

Crescent Securities Group, Inc. Brokerage Services Disclosure Brochure

Crescent Securities Group, Inc. (“Crescent”) is a full-service broker-dealer registered with the United States Securities and Exchange Commission (“SEC”), a member of the Financial Industry Regulatory Authority (“FINRA”), and a member of the Securities Investor Protection Corporation (“SIPC”). Crescent provides retail investors like you services only in the capacity of a broker-dealer.

The purpose of this brochure is to further explain the scope and terms of the relationship among Crescent, Crescent’s financial professionals, and you as a retail customer of Crescent’s. In this brochure we explain the following: (1) Crescent and your financial professional acts as a broker-dealer and an associated person of a broker-dealer; (2) the type and scope of services provided to you, including certain limitations on the securities or investment strategies involving securities that may be recommended to you; (3) the fees and costs that apply to your transactions, holdings, and accounts; and (4) the conflicts of interest that are associated with the recommendations we make.

This brochure expands upon the information about Crescent’s brokerage services provided to you in Crescent’s Customer Relationship Summary, which Crescent or your financial professional provided to you.

Crescent and Your Financial Professional Act as a Broker-Dealer and an Associated Person of a Broker-Dealer

Crescent is a broker-dealer that provides brokerage services to you and other retail customers. Brokerage services include the purchase, sale, and exchange of securities. In connection with the provision of brokerage services your financial professional, who is an associated person of Crescent, will make recommendations to you regarding the decision to open brokerage accounts with Crescent, recommendations regarding what securities or products to buy, sell, exchange, or hold in your accounts, and recommendations regarding certain investment strategies.

Crescent does not provide fiduciary investment advice. As a broker-dealer, Crescent and your financial professional are not subject to a fiduciary standard. Only Registered Investment Advisors (RIA’s) and their representatives are subject to a fiduciary standard.

Crescent and your financial professional are required however to comply with the SEC’s “**Regulation Best Interest**” when we make recommendations to you. This requires us make recommendations to you that we believe at the time of recommendation to be in your best interest, without taking into account the financial or other interests of Crescent or your financial professional. In order to do so, the SEC requires among other things that Crescent disclose to you the information found in this brochure.

Type and Scope of Services Provided to You

As discussed, Crescent’s brokerage services include the purchase, sale, and exchange of securities. In order to provide these services, Crescent and your financial professional will make recommendations to you about the decision to open one or more brokerage accounts, about what securities to buy, sell, or exchange, and about conducting certain investment strategies. Each of these recommendations are outlined in more detail below.

Recommendations to Open One or More Accounts:

Your financial professional may recommend that you open one or more brokerage accounts with Crescent. Crescent offers many different types of brokerage accounts, including the following:

Traditional Individual Retirement Accounts (IRA’s)	Uniform Gift to Minors Act (UGMA) Accounts
Roth IRA’s	Uniform Transfer to Minors Act (UTMA) Accounts
Retirement Plan Accounts	Trust Accounts
Coverdell Education Savings Accounts	Individual and Joint Taxable Accounts
529 Plan Accounts	Margin Accounts
Health Savings Accounts	Option Accounts
Archer Medical Savings Accounts	Investment Company Accounts (Mutual Funds)
Insurance Company Accounts (Annuity Products)	

Crescent opens brokerage accounts on your behalf when you complete and submit a new account application form. We do not open accounts for you without your express written authorization.

Recommendations to Buy, Sell, or Exchange Securities

Crescent and your financial professional make recommendations to you whether to buy, sell, exchange, or hold securities in your account(s). Your financial professional will do this upon your request or if he or she voluntarily reviews your account(s) in order to make a recommendation. **Crescent and your financial professional will only monitor your account(s) on a voluntary basis.** This is discussed in more detail below under “Monitoring”.

Agency versus Principal Trades

When Crescent or your financial professional makes recommendations to buy, sell, or exchange securities they do so in one of two capacities, either by acting as Agent or Principal.

When acting in an Agency capacity, Crescent is acting as an intermediary between you and the buyer or seller of the security being traded. Crescent does not own or have any beneficial interest in the securities involved in the purchase or sale transaction. In these circumstances Crescent will act as a **broker**.

When Crescent engages in a principal trade with you, Crescent buys or sells for an account in which Crescent has a beneficial ownership interest, which will be a proprietary account. In a

principal trade Crescent sells a security to you that we held in our proprietary account or buys a security from you for the purposes of holding the security in our proprietary account. In these circumstances Crescent will act as a **dealer**.

Securities

As discussed, Crescent and its financial professionals may recommend that you buy, sell, exchange, or hold securities. A “security” is a term that includes a broad range of investments that you may buy, sell, or exchange through your account(s) including, but not limited to, corporate stocks, corporate bonds, government bonds (such as municipal bonds), open-end and closed-end mutual funds, exchange traded funds, futures contracts, swap contracts, ownership interests in privately held companies, ownership interests in unregistered or alternative investment funds (e.g., hedge funds, private equity funds), unit investment trusts, real estate investment trusts, options (including calls and puts), straddles, commercial paper, auction rate securities, swaps, certificates of deposit, asset backed securities, and warrants.

Recommendations of Investment Strategies

Crescent and your financial professional may recommend to you one or more investment strategies. An investment strategy is the application of a series of securities transactions or investments in certain types of securities for the purpose of accomplishing a specific investment objective or economic outcome. Such strategies may go beyond recommending investments in certain broad ranges of securities such as equities or bonds, and may include more specific types of securities. Examples of such types of securities would be high dividend stocks, asset backed securities, investments in private funds, the use of options, etc.

An investment strategy also includes a recommendation of a type of account as described earlier in this brochure. In connection with recommendations that you open a specific type of account, your financial professional may recommend that you sell the assets held in an account held somewhere other than with Crescent and rollover or transfer the funds to the account with Crescent your financial professional recommended you open.

Basis for Our Recommendations and Limitations on Our Recommendations

As discussed, Crescent and your investment professional may recommend a broad array of account types, securities, and investment strategies. Any such recommendation will be based upon the information you provide to your financial professional including information you provide in a customer profile on an account application. Our intent is to only make recommendations that are in your best interest at the time of recommendation. That means making recommendations that we believe meet your financial needs and goals, while also considering your tolerance for risk, investment experience, liquidity needs, and other factors we learn regarding your financial and personal situation. **Because we are required to only make recommendations that are in your best interest, we may not be able to recommend every available account type, securities product, or strategy available to us to you.**

Your financial professional must pass examinations for certain securities licenses from FINRA in order to recommend certain account types, securities products, or strategies. As such, your

financial professional may not be able to offer you recommendations that may be in your best interest due to not holding the appropriate type securities license. You should ask your financial professional about their licenses and any limitations on what they can recommend to you.

Investment Risks

While we will take reasonable care in developing and making recommendations to you, investing in securities involve risk, and you may lose money. There is no guarantee that you will meet your investment goals, or that our recommended investment strategy will perform as anticipated. Some securities and investment strategies involve more risk than others. For example, some strategies and recommendations could result in unlimited losses. We may also recommend securities that have limited liquidity or transferability, meaning you may not be able to sell or transfer your securities. You should consult any available offering documents or prospectus for any securities we recommend for a discussion of risks associated with the product. Not all securities have offering documents or prospectuses. Crescent or your financial professional can provide these documents to you or help you locate them for those securities products which have them. If offering documents or other written disclosures are not available with regard to a particular security, your financial professional will explain any investment risks to you.

Monitoring Your Account(s)

Neither Crescent nor your financial professional offers account monitoring as part of our services. Monitoring involves your financial professional specifically agreeing to periodically review one or more of your accounts. Your financial professional may voluntarily monitor your account for the purposes of making recommendations to you. **You are responsible for the monitoring of your account(s).**

Fees and Costs that Apply to Your Transactions, Holdings, and Accounts

The following describes the material fees and costs that you directly or indirectly will pay for brokerage services. These fees and costs are paid to Crescent. In turn, a portion of these fees and costs are paid to your financial professional, which we explain below under “Compensation of Your Financial Professional”.

Commissions

When Crescent acts as your agent, we charge you a commission when we execute a purchase, sale, or exchange transaction of a securities. A commission is a flat dollar amount, e.g., \$50, per trade. The commission is deducted from your account(s).

Your financial professional has the ability to determine the amount of commissions that Crescent will charge for a securities transaction. Crescent receives commissions in order to pay for the analysis required to make recommendations and process the securities trades. Your financial professional may charge different commissions for different clients for the same transactions involving identical securities. You should discuss with your financial professional the

commissions he or she charges, the basis for the amount charged, and whether such commissions are negotiable.

Typically, for trades involving stocks, your financial professional will charge a commission of 5% or less of the principal amount of the trade (the price of the security multiplied by the number of shares). The amount of commission can vary depending on certain factors such as the price and number of shares involved in the transaction.

Commissions for option trades will usually be higher than commissions for stock trades. The commissions tend to be higher due to higher costs that Crescent incurs to trade and settle options compared to stocks. Also, options require more sophisticated analysis and more documentation by Crescent and your financial professional.

Mark-ups and Mark-downs

When Crescent acts as principal, Crescent will receive either a mark-up or mark-down in lieu of a commission. This means that when Crescent sells you a security from our inventory we will sell you the security at a price that is higher than the market price of the security. The difference between the sales price to you and the market price is the “mark-up” or spread between the two. This mark-up is a form of compensation paid to Crescent by you for executing the transaction. Conversely, when Crescent buys a security from you for our inventory we will purchase that security at a price that is lower than the market price of the security. The difference in this scenario is known as a “mark-down”. A mark-down is not compensation; however, Crescent may then sell that security to another customer or a third party. If the sales price to the other customer or third party is higher than the price that Crescent purchased the security from you, the difference or spread is compensation paid to Crescent.

Your financial professional is responsible for determining the price at which Crescent will sell a security to you or buy a security from you. In the case of a sale of a security to you, the mark-up generally will not be more than 5%. The amount of the mark-up will generally depend on the type of security, the liquidity of the security, the total amount of principal involved, and the availability of the security, among other things. Your financial professional may quote a different price for different clients for the same transactions. You should discuss with your financial professional the price quoted and whether the price is negotiable.

Mutual Fund Related Compensation

When you purchase or sell mutual fund shares, you pay compensation to Crescent in connection with such purchase and sale transactions. In addition, Crescent may also receive on-going compensation from the mutual fund during the time you own the shares. Types of mutual fund related compensation include commissions, sales loads, contingent deferred sales charges, and 12b-1 fees.

When you purchase a mutual fund, depending upon the class of mutual fund you purchase, you may be charged what is known as a “Sales Load”. A load is expressed as a percentage of the value of your investment in the fund. Therefore, the amount of your investment in a mutual fund

is equal to the difference between the investment value per share of the mutual fund (called the “net asset value”, or “NAV”) and the total sales charge. The amount of the load will also depend on the amount of your total investment. The loads that may be charged generally fall within a range of nothing to 5.75%, but will not exceed 8.5%.

A sales load you pay when you purchase fund shares is called a “front-end load”. A sales load you pay when you sell your mutual fund shares is a “back-end load”, which is often called a “contingent deferred sales charge”, or “CDSC”. The mutual fund will often reduce or eliminate the back-end load/CDSC if you hold your shares for a specific period of time, for example two years.

When paying a sales load, you will either pay a front-end load or a back-end load, depending on the mutual fund share class you select. You will never pay both, although you may pay a flat-dollar commission when liquidating a mutual fund you purchased with a front-end load.

Each mutual fund may charge a different load depending on the type of fund and the amount of your investment. There are many ways to reduce the amount of any front-end load you may pay. You should discuss ways to reduce front-end loads with your financial professional. The amount of load you pay will depend on the fund family and the share class you select.

Some mutual funds do not charge loads (called “no-load” funds). You may be charged a flat-dollar commission to purchase these types of funds. Loads and commissions associated with mutual fund trading are paid to Crescent for providing brokerage services in connection with the funds.

Many mutual funds that Crescent and your financial professional may recommend to you pay Crescent 12b-1 fees. 12b-1 fees are on-going compensation paid by a mutual fund to dealers to cover the costs of distribution, marketing, and selling mutual fund shares. 12b-1 fees are generally .25% of a funds average net assets per year, but will never be higher than .75%. As a result, the fees reduce the fund’s net asset value and thus the value of an investment in the fund.

Revenue Sharing & Other Fees and Costs

Crescent enters into agreements with certain partners such as clearing firms, investment advisors, insurance companies, and other entities. Pursuant to these agreements, the counterparties to the agreement may make payments to Crescent. While Crescent does not directly charge other fees, you may incur other fees or costs charged by these counterparties. These fees and costs are deducted from your account(s) by our counterparties. Our counterparties may in turn share a portion of these fees and costs with Crescent.

Compensation of Your Financial Professional

Crescent pays compensation to your financial professional. The amount of that compensation is a percentage of revenue that he or she generates for Crescent. The revenue includes the above-discussed commissions, mark-ups or mark-downs, loads, contingent deferred sales charges, and 12b-1 fees. It does not include any third-party payments or shared revenue.

Conflicts of Interest

When Crescent or your financial professional make recommendations to you, they act in the face of certain “conflicts of interest”. According to the SEC, a conflict of interest is an interest that might incline HTS or your financial professional, consciously or unconsciously, to make a recommendation that is not disinterested. In order to comply with SEC’s Regulation Best Interest, Crescent or your financial professional are required to disclose material conflicts of interest. In addition, Crescent and your financial professional follow procedures to address these conflicts, as required by Regulation Best Interest. FINRA also requires that we take other measures to protect your interest, including “best execution” requirement with regard to the price at which we execute securities transactions.

Commissions and Other Transaction-Based Compensation

Crescent and your financial professional has an incentive to recommend that you buy, sell, or exchange securities more frequently because doing so increases the transaction-based compensation Crescent and your financial professional receives. Excessive or unwarranted transactions in an account is called “churning”. In addition, Crescent and your financial professional has an incentive to recommend that you engage in transactions involving securities for which they may charge higher commissions (for example, a private placement) than what would normally be charged for other securities (for example, domestic listed securities).

In connection with mutual fund transactions, as discussed earlier mutual funds offer many different share classes, each with different sales charges. Some mutual funds pay ongoing compensation (12b-1 fees). Crescent and your financial professional has an incentive to recommend that you buy, sell, or exchange mutual fund classes that pay Crescent and your financial professional more compensation than other share classes.

Third Party Payments and Revenue Sharing

As discussed earlier, Crescent enters into certain revenue sharing agreements with certain partners such as clearing firms, investment advisors, insurance companies, and other entities. Pursuant to these agreements, our counterparties may make payments to Crescent. Therefore, Crescent has an incentive to recommend to its customers products from our partners who pay share revenue with Crescent.

Underwriting

Crescent or your financial professional may recommend that you invest in securities issued in an initial public, secondary, or private offering for which Crescent acts as managing dealer or a member of the selling group. When you act on such a recommendation Crescent receives compensation that is typically higher than a normal securities transaction. This compensation can range vastly and often can approach 10%. Crescent therefore has an incentive to recommend to you securities in which we act as managing dealer or as a member of the selling group.

Rollovers, Account Transfer, and Similar Transactions

Crescent does not permit your financial professional to make recommendations regarding the purchase, sale, or exchange of securities or recommendations regarding investment strategies with regard to securities not held with Crescent. In order for Crescent and your financial professional to provide brokerage services, including such recommendations, Crescent and your financial professional have an interest in recommending that you open one or more accounts with Crescent and either liquidate your holdings at other firms or transfer accounts held at other firms to Crescent. We are incentivized to make such a recommendation as we only earn compensation for providing brokerage services when your account is held at Crescent.

Crescent and your financial professional have a similar incentive to recommend you liquidate or transfer any employer retirement plan (for example a 401k or 403b) or other retirement plan (for example, an IRA or SEP IRA) to Crescent. Crescent and your financial professional are incentivized to recommend you liquidate or transfer retirement plans to Crescent even if doing so is contrary to your interest because we only receive compensation for providing brokerage services if the assets are held with Crescent.

Compensation of Your Financial Professional

The manner in which your financial professional is compensated creates conflicts of interest. Your financial professional has an incentive to recommend that you engage in more transactions in order to generate more transaction-based compensation. Further, your financial professional has an incentive to recommend you enter into trades that generate larger commissions or recommend mutual fund share classes that carry larger sales charges and 12b-1 fees. He or she also has an incentive that you liquidate or transfer accounts held at other firms, including retirement accounts, to Crescent.

If your financial professional is newly hired at Crescent and you worked with him or her at their previous firm, he or she has a financial incentive to recommend you liquidate or transfer that account to Crescent so they may continue providing brokerage services and receiving compensation. Such action may not be in your best interest.