

**Part 2A of Form ADV: Firm Brochure**



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*This brochure provides information about the qualifications and business practices of Capital Financial Consultants Group, Inc. If you have any questions about the contents of this brochure, please contact Jeff Fisher at 949-248-8800 or [jfisher@capitalfin.com](mailto:jfisher@capitalfin.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 Capital Financial Consultants Group also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 133657.*

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## ITEM 2 MATERIAL CHANGES

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Since our last annual amendment on March 26, 2019, Capital Financial Consultants Group revised this Brochure to reflect the following material updates:

- Item 4 Advisory Business
  - Michael Wynns is no longer a principal shareholder or associated with Capital Financial Consultants Group.
  - We do not offer portfolio management services through Schwab's Institutional Intelligent Portfolios™, an automated online investment management program.
  - We do not offer advisory management services to our clients through the Selection and Monitoring of Third-Party Money Managers programs.
- Item 5 Fees and Compensation – We do not charge or receive any fees or compensation related to Schwab's Institutional Intelligent Portfolios™ or the selection and monitoring of a third-party money manager.
- Item 7 Types of Clients – We deleted the reference to the account minimum requirements for Schwab's Institutional Intelligent Portfolios™.
- Item 10 Other Industry Activities and Affiliations – Michael Wynns is no longer associated with Capital Financial Consultants Group; therefore, CAVU Wealth Management is not a “related registrant”.
- Item 13 Review of Accounts – Michael Wynns no longer reviews Capital Financial Consultants Group's client accounts.
- Item 17 Voting Client Securities – We deleted the description of how Schwab's Institutional Intelligent Portfolios™ votes client securities.

Other non-material changes have been made to this Brochure, therefore we encourage each client to read the complete ADV Part 2A carefully and to call us with any questions you may have.

Pursuant to SEC regulations, Capital Financial Consultants Group will ensure that clients receive a summary of any material changes to this Brochure within 120 days of the close of our fiscal year, along with a copy of this Brochure or an offer to provide the full Brochure. We may further provide other ongoing disclosure information about material changes as necessary. Our Brochure may be requested by calling us at the number listed on the cover page or at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 4 ADVISORY BUSINESS**

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Capital Financial Consultants Group, Inc. (formerly Steckler & Wynns Insurance Services, Inc.) is an independent registered investment adviser with its principal place of business located in CA. Capital Financial Consultants Group began conducting business in 2001.

The following individuals are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Larry J. Steckler, President
- Jeff Fisher, CCO

Capital Financial Consultants Group offers the following advisory services to our clients.

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

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Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth, and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares

- United States government securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity, and suitability.

## **FINANCIAL PLANNING**

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We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values, and withdrawal plans. Through the financial planning process, all questions, information, and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client to achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information, and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home, and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning, and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney and asset protection plans.

We gather the required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written financial plan. Should the client choose to implement the recommendations contained in the plan, we suggest the client work

closely with his/her attorney, accountant, insurance agent, and/or stockbroker. The implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided. Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are generic.

In offering financial planning, a conflict exists between the interests of the investment adviser and the interests of the client. The client is under no obligation to act upon the investment adviser's recommendation, and, if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment adviser.

#### **401(k) ADVISORY SERVICES**

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Capital Financial Consultants Group provides advisory services to 401(k) plans including: benchmarking the fees, services, and participants of 401(k) plans against similar plans using industry research; plan design consulting and assisting in the design of an Investment Policy Statement; providing ongoing plan reviews; and managing employee communication and investment education.

#### **AMOUNT OF MANAGED ASSETS**

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Our firm manages approximately \$94,731,938 of clients' assets on a discretionary basis.

### **ITEM 5 FEES AND COMPENSATION**

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#### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

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The annualized fee for Investment Supervisory Services is charged as a percentage of assets under management, according to the following schedule:

<b>Annualized Investment Management Fees</b>		
<b>Account Value From</b>	<b>Account Value To</b>	<b>Annual Percentage Fee</b>
\$0	\$99,999.99	1.25%
\$ 100,000	\$249,999.99	0.85%
\$250,000.00	\$499,999.99	0.80%
\$500,000.00	\$999,999.99	0.75%
\$1,000,000.00	\$1,999,999.99	0.45%
\$2,000,000.00	\$4,999,999.99	0.25%
\$5,000,000.00	\$9,999,999.99	0.20%
\$10,000,000.00 Plus		0.15%

Our fees are billed monthly, in advance, at the beginning of each month based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous billing period. Fees will be debited from the account in accordance with the client authorization in the Client Services Agreement.

***Limited Negotiability of Advisory Fees:*** Although Capital Financial Consultants Group has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances, and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts to achieve the minimum account size requirements and determine the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

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#### **FINANCIAL PLANNING FEES**

Capital Financial Consultants Group's Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Financial Planning fees are calculated and charged on an hourly basis, ranging from \$100 to \$200 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship.

Our Financial Planning fees are calculated and charged on a fixed fee basis of \$1,500

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$500 for work that will not be completed within six months. The balance is due upon completion of the plan.

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#### **401(K) ADVISORY FEES**

A client will pay a fee based on the market value of the retirement plan assets according to a schedule of fees agreed to by both parties. The fee range for Capital Financial Consultants Group's services is negotiable and may vary according to the facts and circumstances including the scope of services to be provided, the duration of services and the size of the client (number of employees, plan or individual assets, and other demographic factors).

Based on the services selected by the client and/or plan assets, we will generally charge an annual advisory fee ranging from .15% to 1.00% of the plan assets under management. Fees are assessed monthly or quarterly in arrears. Such fees will be automatically deducted from the client's account by the provider.

## GENERAL INFORMATION

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***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

***Mutual Fund and ETF Fees:*** All fees paid to Capital Financial Consultants Group for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a broker-dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Registered Representatives and Insurance Agents:*** Management personnel and other related persons of our firm are licensed as registered representatives of a broker-dealer and/or licensed as insurance agents or brokers. In their separate capacity (ies), these individuals can implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invests in a security that results in a commission being paid to the individuals. Clients are not under any obligation to engage these individuals when considering the implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

## ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

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Fees are not based on a share of the capital gains or capital appreciation of managed securities. Capital Financial Consultants Group does not use a performance-based fee structure.



## ITEM 7 TYPES OF CLIENTS

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Capital Financial Consultants Group provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Charitable organizations
- Pension and profit-sharing plans
- Corporations

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

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### METHODS OF ANALYSIS

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We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Charting:** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

**Fundamental Analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Cyclical Analysis:** In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

**Asset Allocation:** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis:** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is a significant overlap in the underlying investments held in another

fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Risks for all forms of analysis:** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

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We use the following strategies in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchase:** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when (1) we believe the securities to be currently undervalued, and/or (2) we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases:** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Trading:** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

**Short sales:** We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

**Margin transactions:** We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash and allows us to purchase stock without selling other holdings.

**Option writing:** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on the security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

#### Risk of Loss

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Different types of investments involve varying degrees of risk. It should not be assumed that future performance of any specific investment or investment strategy (including the investments and or investment strategies recommended or undertaken by Capital Financial Consultants Group) will be profitable or equal to any specific performance level(s). Securities investments are not guaranteed

and you may lose money on your investments. Clients should understand that investing in any securities involves a risk of loss of both income and principal. We ask that you work with us to help us understand your tolerance for risk.

We primarily invest in equity, fixed income, and ETF securities to carry out its investment strategies. The basic risks for each of these securities are discussed below.

The fundamental risks of investing in equity securities include the following: market risk (the risk that an investment will decline in value); liquidity risk (the risk that you will be unable to sell an asset); economic risk (the risk of a general downturn in the economy); and tax risk (the risk that the value of investments will be adversely affected by changes in tax laws).

The fundamental risks of investing in fixed income securities include the following: market risk (the risk that an investment will decline in value); liquidity risk (limited or no marketability); economic risk (the risk of a general downturn in the economy); tax risk (the risk that the value of investments will be adversely affected by changes in tax laws); and business risk (the risk of inadequate profits or losses due to uncertainties.) Exchange traded funds (ETFs) are investment funds that are traded on stock exchanges. They invest in different securities like stocks, bonds, real estate investment trusts, etc. The prices of ETFs may differ from the underlying value of the securities within the ETF by the fact they are traded on an exchange and thus exposed to the supply and demand forces of market participants. Price premiums and discounts arise, especially for those ETFs that aren't traded very frequently. (ETFs) shareholders are subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities such as the equity and fixed income risks discussed above. In addition, shareholders are liable for taxes on any fund-level capital gains, as ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

If an account uses leverage, the account will be subject to heightened risk. Leverage may take the form of borrowing funds, trading on margin, derivative instruments that are inherently leveraged including options. Any such leverage, including leverage that takes the form of instruments and transactions that are inherently leveraged, may result in the account's market value exposure being more than the net asset value of the account. An account may not be able to liquidate assets quickly enough to repay its borrowings, which will increase the losses incurred by the account.

In addition to the risks described above that primarily relate to the value of investments, there are various operational and systems risks involved in investing, including but not limited to "cybersecurity" risk. As the use of technology and frequency of cyber-attacks on financial services targets has become more prevalent, Capital Financial Consultants Group and the client accounts Capital Financial Consultants Group manages have become potentially more susceptible to operational risks through breaches in cybersecurity. A breach in cybersecurity refers to both intentional and unintentional events that may cause Capital Financial Consultants Group to lose proprietary information, suffer data corruption, or lose operational capacity. This, in turn, could cause Capital Financial Consultants Group and/or a client account to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. A cybersecurity breach may also result in a third party obtaining unauthorized access to Capital Financial Consultants Group clients' information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Cybersecurity breaches may involve unauthorized access to digital information systems (e.g., through "hacking" or malicious software coding), and may also result from outside attacks such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users). In addition, cybersecurity

breaches of third-party service providers (e.g., a client's custodian) can subject an account to many of the same risks associated with direct cybersecurity breaches. Although Capital Financial Consultants Group has established risk management systems designed to reduce the risks associated with cybersecurity threats, there is no guarantee that such efforts will succeed, especially since Capital Financial Consultants Group does not directly control the cybersecurity systems third-party service providers.

## **ITEM 9 DISCIPLINARY INFORMATION**

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We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

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Management personnel of Capital Financial Consultants Group are separately licensed as registered representatives and investment adviser representatives of Independent Financial Group, an unaffiliated broker-dealer and registered investment adviser. These individuals, in their separate capacity as registered representatives, can effect securities transactions for which they will receive separate, yet customary compensation. In their separate capacity as an IFG investment advisory representative, they receive advisory fees distinct from Capital Financial Consultant fees.

Management personnel of our firm, in their individual capacities, are agents for various insurance companies. As such, these individuals can receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering the implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Clients should be aware that the receipt of additional compensation by Capital Financial Consultants Group and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Capital Financial Consultants Group endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees.
- We disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies.
- We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance.
- Our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances.

- We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interest in such activities are properly addressed.
- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm.
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

## **ITEM 11 CODE OF ETHICS, PARTICIPATION/INTEREST IN CLIENT TRANSACTIONS PERSONAL TRADING**

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Our firm has adopted a Code of Ethics that sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Capital Financial Consultants Group and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and must adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transaction reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Capital Financial Consultants Group's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [jfisher@capitalfn.com](mailto:jfisher@capitalfn.com), or by calling us at 949-248-8800 or 858-513-8445.

Capital Financial Consultants Group and individuals associated with our firm are prohibited from engaging in principal transactions.

Capital Financial Consultants Group and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

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



It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
- No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
- It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
- Our firm requires prior approval for IPO or private placement investments by related persons of the firm.
- We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed regularly by our firm's Chief Compliance Officer or his/her designee.
- We have established procedures for the maintenance of all required books and records.
- All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
- Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
- All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- We require delivery and acknowledgment of the Code of Ethics by each supervised person of our firm.
- We have established policies requiring the reporting of Code of Ethics violations to our senior management.
- Any individual who violates any of the above restrictions may be subject to termination.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as registered representatives of a broker-dealer. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

## **ITEM 12 BROKERAGE PRACTICES**

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Capital Financial Consultants Group may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Capital Financial Consultants Group is independently owned and operated and not affiliated with Schwab.

Clients may choose to hold their account assets at other brokerage firms with which we do not maintain relationships. In the event you choose to do so, our advisory services will include advice only. We will not implement our recommendations by instructing these firms to execute securities transactions for you. Capital Financial Consultants Group does not open the account for the client. If the client does not wish to place his or her assets with CS&Co, then Capital Financial Consultants Group cannot manage the client's account through the Institutional Intelligent Portfolios™ Program.

Capital Financial Consultants Group takes into account several factors when recommending a brokerage firm including commission rates, the financial stability and reputation, the quality of the investment research, investment strategies, special execution capabilities, clearance, settlement, custody, record keeping, and other services the financial stability and reputation of brokerage firms and the brokerage and research services provided by such brokers.

### **RESEARCH AND OTHER BENEFITS**

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Schwab provides Capital Financial Consultants Group with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit Capital Financial Consultants Group but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that

1. provide access to client account data (such as trade confirmations and account statements);
2. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
3. provide research, pricing, and other market data;
4. facilitate payment of our fees from clients' accounts; and



5. assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include (1) compliance, legal and business consulting, (2) publications and conferences on practice management and business succession, and (3) access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Capital Financial Consultants Group. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

#### **ORDER AGGREGATION**

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Capital Financial Consultants Group may, but is not required to, engage in block trading (the bunching or aggregation of transactions) in cases where two (2) or more client accounts are transacting in the same security on the same day. We have adopted trade aggregation policies and procedures to ensure that all accounts are treated fairly when orders are aggregated for execution. Trades, where necessary, are allocated to advisory clients in a manner that fulfills our fiduciary obligations to each client and otherwise allocates securities on a good faith basis that is objective, fair, equitable, consistently applied, and does not unfairly discriminate against any advisory client based upon account performance or other factors. For instance, clients in aggregated transactions each receive the same price per security. If more than one price is paid for securities in an aggregated transaction, each client in the aggregated transaction will receive the average price paid for the block of securities in the same aggregated transaction for the day. If we are unable to fill an aggregated transaction completely but receive a partial fill of the aggregated transaction, we will allocate the filled portion of the transaction to clients on a pro-rata basis.

Capital Financial Consultants Group may choose not to aggregate trades for several reasons, including, but not limited to: (1) an account reaches an investment guideline limit due to unforeseen changes in account assets after an order is placed; (2) a client account is low in cash; (3) a sale transaction is entered to raise cash in an account; or (4) operational considerations.

As described in the Institutional Intelligent Portfolios™ Program Disclosure Brochure, SWIA may aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for Capital Financial Consultants Group Clients and accounts for Clients of other independent investment advisory firms using the Institutional Intelligent Portfolios™ Program.

#### **DIRECTING BROKERAGE FOR CLIENT REFERRALS**

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Capital Financial Consultants Group and its associated persons do not receive client referrals from broker-dealers or third-parties as consideration for selecting or recommending brokers for client accounts.

## ITEM 13 REVIEW OF ACCOUNTS

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### INVESTMENT SUPERVISORY SERVICES (“ISS”) INDIVIDUAL PORTFOLIO MANAGEMENT

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**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. These accounts are reviewed by Larry Steckler, President or Jeff Fisher, CCO.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide upon request quarterly reports summarizing account performance, balances, and holdings.

### FINANCIAL PLANNING SERVICES

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**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless mutually agreed upon.

## ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

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### REFERRALS

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We do not provide compensation to other advisers or professionals for referring clients to us. We are not compensated by other advisers or professionals for referring clients to them.

### OTHER COMPENSATION

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Capital Financial Consultants Group receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisers that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). We also receive financial assistance from Schwab in the form of marketing, technology, and transfer of account exit fees reimbursements. Marketing, technology, and transfer of account exit fees reimbursements help Capital Financial Consultants Group grow and service its advisory client base. The level of this support is typical in the industry and very modest relative to the total value of services Capital Financial Consultants Group provides to clients.

## ITEM 15 CUSTODY

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Capital Financial Consultants Group does not have *physical* custody of Clients' assets, monies, or securities. However, under SEC regulations, we are deemed to have custody of your assets if you authorize us to instruct Schwab to deduct our advisory fees directly from your account.

Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. Schwab sends account statements to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them to verify the accuracy of the fee calculation, among other things. We also urge you to compare Schwab's account statements to any periodic reports Capital Financial Consultants Group provides to you. Clients should contact us directly if they believe that there may be an error in their statement.

## **ITEM 16 INVESTMENT DISCRETION**

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Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **ITEM 17 VOTING CLIENT SECURITIES**

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We vote proxies for all client accounts; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote proxies in your account.

We will vote proxies in the best interests of its clients and per our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Larry Steckler by telephone, email, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of

class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

For ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact Larry Steckler by telephone, email, or in writing.

You can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting Larry Steckler.

## **ITEM 18 FINANCIAL INFORMATION**

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As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Capital Financial Consultants Group has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Capital Financial Consultants Group has not been the subject of a bankruptcy petition at any time during the past ten years.