A.S. Economics, Business, General Studies; 2001
- FINRA Series 66 and 7
- Life Insurance License

### Business Experience

- Bruce A. Lefavi Securities, Inc, 06-29-2018 – Present
- Lefavi Wealth Management, 06-29-2018 – Present
- Raymond James 10-2017 – 06-2018
- Voya 09-2017 – 10-2017
- TD Ameritrade 05-2009 – 07-2017
- HSBC 09-2003 – 02-2009

### Disciplinary Information – Items 3 & 7

Mr. Kemp does not currently have any legal or disciplinary events, arbitrations, FINRA or other regulatory disciplinary actions, and no bankruptcies.

### Other Business Activities – Item 4

- Bruce A. Lefavi Securities Inc.

Jeffrey Kemp is a Registered Representative with Bruce A. Lefavi Securities, Inc. Clients are under no obligation to purchase securities or advisory services through Bruce A Lefavi Securities, Inc.

- Pinnacle Financial Planning

Jeffrey Kemp is the owner of Pinnacle Financial Planning, an inactive financial planning business.

### Additional Compensation – Item 5

In the course of business, Mr. Kemp does not receive economic benefit from non-clients for providing advisory services. As part of due diligence and research, Mr. Kemp may receive benefits from attending sales conferences that are sponsored by vendors.

### Supervision – Item 6

The Sales Supervisor, Jay Greenburg, reviews Mr. Kemp's work through frequent office interactions as well as remote interactions and through our client relationship management system and routine reviews and audits.

**Phone: (800) 998-2427 Email: [compliance@lefavi.com](mailto:compliance@lefavi.com)**



## **Stuart Enterline**

Date of birth: 09/08/1992

### Educational Background

- BS Finance, BS Economics, and BS Accounting – Penn State University – May 2017
- Series 7 and Series 66

### Business Experience

- Bruce A. Lefavi Securities, Inc, June 2017 – Present
- Lefavi Wealth Management, June 2017 – Present
- JPMorgan Chase Corporate & Investment Bank OTC Derivatives

### Disciplinary Information – Items 3 & 7

Mr. Enterline does not currently have any legal or disciplinary events, arbitrations, FINRA or other regulatory disciplinary actions, and no bankruptcies.

### Other Business Activities – Item 4

- Bruce A. Lefavi Securities Inc.

Stuart Enterline is a Registered Representative with Bruce A. Lefavi Securities, Inc. Clients are under no obligation to purchase securities or advisory services through Bruce A Lefavi Securities.

### Additional Compensation – Item 5

In the course of business, Mr. Enterline does not receive economic benefit from non-clients for providing advisory services. As part of due diligence and research, Mr. Enterline may receive benefits from attending sales conferences that are sponsored by vendors.

### Supervision – Item 6

The Sales Supervisor, Jay Greenburg, reviews Mr. Enterline's work through frequent office interactions as well as remote interactions and through our client relationship management system and routine reviews and audits.

**Phone: (800) 998-2427, Email: [Compliance@lefavi.com](mailto:Compliance@lefavi.com)**





**Sherrie Bakelar**

Date of birth: 10/4/1973

Educational Background

- Bachelor of Arts degree from Westminster College, 2008
- Master of Arts degree from University of Nevada, Las Vegas, 2010
- FINRA Series Registrations 7, 24, 52, 53

Business Experience

- Bruce A. Lefavi Securities, Inc., 2/9/2011 – Present
- Lefavi Wealth Management, 2/9/2011 – Present

Disciplinary Information – Items 3 & 7

As it relates to past, current or prospective clients, Ms. Bakelar has not been involved in legal or disciplinary events, has not been involved in arbitrations, has not been subject to self-regulatory organization or administrative proceedings and has neither filed nor is planning to file a bankruptcy petition.

Other Business Activities – Item 4

Ms. Bakelar acts as Chief Compliance Officer for both Lefavi Wealth Management and Bruce A. Lefavi Securities and is a registered principal of both firms.

Additional Compensation – Item 5

In the course of business, Ms. Bakelar does not receive compensation for advisory services. As part of due diligence and research, Ms. Bakelar may receive benefits from attending sales conferences that are sponsored by vendors.

Supervision – Item 6

Sherrie Bakelar is supervised by Bruce Lefavi. She reports to him regarding compliance matters on a regular basis.

**Phone: (800) 998-2427, Email: [compliance@lefavi.com](mailto:compliance@lefavi.com)**