



# DEMPSEY LORD SMITH, LLC

MEMBER FINRA/SIPC

## Form CRS Relationship Summary June 30, 2020

**Dempsey Lord Smith, LLC (DLS)** is a broker-dealer and an investment advisor registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC).

- Brokerage and investment advisory services and fees differ and it is important for you to understand the differences. Free and simple tools are available to research firms and financial professionals at [investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisors, and investing.

**What investment services and advice can you provide?** We offer both brokerage and investment advisory services.

Our **brokerage services** include buying and selling securities at your direction and providing you with investment recommendations. We offer mutual funds, exchange traded funds (ETFs), domestic equities, options, fixed income securities, structures notes, buffered notes, variable and fixed index annuities, private placement investments, alternatives (L-Bonds, private preferred stock, traded and non-traded REITS, leasing, self-storage, etc.) and tax advantaged products (Qualified Opportunity Zones, oil and gas drilling programs, 1031/DST exchange, and conservation easement offerings). The firm believes that alternative investments should not be over 20% of your portfolio (or what your state allows if less than 20%). Although tax advantaged products are considered alternative investments, purchases are not held to the 20% rule. We do not have an account minimum, but some alternative investments do have minimum purchase requirements. Unless we separately agree in writing, we do not monitor your brokerage account or alternative investment custodial accounts, and you make the ultimate decision regarding the purchases or sale of investments. When investing with the broker-dealer we are acting under Regulation Best Interest to put your needs ahead of the firms. We are not acting in a fiduciary capacity.

Our **advisory services** include our asset allocation services using mutual funds, exchange traded funds (ETFs), domestic equities, options, fixed income securities, structures notes, buffered notes, variable and fixed index annuities, private placement investments, alternatives (L-Bonds, private preferred stock, traded and non-traded REITS, leasing, self-

storage, etc.), tax advantaged products (Qualified Opportunity Zones, oil and gas drilling programs, 1031/DST exchange, and conservation easement offerings), and managed portfolios from third-party investment managers. Depending on which program you select, our asset allocation services are either non-discretionary or discretionary, meaning that either we will recommend investments to you and you will make the ultimate decision regarding the purchase or sale of investments (non-discretionary) or we will make the ultimate investment decisions without your sign off (discretionary). Third party managers we make available to you will invest your account on a discretionary basis using mutual funds, ETFs and other securities. If your account is held on our platform, we will monitor your account, if your account is held with a third-party manager, they will monitor your account. Accounts held on our platform will be subject to maintenance fees charged by the clearing firm, National Financial Services, LLC or other custodial firms used by DLS. You can find a list of maintenance fees charged by National Financial Services, LLC on our firm web site at [www.dempseylordsmith.com](http://www.dempseylordsmith.com). If your account is held with a third-party money manager, they will inform you of any fees you may be subject to on their platform. Account minimums for managed accounts are generally \$25,000.00, but can be negotiated with lower minimum amounts if agreed to by you and DLS.

For additional information about our **brokerage services**, see our Regulation Best Interest Disclosures, Privacy Policy, Business Continuity Plan, commission schedule, maintenance fee list and for our **advisory services** see our ADV and ADV part 2A Brochure, investment advisory agreement and fee schedule.

**What fees will I pay?** The fees you pay depend on whether you choose brokerage services, advisory services, or both.

For **brokerage services**, the principal fees and costs are transaction-based commission for recommendations and execution of security trades. Depending on the investment product you select (stocks, bonds, mutual funds, fixed income, options), these fees can include up-front commissions, as well as fees that are charged on an on-going basis for as long as you hold the investment (12B-1 service fees).

You will also pay fees for custodial or administrative services, as well as fees and expenses that are included in the expense ratios of certain of your investments, including in mutual funds, ETFs, and variable annuities. For additional information about the fees and costs of our brokerage services please see Regulation BI, administrative charges, and our commission schedule.

For **advisory services**, investment advisory fees are typically asset-based meaning that the fee is calculated as a percentage of the assets invested in your advisory account according to the fee schedule in your advisory agreement with us. This means that the more assets you invest in your account, the more you will pay in fees; and therefore, we have an incentive to

encourage you to increase your advisory account assets. Consulting and financial planning services are also provided on a fixed fee, or per hourly charge.

You may also pay miscellaneous fees that your account's custodian may charge, including IRA annual fee, wire fees, transfer fees, bank charges (if applicable) and other transactional service fees, as well as fees and expenses that are included in the expense ratios of certain of your investments, including in mutual funds and ETF's.

You will pay fees and costs whether you make money or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

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**What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment advisor?** How else does your firm make money and what conflicts of interest do you have? When we provide you with a recommendation as your broker-dealer or act as your investment advisor, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means.

### **Example of Ways We Make Money and Conflicts of Interest**

**Managing Broker-Dealer Products:** We will earn higher fees, compensation, and other benefits when you invest in a product that we are managing broker-dealer for. As managing broker-dealer we handle the processing of client purchases, paperwork from our broker-dealer as well as other broker-dealers within the selling group and expenses associated with the registrations of these products.

We are currently the managing broker-dealer for Webb Creek Management Group, John Henry Oil and STL Resources.

**Revenue Sharing:** Certain managers and sponsors (or their affiliates) share revenue they earn when you invest in their investment products (primarily mutual funds, variable annuities or alternatives investments).

From time to time our firm or an associated person of our firm may offer educational webinars or seminars for clients and prospective clients to offer particular products that are sold by the firm. These educational events may offer lunch or dinner to the attendees of these events which are paid for by the sponsor of the product presented. As such we have an incentive to recommend (or to invest your assets in) products of sponsors that share their revenue with us over other products of sponsors that do not share their revenue or who share less.

Some of the sponsors will attend the firm's annual conference that is hosted by the broker-dealer for their associated professionals. Generally, the sponsors pay for meals, social events, printing, conference space and travel. As such we have an incentive to recommend (or to invest your assets in) products of sponsors that share their revenue with us over other products of sponsors that do not share their revenue or who share less

**How do your financial professionals make money?** Our professionals earn commission income by making recommendations to purchase and sell securities, (stocks, bonds, options, mutual funds, variable annuities, fixed index annuities and alternative investments), and investment advisory fee income by providing investment advice. Some of our financial professionals offer webinars and seminars to educate investors on a product that they offer. Generally, the sponsor of the product pays for lunch, dinner, or conference space, which is considered non-cash compensation. As such, they have an incentive to recommend the product offered by the sponsor that covers expenses for the events over sponsors that do not cover expenses for their webinar or seminar.

**Do you or your financial professionals have legal or disciplinary History?** Yes, please visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple tool to research us and our financial professionals.

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***For additional information about our services***, see [www.dempseylordsmith.com](http://www.dempseylordsmith.com). If you would like additional, up-to-date information or a copy of this disclosure, please call (706) 238-9575.

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