

Item 1 – Cover Page



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Date of Brochure: June 7, 2019

This Brochure provides information about the qualifications and business practices of Lincoln Douglas Investments, LLC CRD# 155578 (LDI). If you have any questions about the contents of this Brochure, please contact us at (740) 397-1397 or [bmohney@lincolndouglas.net](mailto:bmohney@lincolndouglas.net). Currently, our Brochure may be requested free of charge by contacting Brian Mohney, CCO, at (740)-397-1397 or [bmohney@lincolndouglas.net](mailto:bmohney@lincolndouglas.net).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

LDI is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an adviser. Additional information about LDI is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Since our last annual update was filed March 6, 2019 we have not had a material change made to the Brochure.

In the future, this item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of these changes. We will also reference the date of our last annual update of this Brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. We will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of business of LDI's fiscal year. LDI has a December fiscal year-end. We may further provide other ongoing disclosure information about material changes as necessary.

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#### **Item 4 – Advisory Business**

Lincoln Douglas Investments, LLC (“LDI”), an investment advisor registered with the State of Ohio and Georgia and provides investment supervisory services on a discretionary or non-discretionary basis as agreed to with the client. LDI is a newly registered investment advisor in 2011. Lincoln Douglas Investments, LLC is owned by Ken Dennis, Doug Mansfield, Brandon Bullock and Brian Mohney. Ken Dennis, Brandon Bullock and Brian Mohney are Principals of the firm.

LDI’s registered investment advisor representatives provide investment supervisory services on an ongoing basis. LDI’s investment advisor representatives will assist the client with determining their investment objectives by assessing the client’s risk tolerance based upon their age, income, education, need for cash flows, investment goals, and tolerance for volatility. The information provided by the client will be collected during client meetings, interviews, and/or questionnaires. Strategies are developed and implemented through a combination of investments managed by LDI. Capital market conditions and client circumstances are monitored and portfolio adjustments are made as appropriate to reflect significant changes in any or all of the above variables.

If the client grants LDI investment discretion, LDI is authorized to invest, sell, and reinvest proceeds in the client’s account without obtaining the client’s prior confirmation of any proposed action. If LDI is granted non-discretionary authority, then LDI is authorized to invest, sell, and reinvest proceeds in the client’s account only upon obtaining from the client prior confirmation of any proposed action. LDI’s investment advisory representatives will manage each account in accordance with the investment mandates of the client and subject to guidelines and/or restrictions (if any) that have been provided by the client.

#### **Item 5 – Fees and Compensation**

Compensation for investment advisory services provided by LDI is derived as fee income, based on a percentage of the assets under management and charged quarterly in advance based on a percentage of the client’s assets under management at the beginning of the calendar quarter. The compensation method is explained and agreed with clients in advance before any services are rendered. The amount of the fee can be negotiated on a case-by-case basis with the client, and is determined based upon a number of factors including the amount of work involved, the assets placed under management and the attention needed to manage the account. Generally, the annual fee ranges from 0.50 to 3% depending on the complexity of a client’s account, value of account, the developing and implementing of an investment policy and objectives, formulating a quantitatively driven asset-allocation analysis and recommendation, and monitoring a client’s investment results, are subject to negotiation.

Fees will be billed in advance at the beginning of each calendar quarter. The amount of the fees is calculated on the value of the client’s account on the last day of the preceding calendar quarter.

Advisory fees charged by LDI are separate and distinct from fees and expenses charged by mutual funds, which may be recommended to clients. A description of these fees and expenses are available in each fund's prospectus. Additionally, LDI advisor programs have a \$15 charge per transaction. This charge is in addition to Advisory Fees and offsets transactions and mailing expenses. LDI may receive a portion of this fee above the cost of the clearing firm. Any contributions and/or withdrawals made during a calendar quarter may cause an adjustment to the advisory fee. Fees will generally be deducted directly from the client's brokerage account pursuant to a written agreement. Investment advisory services begin with the effective date of the agreement, which is the date the client signs the Investment Advisory Agreement. For that calendar quarter, fees will be adjusted pro rata based upon the number of calendar days in the calendar quarter that the agreement was in effect.

The Investment Advisory Representative may receive Rule 12b-1 distribution fees with respect to mutual funds or money market funds held in the account. LDI may receive Rule 12b-1 fees, shareholder servicing, or administrative fees with respect to cash awaiting investment or reinvestment or money market funds held in the account. LDI may have an incentive to purchase mutual funds or money market funds which pay 12b-1 fees. LDI also receives non-brokerage related fees such as margin interest, and money market fund and administrative fees along with reduced clearance and settlement fees from certain fund companies.

Either LDI or the client may terminate the agreement at any time. Notice of termination must be given to the other party in writing. Upon termination, the fees charged for advisory services will be pro-rated and a refund for any unearned fees will be issued. The client is responsible to pay for services rendered until the termination of the agreement. The client can cancel the agreement without penalty within the first five days after signing the agreement.

#### Financial Planning Fee

Each Representative establishes the fee schedule for financial planning services he or she provides. You and the Representative will negotiate the fee schedule before entering into an Advisory Agreement. Financial planning services may be charged on an hourly or fixed fee arrangement. LDI's standard rate is \$200.00/hour. Ongoing consultation fees may be calculated as a percentage of assets and collected as a percentage of assets and collected quarterly. Fee discounts are allowable and will vary depending upon 1) the particular Representative who provides the services; 2) the complexity of your situation and the services to be provided; 3) prior or anticipated relationships; and 4) the possibility for additional business, as determined by the Representative within his or her discretion. All Advisory Agreements must be approved by Lincoln Douglas Investments, LLC. Financial planning services terminate upon completion of the services described in the Advisory Agreement. You may terminate the Advisory Agreement at any time, and will receive a prorated refund of the Fee based on the proportion of the total services that the Representative has performed through the date LDI receives written notice of such termination. Consultation services end when LDI receives written notice of your desire to terminate the arrangement.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

LDI Advisors do not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

LDI provides investment advice to individuals, pension and profit sharing plans, trusts, and corporations or business entities. There are no minimum requirements for opening accounts, but minimum fees may apply and will be disclosed in the written management agreement depending on the program selected.

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

### Methods of Analysis, Investment Strategies

Advisors use a risk profile to determine investment objectives and an appropriate plan for the client's account. Investment strategies include long-term purchases, short term purchases of stock portfolios, mutual funds, fixed income, short sales, margin transactions, or option strategies. Several methods of analysis are used in these investment strategies. The main methods of analysis and risks include:

**Charting and Technical Analysis:** This strategy attempts to analyze past price changes in the hope of forecasting future price changes. The potential risk is the price of a security can change directions at anytime and past performance is not a guarantee of future performance.

**Fundamental Analysis:** Attempting to determine if the company is under priced or over priced based on intrinsic value looking at economic and financial factors. This form of analysis does not attempt to anticipate market movements. The potential risk of this strategy is the price of the security can move up and down along with the overall market regardless of the financial and economic factors considered in the stock evaluation performed.

**Cyclical Approaches:** Attempting to identify the rise and fall of a business cycle to time the buying at a low point in the business cycle and selling at the high point. These methods potential risks are the change of revenues and growth potential may fluctuate.

The sources of information include the financial press, inspections of corporate activities, research materials provided by custodians or other third parties, corporate ratings services, company press releases and annual reports, prospectuses, and filings with the SEC.

### Risk of Loss

Investing in securities involves risk of loss that clients are prepared to bear. Past performance is not indicative of future results. Investing in securities (stocks, mutual funds, bonds, and options) involves risk of loss. Depending on the type of investments, there may be varying degrees of risk and clients should be prepared to bear investment

loss including loss of original principal. Lincoln Douglas is unable to represent or even imply that our methods or analysis will protect losses due to market corrections or declines.

### **Item 9 – Disciplinary Information**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of IA and its management. On October 10, 2005 Brian Mohney, CCO of LDI consented, without admitting or denying to a settlement that Mr. Mohney acting on behalf of his member firm, failed to reasonably supervise an employee by failing to take adequate steps to prevent the employee from engaging in unsuitable trading in a customer's securities account and fined \$10,000 by the NASD.

### **Item 10 – Other Financial Industry Activities and Affiliations**

LDI is a broker-dealer, Registered Investment Advisor, registered in the State of Ohio and Georgia and a registered Insurance Agent with the State of Ohio. Ken Dennis is Insurance registered in Ohio, Brandon Bullock is Insurance registered in Ohio, Michigan, Iowa and Virginia, Steve Dennis is insurance registered in Ohio and Kentucky. Certain LDI representatives offer accounting services through independent accounting agencies that have been established by the representative and are independent of LDI and you are under no obligation to use any such services. Kenneth Dennis holds a CPA license in Ohio. Mr. Dennis may receive additional compensation for recommending investments to clients. To address this conflict of interest Mr. Dennis is transparent with the fees associated with investments for clients and with charging a set fee this avoids incentive to invest in a particular product over another.

The Investment Advisor Representatives (IAR) of LDI may act as a representative of the broker dealer and offer and sell securities or insurance and receive normal commissions as a result of the securities transactions. The client may request that the IAR, in a separate capacity, as a registered representative, render securities brokerage services under a commission arrangement. In those circumstances, the client may be required to enter into a new account agreement with LDI. The incentive to receive a commission is a conflict of interest and to address this conflict to assure our advisor representatives at all times put the interest of its clients first as part of their fiduciary duty we do the following:

- Disclose to clients all material conflicts of interest which includes the potential for our firm to earn compensation from advisory clients in addition to advisory fees.
- Disclose that there is no obligation to purchase recommended investment products from our representatives or affiliates
- A firm principal conducts reviews to verify recommendations made are suitable to the clients state objectives and in their best interests.
- We continue to educate advisor representatives of the fiduciary duty regarding investment advice provided to clients

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

LDI has adopted a Code of Ethics for all supervised persons of the firm describing its high standards of business conduct and fiduciary duties to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at LDI must acknowledge the terms of the Code of Ethics annually, or as amended.

LDI anticipates that, in appropriate circumstances, consistent with its clients' investment objectives, it will cause accounts over which LDI has management authority, to effect and will recommend to investment advisory clients or prospective clients the purchase or sale of securities in which LDI, its affiliates and/or clients, directly or indirectly, have a position of interest. LDI's employees and persons associated with LDI are required to follow LDI's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of LDI and its affiliates may trade for their own accounts in securities that are recommended to and/or purchased for LDI's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of LDI will not interfere with: (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of LDI's clients. In addition, the Code of Ethics requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics in order to reasonably prevent conflicts of interest between LDI and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with LDI's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. LDI will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

LDI's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Brian Mohney at (740) 397-1397 or [bmohney@lincolndouglas.net](mailto:bmohney@lincolndouglas.net).

It is LDI's policy that the firm will not effect any principal or agency cross securities transactions for client accounts. LDI also will not cross trade between client accounts.



Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

When a client agrees to discretionary management by LDI, LDI will be responsible for selecting the amount of securities to be bought and sold and/or the selection of other investment managers. The only limitations on the investment authority will be those limitations imposed in writing by the client. In addition, the client is required to utilize LDI as the broker. If we retain an investment manager for the client we reserve discretion to hire and fire money managers on our clients' behalf. The only limitation on the investment authority will be those limitations imposed in writing by the client. Before choosing a money manager disclosure documents will be provided to the client for review and LDI will assure that the manager is properly licensed with the correct jurisdiction. For the investment managers that we select to manage client assets, clients should review their disclosure document(s) for more information about those managers' policies with respect to investment or brokerage discretion.

Accounts we manage on a discretionary basis may receive more favorable executions when purchasing or selling securities than accounts managed on a non-discretionary basis due to the fact that LDI must receive client authorization before placing a trade order.

Because LDI engages in an investment advisory business and manages more than one account, there may be conflicts of interest over LDI's time devoted to managing any one account and the allocation of investment opportunities to all accounts managed by LDI. LDI will attempt to resolve all such conflicts in a manner that is generally fair to all of its clients. LDI may give advice and take action with respect to any of its clients that may differ from advice given or the timing or nature of action taken with respect to any particular client so long as it is LDI's policy, to the extent practical, to allocate investment opportunities over a period of time on a fair and equitable basis relative to other clients.

LDI is not obligated to acquire for any account any security that any of its advisors or its officers, partners, members or employees may acquire for its or their own accounts or for the account of any other client, if in the absolute discretion of LDI it is not practical or desirable to acquire a position in such security.

When possible, orders for the same security are combined or "batched" to facilitate best execution concerns. LDI effects batched transactions in a manner designed to ensure that

no participating client, including any proprietary account, is favored over any other client. Specifically, each client that participates in a batched transaction will participate at the average share price for all of LDI's transactions in that security on that business day, with respect to that batched order. Securities purchased or sold in a batched transaction are allocated pro-rata, when possible, to the participating client accounts in proportion to the size of the order placed for each account. LDI may, however, increase or decrease the amount of securities allocated to each account if necessary to avoid holding odd-lot or small numbers of shares for particular clients. Additionally, if LDI is unable to fully execute a batched transaction and LDI determines that it would be impractical to allocate a small number of securities among the accounts participating in the transaction on a pro-rata basis, LDI may allocate such securities in a manner determined in good faith to be a fair allocation.

Clients participating in LDI's program are required to use LDI as the broker. All transactions will be cleared through National Financial. As such, LDI will be recommending National Financial as the custodian. Clients participating in any wrap programs provided by National Financial will have securities transactions placed through National Financial. Therefore, LDI will be recommending National Financial as the broker.

LDI has implemented procedures designed to handle trade errors when they occur. It is the policy of LDI 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 LDI if the error was caused by the firm.

### **Item 13 – Review of Accounts**

All advisory accounts are reviewed at least quarterly by the Investment Advisor Representative assigned to the account. The reviews include a listing of the managed investments in the account and the investment performance of the account during the previous quarter. Transaction blotters are reviewed on a daily basis to identify possible trading problems by a qualified principal of LDI.

Clients are provided with monthly or quarterly statements from the custodian (if no monthly activity exists, a quarterly statement will be sent). The statements include a listing of all investments in the client account, their current valuation, and a listing of all transactions occurring during the month or quarter.

### **Item 14 – Client Referrals and Other Compensation**

LDI does not currently have any referral arrangements in place.

LDI does receive an economic benefit from the transaction charge (in certain programs, which will be disclosed in the Advisory Agreement if applicable). The Investment Advisory Representative may receive Rule 12b-1 distribution fees with respect to mutual funds or money market funds held in the account. LDI may receive Rule 12b-1 fees, shareholder servicing, or administrative fees with respect to cash awaiting investment or reinvestment or money market funds held in the account. LDI may have an incentive to purchase mutual funds or money market funds which pay 12b-1 fees. LDI also receives non-brokerage related fees such as margin interest, and money market fund and administrative fees along with reduced clearance and settlement fees from certain fund companies.

### **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains the client's investment assets. National Financial is the custodian of assets for LDI's advisory programs. Clients should carefully review their account statements and if a discrepancy is detected please contact Brian Mohney, CCO, at (740)-397-1397 or [bmohney@lincolndouglas.net](mailto:bmohney@lincolndouglas.net)

LDI is deemed to have custody of client funds and securities because LDI is given written authority to have fees deducted directly from client accounts. When fees are deducted from an account, they will be reflected in the monthly/quarterly statement provided by the custodian.

### **Item 16 – Investment Discretion**

LDI must receive a written discretionary authority form from the client before discretion can be used on an account. This is typically received at the outset of an advisory relationship to identify the securities and the amount of securities to be bought or sold. Prior to assuming discretion over a clients account LDI will do the following: In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. The advisory representative will ask each new client whether he or she desires to grant investment discretionary authority to LDI, and, if so, they will verify the following:

- The client's Investment Advisory Contract contains a provision expressly granting discretionary authority to LDI
- The new client will be instructed to review the discretionary trading clause prior to executing the document(s)

Discretionary authority will not be active, until a LDI principal reviews and approves the discretionary paperwork on the account.

When selecting securities and determining amounts, LDI observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, LDI's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Client investment guidelines and restrictions must be provided to LDI in writing.

### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, LDI does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. LDI may provide advice to clients regarding the clients' voting of proxies.

### **Item 18 – Financial Information**

This item is not applicable. LDI does not require a prepayment of more than \$500 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. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

### **Item 19 – Requirements for State-Registered Advisors**

#### Executive Officer and Management Personnel

No members of Management have relationships with issuers of securities

#### **Kenneth Dennis CRD# 2297497**

Year of Birth: 1941

Formal Education After High School:

- Graduated from Ashland University, Accounting
- CPA designation achieved by completing the required 120 course credit hours and passing of the CPA exam in Ohio.

Business Background for the Preceding Five Years:

- CEO of Lincoln Douglas Investments, LLC from 07/2011 To Present
- President of Dennis & Schisler, CPAs from 1980 To 2015

**Brian Mohny CRD# 2890043**

Year of Birth: 1971

Formal Education After High School:

- Graduated from University of Pittsburgh, Accounting/Management

Business Background for the Preceding Five Years:

- CCO of Lincoln Douglas Investments, LLC from 5/2011 To Present
- CCO/FINOP Sovereign Global Advisors, LLC from 1/2014 to Present
- President of Wunderlich Independent Network from 08/2009 To 05/2011
- COO of Capital Securities of America from 03/1997 To 08/2009

**Brandon Bullock CRD# 4617848**

Year of Birth: 1980

Formal Education After High School:

- Graduated from University of Akron, Business Finance and Financial Services

Business Background for the Preceding Five Years:

- CFO of Lincoln Douglas Investments, LLC from 11/2010 To Present
- Operations Manager of Capital Securities of America from 10/2005 To 3/2010