



## FORM ADV PART 2A APPENDIX 1 – ICA PLATFORM PROGRAM WRAP FEE BROCHURE

### Item 1 – Cover Page

Level Four Advisory Services, LLC  
(also doing business as Level Four Financial)  
12400 Coit Road, Suite 700  
Dallas, TX 75251  
866-834-1040  
<http://www.levelfouradvisors.com>

Date of Brochure: September 1, 2021

---

This brochure provides information about the qualifications and investment advisory business practices of Level Four Advisory Services, LLC. If you have any questions about the contents of this brochure, please contact us at 866-834-1040. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about our investment advisory business is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our information on this website by searching for "Level Four Advisory Services, LLC." You can also search using the Firm's CRD number. The CRD number for the Firm is **134086**.

Registration as an investment adviser does not imply a certain level of skill or training.

## Item 2 – Material Changes

The following updates were made to the brochure since the last brochure filing:

- References to Harbor Financial Services, LLC were updated to reflect the name change of such firm to Level Four Financial, LLC.
- References to LPL Financial were removed in light of the termination of the firm’s custodial relationship with LPL as of 8/31/2021.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31, so you will receive the summary of material changes, if any, no later than April 30 each year. At that time, we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

## Table of Contents

Item 1 – Cover Page.....	1
Item 2 – Material Changes .....	2
Item 4 – Advisory Business.....	4
Description of The Program sponsored by Level Four Advisory Services, LLC – ICA Platform Program .....	5
Administrative Services Provided by ORION Advisor Services, LLC.....	6
Suitability and Investment Strategy.....	6
Brokerage, Clearing and Custody.....	6
Program Fees.....	7
Additional Compensation, Economic and Non-Economic Benefits.....	8
Aggregate Trades .....	8
Trade Error Policy.....	8
Item 5 – Account Requirements and Types of Clients .....	9
Opening an Account.....	9
Termination of Services .....	9
Types of Clients.....	9
Item 6 – Portfolio Manager Selection and Evaluation.....	10
Methods of Analysis, Investment Strategies and Risk of Loss .....	10
Risk of Loss.....	12
Voting Client Securities .....	13
General Description of Primary Advisory Services.....	13
Participation in Wrap Fee Programs.....	14
Performance-Based Fees and Side-By-Side Management.....	14
Client Assets Managed by Level Four Advisory Services, LLC .....	14
Item 7 – Client Information Provided to Portfolio Managers.....	15
Item 8 – Client Contact with Portfolio Managers .....	15
Item 9 – Additional Information.....	15
Account Reviews and Reviewers.....	15
Statements and Reports.....	15
Disciplinary Information .....	16
Other Financial Industry Activities and Affiliations.....	16
Miscellaneous .....	17
Financial Planning and Non-Investment Consulting/Implementation Services. ....	17
Code of Ethics Summary .....	18
Affiliate and Employee Personal Securities Transactions Disclosure.....	18
Client Referrals and Other Compensation .....	19
Financial Information.....	19
CUSTOMER PRIVACY POLICY .....	20
BUSINESS CONTINUITY PLAN DISCLOSURE.....	22

## Item 4 – Advisory Business

Level Four Advisory Services, LLC, also doing business as Level Four Financial, (referred to as “LFAS”, the “Firm”, “us” and “we” in this document) is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and has developed and sponsors the **ICA Platform Program** (referred to as the “Program”). The Program is a wrap-fee program. Only investment advisor representatives of LFAS may serve as portfolio managers in the Program. Therefore, participants in the Program must be advisory clients of LFAS. The following bullets provide basic background regarding our Firm.

- The Firm has been registered as an investment adviser since July 2005.
- The Firm is owned and controlled by Level Four Group. Level Four Group is a holding company and the 100% owner of LFAS. Level Four Group is owned and operated by Carr, Riggs & Ingram Capital, L.L.C., a Delaware limited liability company. Carr, Riggs & Ingram Capital, L.L.C. is 100% owned by Carr, Riggs & Ingram, L.L.C., an Alabama limited liability company. No individuals own more than 25% of Carr, Riggs & Ingram, L.L.C.
- We provide fee-only investment advisory services through LFAS. The nature and extent of the specific services provided to clients, including you, will always depend on each client’s financial status, objectives and needs, time horizons, concerns, expectations and risk tolerance.
- LFAS Advisory Representatives and LFAS branch offices may use marketing names or other names that are held out to the public. Such names are known as “doing business as” names. The purpose of using a name other than LFAS or Level Four Financial is for the Advisory Representative to create a brand that is specific to the Advisory Representative and/or branch, but separate from LFAS or Level Four Financial. While LFAS allows its Advisory Representatives to use a name other than LFAS or Level Four Financial, the Advisory Representative must disclose on advertising and client correspondence that advisory services are offered through LFAS.

LFAS provides investment advisory services other than the Program described in this brochure including services through other wrap-fee programs. A description of all fee-based investment advisory services provided by LFAS is available in the LFAS’ Disclosure Brochure and the applicable Wrap Fee Program Brochure. Any of these Wrap Fee Program Brochures are available upon request by contacting LFAS at 866-834-1040.

Some LFAS Advisory Representatives may also provide securities advice as registered representatives of Level Four Financial Services, LLC (“LFF”), a broker/dealer, member of the Financial Industry Regulatory Authority (“FINRA”) and Securities Investors Protection Corporation (“SIPC”). In that separate capacity as registered representatives of LFF, LFAS’s Advisory Representatives may charge commissions on a per-transaction basis when implementing their advice on behalf of clients (see Item 9 of this brochure for more details). LFAS and LFF are affiliated companies, as the parent company of LFAS acquired ownership in LFF in October 2020..

When making the determination of whether one of the advisory programs available through LFAS is appropriate for their needs, clients should bear in mind that fee based accounts, when compared with commission based accounts, often result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, such arrangements may result in a higher annual cost for transactions. Thus, depending on a number of factors, the total cost for transactions under a fee account versus a commission account can

vary significantly. Some such factors are account size, amount of turnover, type and quantities of securities purchased or sold, commission rates and the client's tax situation.

**Client Obligations.** In performing its services, LFAS shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify LFAS if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising LFAS' previous recommendations and/or services.

Clients should have a conversation with their Advisory Representative and read this brochure carefully as it explains, in detail, the Program.

**Description of The Program sponsored by Level Four Advisory Services, LLC – ICA Platform Program**

This Program has been developed through an arrangement Raymond James & Associates ("RJA") whereby LFAS utilizes RJA's ICA platform. Through the Program, LFAS provides investment management (also known as asset management) services which are defined as providing continuous investment advice to a client and making investments for the client based on the individual needs of the client. Through this service, LFAS offers a customized and individualized investment program for clients.

LFAS will manage each client's individual account(s) based on the individual needs of the client. Pursuant to each client's specific investment objectives, securities held in Program accounts will generally include no-load and load-waived mutual funds, unit investment trusts (UITs), closed-end and Exchange Traded Funds (ETFs), stocks, bonds, certificates of deposit, hedge funds, managed futures, structured products, and options. LFAS may limit its discretion with respect to the client account and the securities eligible to be purchased for the client account.

LFAS will work with each Program client to obtain information needed to determine the client's financial situation and investment objectives. Accounts are managed on the basis of each client's financial situation and investment objectives. At least annually, LFAS contacts each individual client to determine whether their financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of accounts managed. LFAS shall be reasonably available to consult with individual clients relative to the status of their accounts. Clients shall have the ability to impose reasonable restrictions on the management of their accounts, including the ability to instruct LFAS not to purchase certain securities. Client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account. This means the client will be the sole owner of all securities held in their accounts. A separate account is maintained for each client with the custodian and clients retain right of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

Program accounts are established at LFF in its capacity as a registered broker/dealer. Clearing, custody and other brokerage services are provided by RJA for accounts established through the Program. Therefore, clients will be required to establish a brokerage account(s) through HFS on RJA's ICA platform.

Program accounts allow clients to authorize LFAS to purchase and sell securities on a discretionary basis. LFAS may limit its discretion with respect to the client account and the securities eligible to be purchased for the client account. Upon establishment of a Program account, an Advisory Representative of LFAS will be granted trading authorization on the

client's account. However, upon a client's request, LFAS will manage Program accounts on a non-discretionary basis. Clients must authorize in writing LFAS' to manage accounts on a discretionary basis. Such authorization will be memorialized in the LFAS Investment Advisory Agreement. Discretionary authority allows LFAS to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent prior to each transaction.

Accounts participating in the Program may either be managed on a discretionary or non-discretionary basis by the representative or may be managed on a discretionary basis with a sub-advisor appointed as portfolio manager who provides management of model portfolios of equity and/or fixed income securities. When your account(s) are managed using models, investment selections are based upon the underlying model and the firm does not develop customized (or individualized) portfolio holdings. However, the determination to select a particular model or models is always based on a client's individual investment goals, objectives, and mandates. In the event a sub-advisor is selected by LFAS to manage the account on a sub-advisory basis, the sub-advisor utilized will be Level Four Capital Management, LLC ("LFCM"), an investment adviser registered with the SEC. LFCM is also owned by the same parent company as LFAS, Level Four Group, and accordingly is an affiliate of both LFF and LFAS.

#### **Administrative Services Provided by ORION Advisor Services, LLC**

LFAS has contracted with ORION Advisor Services, LLC (referred to as "ORION") to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, research, client database maintenance, quarterly performance evaluations, payable reports, web site administration, models, trading platforms, and other functions related to the administrative tasks of managing Program accounts. Due to this arrangement, ORION will have access to client accounts, but ORION will not serve as an investment adviser to Program clients.

LFAS and ORION are non-affiliated companies. LFAS compensates ORION on a fixed fee basis based on the number of accounts managed through Program. ORION charges LFAS an annual fee up to \$75 per account. The fee paid to ORION does not result in an increase to the overall fee charged by LFAS relative to other advisory programs available through LFAS.

#### **Suitability and Investment Strategy**

LFAS will assist clients in determining their objective(s), investment strategy, and investment suitability, prior and subsequent to opening a Program account. Clients must advise LFAS of any changes in their investment objective(s) and/or financial situation. LFAS' services are provided based on the individual needs of the individual client. Clients are given the ability to impose restrictions on their accounts including specific investment selections and sectors.

When managing client accounts through our Program, we will generally manage a client's account in accordance with one or more models developed by our Investment Committee. However, the determination to use a particular model or models is always based on each client's individual investment goals, objectives and mandates. More information about our models and strategies is provided at Item 6.

#### **Brokerage, Clearing and Custody**

The RJA ICA platform is used for all Program accounts and therefore LFF will be used as the introducing broker dealer, with RJA as the clearing broker/dealer. If the client chooses not to direct the firm to execute transactions through RJA, the firm reserves the right not to accept such account. Not all advisers require their clients to direct brokerage.

Advisory Representatives of LFAS offering this Program may also be registered representatives of LFF and are required to use the services of LFF when acting in their capacity as registered representatives. LFAS representatives that are registered with LFF may be limited in the broker/dealer or custodians that they are allowed to use due to LFAS's Advisory Representatives' relationship with LFF. LFF may limit or restrict the broker/dealer or custodial platforms for its registered representatives that are also independently licensed due to its duty to supervise the transactions implemented by these individuals.

Clients should understand that not all investment advisers require the use of a particular broker/dealer or custodian. Some investment advisers allow their clients to select whichever broker/dealer the client decides. By directing clients to use a particular broker/dealer (LFF) and custodian (RJA), LFAS may not achieve the most favorable execution of client transactions and the practice requiring the use of LFF and RJA may cost clients more money than if the client used a different broker/dealer or custodian. The firm believes that RJA provides quality execution services based on several factors, including but not limited to the ability to provide professional services, reputation, experience and financial stability.

### **Program Fees**

The annual investment advisory fee charged to Program accounts will not exceed 2.5% of the assets held in the account on an annual basis. The annual fee is negotiable with the client depending on the market value of the account, asset types, the client's financial situation and trading activity. A minimum account size of \$25,000 is required to open a Program account. Exceptions to this minimum may be granted at the discretion of LFAS.

The annual fee shall be divided and payable quarterly in advance through a direct debit in the client account. Fees are based on the account's asset value as of the last business day of the prior quarter. Fees for accounts opened at any time other than the beginning of a quarter will be prorated based on the number of days remaining in the initial quarter.

RJA is responsible for debiting all fees from client accounts. In this Program, the client must provide RJA written authorization to debit advisory fees from their account(s) and pay such fees to LFAS. The custodian sends a quarterly statement to the client which reflects all amounts disbursed from the account, including fees paid to LFAS as adviser.

Clients may incur certain charges imposed by third parties other than LFAS in connection with investments made through the account, including but not limited to, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees. Management fees charged by LFAS are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. Certain open-end mutual funds may, in addition to assessing management fees, internally assess a distribution fee pursuant to Section 12(b)-1 of the Investment Company Act of 1940 or an administrative or service fee ("trail"). Trails are included in the calculation of the annual operating expenses of a mutual fund. A description of these fees and expenses are available in each investment company security's prospectus. However, LFAS does not get paid mutual fund sales loads, 12b-1 fees and surrender charges in fee-based advisory accounts. Although clients may be charged 12b-1 fees in certain load mutual funds, RJA will retain all fees and LFAS or its Advisory Representatives (even in their separate capacities as registered representatives of LFF) do not share or receive such fees. Clients are not charged front end sales loads because the front-end sales loads for mutual funds are waived in fee-based advisory programs.

The ICA Platform Program may cost the client more or less than if the assets were held in a traditional brokerage account. In a brokerage account, the client is charged commissions for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold investment strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than an ICA Platform managed account.

As disclosed in this section, LFAS as well as affiliate LFCM for sub-advised accounts, receive compensation as a result of a client's participation in the Program. LFAS therefore has a financial incentive to recommend Program over other programs or services. The amount of LFAS' compensation may be more or less than what a client would pay if the client participated in programs sponsored by other financial firms or paid separately for investment advice, brokerage, and other services.

#### **Additional Compensation, Economic and Non-Economic Benefits**

While there will not be a direct linkage between the investment advice provided by LFAS and the qualified custodian, economic benefits may be received that would not be received if LFAS did not use these services to implement the investment advice provided. These benefits may include, but not necessarily be limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; receipt of compliance publications; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors.

The Advisory Representatives of LFAS who are registered representatives or insurance representatives may be eligible to receive various incentives that may be based upon production levels. These incentives may include marketing reimbursements, educational conference trips or discounts on various software or investment-related research materials. LFAS may also be provided with various newsletters or publications from financial services firms as a customary consideration.

#### **Aggregate Trades**

In some instances, trades for more than one client's account may be aggregated ("block trades") and executed as a single trade in order to provide fair and equitable prices among managed client accounts. All clients will receive equal treatment when LFAS and its Advisory Representatives perform block trades for managed accounts. Securities purchased or sold using block trades will then be allocated in a fair and equitable manner to all client accounts involved in the block trade. If for any reason the entire block trade cannot be completed on the day the trade is placed, client accounts will receive an equal pro-rata portion of the securities traded. LFAS will keep records of all block trades executed and the allocations for each client account that participates in the block trade. LFAS and its Advisory Representatives will not receive additional compensation as a result of block trading.

#### **Trade Error Policy**

Based on industry practice and SEC guidance to broker-dealers, a trade error under this policy is defined as including:

- Inaccurate transmission or execution of any term of an order including, but not limited to: price; number of shares or other unit of trading; identification of the security; identification of the account for which securities are



purchased or sold; short sales that were instead sold long or vice versa; or the execution of an order on the wrong side of a market;

- Unauthorized (because of misunderstanding or mistake) or unintended purchase, sale or allocation of securities, or the failure to follow specific client instructions; and
- Incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals or securities positions reflected in an account.

LFAS has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of LFAS to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by LFAS if the error was caused by the Firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs. LFAS will never benefit or profit from trade errors.

## **Item 5 – Account Requirements and Types of Clients**

### **Opening an Account**

To become a Program participant, an Investment Advisory Agreement and Investor Profile Questionnaire between the client and LFAS must be executed.

In addition, the client will be required to establish a brokerage account through the ICA platform custodied at RJA.

### **Termination of Services**

Program services may be canceled at any time, by any of the parties, for any reason upon receipt of written notice to the other party. Services will be terminated without penalty and the client shall receive a pro-rated refund based on the amount of time remaining in the final quarter. Specific termination provisions are contained in the LFAS Investment Advisory Agreement.

### **Types of Clients**

LFAS generally provides investment advice to the following types of clients:

- Individuals
- Pension and profit-sharing plans
- Trusts and estates
- Corporations or business entities other than those listed above

## **Item 6 – Portfolio Manager Selection and Evaluation**

The Program does not allow Advisory Representatives or clients to utilize portfolio managers that are not associated with LFAS. In other words, the only portfolio managers selected for managing client assets in the Program are Advisory Representatives of LFAS or affiliate sub-advisors. (LFCM). Therefore, conflicts of interest present in other wrap-fee programs that make available both affiliated and unaffiliated portfolio managers are not present in this Program. Because the Program does not provide for a multitude of outside portfolio managers, LFAS does not have procedures designed to select outside portfolio managers. Most of the items required by this item of the Wrap Fee Program Brochure instructions do not apply to LFAS. Items that do apply are answered below.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

Depending on the client's individual needs, investment recommendations will primarily be made in no-load mutual funds, load-waived mutual funds, and Exchange Traded Funds (ETFs). Other investments may include, but are not necessarily limited to stocks, bonds, and unit investment trusts. It is not LFAS' typical investment strategy to attempt to time the market but we may increase cash holdings modestly as deemed appropriate, based on your risk tolerance and our expectations of market behavior. LFAS' Advisory Representatives are responsible for communicating with clients and gathering all client information.

LFAS' Advisory Representatives use various methods of analysis and investment strategies. Methods and strategies will vary based on the LFAS Advisory Representative providing advice. Models and strategies used by one Advisory Representative may be different than strategies used by other Advisory Representatives. Some LFAS Advisory Representatives may use just one method or strategy while other Advisory Representatives may rely on multiple. LFAS does not require or mandate a particular investment strategy be implemented by its Advisory Representatives. Further, LFAS has no requirements for using a particular analysis method and LFAS Advisory Representatives are provided flexibility (subject to LFAS supervision and compliance requirements) when developing their investment strategies.

Although LFAS' Advisory Representatives have the ability to develop and implement their own investment strategies and methods of analysis, Advisory Representatives may elect to have their accounts sub-advised by affiliate LFCM in accordance with the strategies and methods of analysis developed by the LFCM Investment Committee. In these situations, the Investment Committee will be responsible for actively determining investment recommendations and implementing such recommendations. Numerous model portfolios are developed by the LFCM Investment Committee at any one time, but generally speaking, portfolios will be designed based on the following objectives:

- Income with Capital Preservation,
- Income with Moderate Growth,
- Growth with Income,
- Growth, and
- Aggressive Growth

The following sections provide brief descriptions of some of the more common methods of analysis and investment strategies that are used by LFAS.

#### **A. Method of Analysis**

**Charting** - The set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

**Cyclical** - Analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

**Fundamental** - A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

**Technical** - A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

## **B. Investment Strategies**

LFAS' primary method of analysis or strategy is Strategic Asset Allocation which calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter. Some of the risks involved with using this method include having an inappropriate risk tolerance given the client's goals and objectives, investing in assets that may be too conservative or too aggressive for the client's stated risk tolerance, not properly re-balancing the portfolio to maintain the integrity of the strategic asset allocation.

In addition to strategic asset allocation, we may also use Tactical Asset Allocation which allows for a range of percentages in each asset class (such as Stocks = 40-50%). These are minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these

parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak. Similar risks described under strategic asset allocation are associated with tactical asset allocation.

We also use the following general investment strategies when managing accounts.

- Long-term purchases - Investments held at least a year.
- Short-term purchases - Investments sold within a year.
- Trading - Investments sold within 30 days.

### **Risk of Loss**

LFAS primarily recommends mutual funds to meet the needs of its clients, although exchange traded funds, stocks and bonds may also be used. A mutual fund's investment objective and its holdings are influential factors in determining how risky a fund is. Mutual funds face risks based on the investments they hold. For example, a bond fund faces interest rate risk and income risk. Similarly, an equity sector fund is at risk that its price will decline due to developments in its industry. Overall market risk is defined as the possibility that stock or bond fund prices overall will decline over short or even extended periods. Finally, principal risk, or the possibility that an investment will go down in value, or "lose money," from the original or invested amount, is a risk faced by investors.

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients (including you) should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program. The following are some additional risks clients need to be aware of.

- ETF and Mutual Fund Risk – When LFAS invests in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients may also incur brokerage costs when purchasing ETFs.
- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- Management Risk – Your investment with our Firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment may decrease.

### **Voting Client Securities**

LFAS will not vote proxies on behalf of your account. While there are some investment advisers that will vote proxies and other corporate decisions on behalf of their clients, we have determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by our Firm.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered by our Firm. In some instances, and at your specific request, your Advisory Representative may give recommendations or clarifications based on your Advisory Representative's understanding of the issues presented in the proxy materials. Your Advisory Representative may also conduct additional research on proxy issues if necessary; however, you will be solely responsible for all proxy voting decisions.

### **General Description of Primary Advisory Services**

Because Advisory Representatives serve as portfolio managers of the Program, the following is provided as brief descriptions of LFAS's primary services. Detailed descriptions of LFAS's services other than the Program are provided in our Disclosure Brochure.

LFAS' Advisory Representative will conduct a complimentary initial meeting with the client for an information and data-gathering session. At this initial meeting, the Advisory Representative will assist the client in determining the level of financial planning services needed. If clients elect to continue with the financial planning process, the Advisory Representative will hold as many meetings or telephone conferences as necessary to gather the documents, information,

goals and objectives needed to prepare the financial plan. Whether clients select a comprehensive or a modular plan, the LFAS' Advisory Representatives will meet with them to:

- Identify financial goals and objectives;
- Collect and assess all relevant data;
- Identify financial concerns and formulation of solutions; and
- Prepare a financial plan with specific recommendations for presentation to the client.

**Financial Planning Services** – LFAS provides advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client's overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

**Asset Management Services** – LFAS provides advisory services in the form of Asset Management Services through the Program and other advisory programs and platforms sponsored by RJA. Asset Management Services involve providing clients with continuous and on-going supervision over client accounts. This means that LFAS will continuously monitor a client's account and make trades in client accounts when necessary.

**Outside Money Managers** – LFAS provides advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisers. Third-party money managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary.

#### **Participation in Wrap Fee Programs**

Our Advisory Representatives may provide asset management services through both wrap-fee programs and traditional management programs including the ICA Platform program. Under a wrap-fee program, advisory services and transaction services are provided for one fee. This is different from traditional management programs whereby our services are provided for a fee, but transaction services are billed to clients separately on a per-transaction basis. From a management perspective, there is not a fundamental difference in the way our Advisory Representatives manage wrap-fee accounts versus traditional management accounts. The only significant difference is the way in which transaction services are paid.

#### **Performance-Based Fees and Side-By-Side Management**

LFAS does not charge or accept performance-based fees. Regulators have defined performance-based fees as charging fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

#### **Client Assets Managed by Level Four Advisory Services, LLC**

The amount of client assets managed by LFAS totaled approximately \$2,792,891,273 as of December 31, 2020. \$2,745,521,495 is managed on a discretionary basis and \$47,369,777 is managed on a non-discretionary basis.

## **Item 7 – Client Information Provided to Portfolio Managers**

Because only Advisory Representatives of LFAS or affiliate sub-advisors serve as portfolio managers, Advisory Representatives or their assistants are responsible for gathering all information provided by clients. Advisory Representatives will interview and work with clients to gather all information needed relative to their investment objectives and needs in order to provide management services through the Program. Clients need to contact their Advisory Representative whenever there are changes to their financial situation that will impact or materially influence the way LFAS manages accounts.

## **Item 8 – Client Contact with Portfolio Managers**

Because only Advisory Representatives of LFAS or affiliate sub-advisors serve as portfolio managers, there are no restrictions placed on clients' ability to contact and consult with their portfolio managers. It is the policy of LFAS to provide an "open channel" of communication between Advisory Representatives and their clients. Clients are encouraged to contact their Advisory Representative whenever they have questions about the management of their account.

## **Item 9 – Additional Information**

### **Account Reviews and Reviewers**

Account reviews are provided in connection with the Program. For clients participating in Program, the client's individual Advisory Representative will contact the client at least annually for the purpose of reviewing their account and to determine if there have been changes in their financial situation or investment objectives. The calendar is the main triggering factor, although more frequent reviews may also be triggered by changes in the client's circumstances, client request, or changes within the market.

The underlying investments held in Program accounts and the recommended holdings in LFAS portfolios are reviewed on a more frequent basis. Portfolios are usually reviewed as frequently as monthly, but no less than quarterly, by the LFAS Investment Committee or the Manager responsible for managing the account.

### **Statements and Reports**

During any month that there is activity in the Program account, the client receives a monthly account statement, from RJA, showing account activity as well as positions held in the account at month end. Additionally, the client receives a confirmation of each transaction that occurs within the Program account unless the transaction is the result of a systematic purchase, redemption or exchange. The client will also receive a detailed quarterly report showing performance, positions, and activity. All account data and statements are also available on-line through the account view portal through RJA.

Clients are strongly urged to compare all reports prepared by LFAS against the account statements received from RJA.

### **Disciplinary Information**

This item is not applicable to LFAS's brochure because there are no legal or disciplinary events listed at Item 9 of the Form ADV Part 2A instructions that are material to a client's or prospective client's evaluation of LFAS' business or the integrity of LFAS' management.

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

LFAS is not and does not have a related company that is a (1) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), (2) futures commission merchant, commodity pool operator, or commodity trading advisor, (3) banking or thrift institution, (4) pension consultant, (5) real estate broker or dealer, (6) sponsor or syndicator of limited partnerships, or (7) law firm.

LFAS' only business is providing advisory services and investment advice to clients. However, many of LFAS' Advisory Representatives are engaged in professions other than giving investment advice. Those that are registered representatives of a broker-dealer or licensed insurance agents may sell securities and/or insurance products to any client, and will receive usual and customary commissions for these transactions.

### **Accounting Services**

Some of LFAS' Advisory Representatives may establish relationships with CPA firms not related to LFAS and may provide advisory services to clients of these accounting firms. Some of those accountants may also be licensed as registered representatives of LFF. In their capacities as registered representatives, the Advisory Representatives may implement securities transactions on behalf of CPA firm clients and share the usual and customary commissions received with the licensed accountants. Clients are not obligated to use the services of the CPA firm or LFAS' Advisory Representatives.

Some of LFAS' Advisory Representatives may also be separately licensed as Certified Public Accountants or Enrolled Agents with the Internal Revenue Service. They may provide accounting or tax preparation services to clients. If appropriate, advisory clients may be referred to these individuals for accounting or tax preparation services, but they are not obligated to use these services. If clients do elect to use these services, charges for tax or accounting services provided will be separate from fees charged for advisory services.

### **Level Four Financial Services, LLC**

A number of LFAS' Advisory Representatives may be dually registered as a registered representative and/or an advisory representative with Level Four Financial Services, LLC ("LFF"), a FINRA registered broker-dealer and SEC investment adviser. As of October 2020, the holding company of LFAS, LFG Group, LLC, acquired ownership in LFF (formerly LFF Financial Services, LLC), thus creating common control and ownership between LFF and LFAS.

### **Other Registered Investment Advisory Services**

In addition to LFF, LFAS is under common control with other investment advisers, Level Four Capital Management, LLC ("LFCM"), an SEC registered investment adviser and Preferred Legacy Trust, a state-regulated non-depository trust company. LFAS and LFCM have overlap in personnel and LFAS may use LFCM as a sub-advisor for client accounts. LFAS may have occasion to refer clients to Preferred Legacy Trust for trust services as may be appropriate given a client's stated needs and objectives; however, LFAS and Preferred Legacy Trust do remain operationally independent entities.



## ***Insurance Activities***

Some of LFAS' Advisory Representatives are also independently licensed insurance agents and may be affiliated with various insurance companies. When selling insurance products in this separate capacity, they may receive normal and customary commissions. Level Four Group, LLC is the sole owner of LFAS and Level Four Insurance Agency, a licensed insurance agency. Some of LFAS' Officers and Advisory Representatives own Level Four Group, LLC and sell insurance products through Level Four Insurance Agency.

## ***Carr, Riggs & Ingram, L.L.C.***

Our parent company, Level Four Group, is indirectly 100% owned and controlled by Carr, Riggs, & Ingram, L.L.C. (CRI), an Alabama limited liability company and accounting firm. Although clients of LFAS in need of accounting services will typically be referred to the client's individual Advisory Representative's related accounting firm, clients may also be referred to CRI. Because CRI is the indirect owner of LFAS, we have a financial incentive to recommend CRI over other accounting firms. Moreover, CRI may refer their clients to LFAS. As indirect owner of LFAS, CRI has an economic incentive to recommend LFAS over other financial firms offering similar services to those offered by LFAS.

CRI is also the 100% indirect owner of Auditwerx, LLC, another accounting firm and CRI Transaction Advisors, LLC, a mergers and acquisitions advisory firm and registered broker/dealer. LFAS does not have material arrangements with these firms and does not typically share or refer clients with either firm.

If you are referred to an affiliated company of LFAS or referred by an affiliated company of LFAS, please understand you are under no obligation to work with LFAS or one of our affiliated companies. You can work with any accounting firm, investment advisor or other financial professional of your choosing.

**Conflict of Interest:** The recommendation by LFAS representatives that a client purchase a securities or insurance commission product from the firm presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products from LFAS and/or its representatives. Clients are reminded that they may purchase securities and insurance products recommended by LFAS through other, non-affiliated broker-dealers and/or insurance agencies. **LFAS' Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

## ***Miscellaneous***

### ***Financial Planning and Non-Investment Consulting/Implementation Services.***

To the extent requested by a client, LFAS *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. LFAS does not serve as an attorney, accountant, or insurance agent, and no portion of LFAS's services should be construed as same. To the extent requested by a client, LFAS may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of LFAS in their separate individual capacities as representatives of LFF and as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The

client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from LFAS and/or its representatives.

**Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Please Also Note-Conflict of Interest:** The recommendation by LFAS representatives that a client purchase a securities or insurance commission product from firm representatives in their individual capacities as representatives of LFF and/or as insurance agents, presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any securities or insurance commission products from LFAS representatives. Clients are reminded that they may purchase securities and insurance products recommended by LFAS through other, non-affiliated broker-dealers and/or insurance agencies. **LFAS' Chief Compliance Officer, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts. In addition, an investment adviser has a duty of utmost good faith to act solely in the best interest of each of its clients. LFAS and its Advisory Representatives have a fiduciary duty to all clients. LFAS has established a Code of Ethics which all Advisory Representatives must adhere to. They must execute an annual acknowledgment agreeing that they understand and agree to comply with that Code of Ethics. The fiduciary duty of LFAS and its Advisory Representatives to clients is considered the core underlying principle for LFAS' Code of Ethics and represents the expected basis for all dealings the Advisory Representatives have with clients. LFAS has the responsibility to make sure that the interests of clients are placed ahead of it or its Advisory Representatives' own investment interests. All Advisory Representatives will conduct business in an honest, ethical and fair manner. All Advisory Representatives will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted. All Advisory Representatives have a responsibility to avoid circumstances that might negatively affect or appear to affect the Advisory Representatives' duty of complete loyalty to their clients.

This section is only intended to provide current clients and potential clients with a description of LFAS' Code of Ethics. If current clients or potential clients wish to review LFAS' Code of Ethics in its entirety, a copy may be requested from any of LFAS' Advisory Representatives and a copy will be promptly provided.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

LFAS, our Advisory Representatives and/or our personnel may buy or sell securities in their personal accounts that we may also recommend to clients. Because this policy may create a conflict between the interests of clients and the personal investing opportunities of our personnel, we have established several procedures to control for the apparent conflict of interest.

- LFAS is and shall continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. Personnel shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, from information obtained as a result of his/her employment unless the information is also available to the investing public upon reasonable inquiry.
- It is our policy that no Advisory Representative shall prefer his or her own interest to that of the advisory client.

- Our personnel may not purchase or sell any security traded over an exchange (such as a stock position) prior to transactions in the same securities are implemented for an advisory client account.
- Most investments owned by our personnel are publicly traded and widely available (such as mutual funds).

### **Client Referrals and Other Compensation**

#### **Client Referrals**

LFAS and its Advisory Representatives may enter into arrangements with unaffiliated investment advisory firms and unaffiliated individuals ("Solicitors") who will refer clients that may be candidates for investment advisory services to LFAS. In return, LFAS will agree to compensate the Solicitor for the referral. Compensation to the Solicitor is dependent on the client entering into an advisory agreement with LFAS. Compensation to the Solicitor will be an agreed upon percentage of LFAS' investment advisory fee or a flat fee depending on the type of advisory services LFAS provides to the referred client. LFAS' referral program will be in compliance with federal or state regulations (as applicable). The solicitation/referral fee is paid pursuant to a written agreement retained by both LFAS and the Solicitor. The Solicitor will be required to provide the client with a copy of the LFAS Form ADV Part 2A and a Solicitor Disclosure Document at the time of solicitation. The Solicitor is not permitted to offer clients any investment advice on behalf of LFAS. The advisory fee charged to clients will not increase as a result of compensation being shared with the Solicitor.

#### **Other Compensation**

Please refer to Item 4 for a description of the economic benefits received from LFF.

Other than the receipt of advisory fees as described in Item 4 of this brochure, LFAS receives no other compensation in connection with the management services offered through the Program.

However, a Program client may select other advisory services offered by LFAS or engage an Advisory Representative to provide services on a strictly commission basis, purchase insurance products or provide accounting services. In such situations, the client will pay other fees and expenses related to this service. Further LFAS and/or our Advisory Representative will earn compensation in addition to the Program management fees.

Additionally, the firm may receive cash or non-cash sponsorship assistance from custodial or product partners for the firm's annual conference/educational meeting. This does not cause clients to pay additional transaction fees beyond those charged by the Firm and does not diminish our duty to act in client's best interests, including best execution of trades.

### **Financial Information**

This item is not applicable to this brochure. LFAS does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. LFAS is not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, LFAS has not been the subject of a bankruptcy petition at any time.

## **CUSTOMER PRIVACY POLICY**

### **Our Commitment to Privacy**

LFAS is committed to safeguarding the confidential information of its clients. LFAS holds all personal information provided to it in the strictest confidence. Federal law gives customers the right to limit some but not all sharing of their confidential information. Federal law also requires LFAS to tell you how we collect, share and protect your personal information. Please read this notice carefully to understand what we do.

### ***AN IMPORTANT NOTICE CONCERNING CUSTOMER PRIVACY***

#### **How and why we collect customer information**

LFAS collects and develops personal information about clients and some of that information is non-public personal information (Customer Information). The essential purpose for collecting Customer Information is to provide and service the appropriate financial products and services clients obtain from the Firm. LFAS' Advisory Representatives may also be registered representatives of Level Four Financial, LLC, a registered broker-dealer that is affiliated with LFAS. LFAS may share client information with one or more of our affiliated companies (*companies related by common ownership or control*). The affiliated companies of LFAS include Level Four Group LLC, Level Four Capital Management, LLC, Level Four Insurance Services, and Level Four Financial Services, LLC. LFAS may also have relationships with other non-affiliated (*companies not related by common ownership or control*) investment advisers, insurance companies, trust companies, custodians and other financial institution entities.

The categories of Customer Information collected by LFAS depend upon the scope of the engagement with LFAS and are generally described below. As an investment adviser, LFAS collects and develops Customer Information about clients in order to provide investment advisory services.

Customer Information collected includes:

- Information received from clients on financial inventories and questionnaires through consultation with LFAS' Advisory Representatives. This Customer Information may include personal and household information such as income, spending habits, investment objectives, financial goals, statements of account, and other records concerning clients' financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions, such as wrap account transactions.
- Information about clients' financial products and services transactions with LFAS.

#### **How do we protect customer information**

LFAS and its affiliated companies restrict access to Customer Information to those Advisory Representatives and employees who need the information to perform their job responsibilities within the Firm. LFAS maintains agreements, as well as physical, electronic and procedural securities measures that comply with federal regulations to safeguard Customer Information about clients.

### **How we share information with third parties**

To administer, manage and service customer accounts, process transactions and provide related services for client accounts, it is necessary for LFAS to provide access to Customer Information within the Firm and its affiliated companies and to non-affiliated companies, other investment advisers, other broker-dealers, trust companies, custodians and insurance companies. LFAS may also provide Customer Information outside of the Firm as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

LFAS may also share information with LFF which has supervisory obligations over certain of LFAS' activities. As a result of the brokerage relationship, LFF will have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about LFAS' clients, even if client does not establish any account through LFF. If you would like a copy of the Level Four Financial Services, LLC privacy policy, please contact LFAS.

LFAS does not share Customer Information with affiliates or non-affiliated third parties for marketing purposes.

### **Other important Information**

If clients close an account with the Firm, LFAS will continue to operate in accordance with the principles stated in this Notice.

LFAS understands that the relationship clients have with their Advisory Representative is important. If a client's Advisory Representative ends his or her affiliation with LFAS and he or she chooses to move to a different investment adviser, or if an Advisory Representative's relationship with LFAS is terminated, the LFAS Advisory Representative may be allowed to take with him or her copies of all client and account documentation (including but not limited to: account applications; customer statements; and other pertinent forms related to the advisory services provided to the client by LFAS), so the Advisory Representative is able to continue the relationship with his or her client and continue providing advisory services through his or her new advisory firm. LFAS will also retain copies of its client and account documentation. Clients do not need to take action if it is their choice to allow their LFAS Advisory Representative to keep copies of their confidential information should he or she leave LFAS. **If you do not want your Advisory Representative to keep copies of your confidential information should he or she decide to end the relationship with LFAS in the future, you have the right to opt out.**

### **How do I limit sharing**

Federal law gives you the right to limit only sharing for affiliates' everyday business purposes (i.e. information about creditworthiness); affiliates from using your information to market to you.; and sharing for nonaffiliates to market to you.

**If you choose to opt out now; at any time in the future; or wish to withdraw your opt out request, contact us at 866-834-1040. If it is your choice to opt out there will be a 30-day period before your opt out will take effect.**

**If LFAS provides services to a joint account, LFAS will treat the opt-out request by a joint account owner as applying to all owners on the account(s) managed or serviced by LFAS.**

#### Information for California, North Dakota and Vermont Customers

In response to applicable state law, if the mailing address provided for your account is in California, North Dakota or Vermont, we will automatically treat your account as if you do not want us to disclose your personal information to non-affiliated third parties for purposes of them marketing to you, except as permitted by the applicable state law.

If you have questions about your personal information we have on file, your request should be directed to:

Level Four Advisory Services  
Attn: Compliance Department  
12400 Coit Rd, Suite 700  
Dallas, TX 75251

**Please include all investment advisory account numbers you maintain with LFAS with your correspondence.**

### **BUSINESS CONTINUITY PLAN DISCLOSURE**

LFAS has developed a comprehensive business continuity plan that covers LFAS' operations. The plan is designed to ensure that LFAS is prepared to continue providing service to clients in the event a significant disruption of any kind occurs to LFAS' business operations. The plan addresses business disruptions of varying severity and scope. It provides for testing at least annually and in response to any material changes affecting LFAS' business. Although it is impossible to anticipate every scenario, the plan is reasonably designed to enable LFAS to resume doing business upon the occurrence of those events that are most likely to affect LFAS.

What follows is a description of how LFAS will respond to the following four types of disruptions: (1) A firm-only disruption, (2) a disruption that affects a single building, (3) a disruption that affects the entire city or business district, and (4) a disruption that affects the entire North Texas region. LFAS has also included information about how long it expects to take to recover from these disruptions.

#### ***Firm-Only Disruptions***

To respond to a disruption that affects only LFAS, such as a computer virus, LFAS has on-site full-time employees who are fingerprinted associated persons or registered representatives of Level Four Financial, LLC to successfully guide LFAS through disruptions that may affect operations, the use of crisis communications systems and procedures that address life, health, and safety issues; damage assessment; damage mitigation; personnel mobilization and mission-critical systems. If this type of disruption takes place, LFAS intends to restore all critical services within one day after the disruption occurs. However, in light of the various types of disruptions of this nature that could take place, it may take longer to resume operations in one or more services during any particular disruption.

#### ***Disruptions that Affect a Single Building***

In the event of a disruption that affects LFAS' office, such as a fire in the building, the plan calls for a response involving multiple locations. LFAS will resume critical services by moving key personnel to an alternate location, to the extent necessary. Certain key personnel may also work remotely by connecting to the network from a remote location. In addition to relocating key personnel to back-up facilities, LFAS will, if necessary, transfer responsibility for certain operations and support services to an offsite location. LFAS intends to resume operations in all critical service areas within one day after a disruption of this nature occurs. It may, however, take as long as two or three days to continue doing business in one or more critical service areas depending on the availability of data.

#### ***Disruptions that Affect the Entire City or Business District***

If a disruption significant enough to affect the entire city or business district, such as an Act of God or a terrorist attack that cuts off access to LFAS' office, under the plan, LFAS will resume critical services at a back-up location. As above, certain key employees will work remotely and certain operations and support services would be handled at alternate locations. LFAS intends to resume operations in all of its critical service areas within one day after a disruption of this nature occurs. It may, however, take up to three or four days to recover depending on the availability of data and on the availability of key employees.

#### ***Disruptions that Affect the Entire North Texas Region***

In the event of a disruption that affects the entire North Texas Region, such as a regional power outage, LFAS will resume critical service areas from back-up locations. Although LFAS intends to resume operations within one day after the disruption occurs, one or more critical service areas may not be able to resume operations until the disruption is over.

In all of the situations described above, LFAS expects to continue doing business and expects to resume operations within the specified time frames. However, in the event that a business disruption results in a significant loss of life at LFAS' office or otherwise results in key employees being unavailable or unable to report to their designated location, the recovery times described above may be significantly increased. Furthermore, although LFAS expects to continue operating regardless of the type of disruption, it is impossible to anticipate every scenario. It is, therefore, possible that a significant business disruption could occur and as a result, LFAS may be unable to continue doing business. In those situations, the plan provides procedures to help ensure that the customers have prompt access to their funds and securities.

LFAS will continue to devote substantial resources to the enhancement of its business continuity plan and procedures.