



9017 S Riverside Dr., Suite 210  
Sandy, Utah 84070  
801.838.9999  
Fax 801.838.9988

Relationship & Services Disclosure

Web Site Address: [www.dfpg.com](http://www.dfpg.com)  
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## **Relationship & Services Disclosure**

As a client of DFPG Investments, LLC, you benefit from the broad scope of services and resources of a leading financial services firm, whether we serve you as a broker-dealer, investment advisor, or both. While there are similarities between the brokerage and advisory services we provide, there are important differences, including the pricing structures and monitoring levels for these services. Below are details regarding DFPG's brokerage services. For information regarding our advisory services, please visit <https://www.dfpg.com/disclosures>.

## **Brokerage Relationship**

As a registered Broker-Dealer, DFPG and its professionals offer recommendations regarding investments and facilitate the purchase and sale of securities. This includes stocks, bonds, mutual funds, exchange-traded funds (ETFs), annuities, and alternative investments, such as real estate investment trusts (REITs), business development companies (BDCs), private placements, and 1031 exchanges.

In a brokerage relationship with DFPG, investors pay transaction-based fees in connection with the products and services they receive, such as buying and selling stocks, bonds, mutual funds, annuity contracts, and other investment products. These include commissions, transaction fees, loads, placement fees and other charges, which may be deferred or contingent.

DFPG's brokerage services are provided at the time of recommendation. DFPG's financial professionals will review your specific circumstances and make a recommendation at that point in time. If you choose to proceed with the recommendation, your financial professional will facilitate the transaction as discussed. Generally, neither DFPG nor its financial professionals are obligated to perform ongoing monitoring of your brokerage accounts. That said, your DFPG financial professional will remain assigned to you while affiliated with DFPG and may conduct account reviews and make additional recommendations for your consideration.

## DFPG Investments, LLC – Relationship & Services Disclosure

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While we will take reasonable care and not put our interest before yours 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, that a recommended investment product will perform as anticipated, or that a recommended investment strategy will generate the expected results. Please consult any available offering documents for any security we recommend for a discussion of risks associated with the product. We can provide those documents to you or help you to find them

### How You Pay

As discussed above, you will generally pay commissions, fees, and charges in connection with the recommendations we make and the products and transactions we buy and/or engage in on your behalf. These fees will vary based on several factors, including product selection, size of transaction, and the frequency of transactions, and may be deferred or contingent in nature.

It can be difficult to compare products solely based on cost. Additional information related to specific fees and costs of the various products can be found in the offering documents, private placement memoranda, DFPG product disclosures, or prospectuses. Please be sure to consider the fees and costs associated with the products carefully. Some of the exact fees you pay may only be disclosed in documents delivered to you after the transaction.

### How We Are Paid

DFPG and its financial professionals earn revenue based on the products purchased by you, as well as from sponsors of these products. This is discussed in more detail below:

#### **Transaction-Based Revenue**

In general, DFPG and its financial professionals receive revenue from clients in the following ways:

- Commissions charged to clients in connection with the purchase or sale of investment products
- Sales loads, commissions, or fees from various financial products, such as mutual funds, alternative investments, and annuities
- Ongoing compensation such as trailers and 12b-1 fees related to certain products

#### **Revenue from Third Parties**

DFPG receives certain payments from third parties which include the following:

- Revenue generated on the cash balances you hold at our qualified custodian RBC.
- Markups on transactional and service fees charged by our qualified custodian RBC.
- Revenue sharing arrangements with Griffin Capital related to its real estate income interval fund
- Payments from sponsors of alternative investments, as permitted under FINRA rules, ranging from 1 to 1.5% of the transaction amount. DFPG utilizes this to cover the costs of performing due diligence on the products made available on our platform.
- Financial incentives offered from time to time by our qualified custodian, RBC, for continued use of their services.

#### **Non-Cash Compensation**

DFPG and its financial professionals also receive non-cash compensation from various product sponsors. This compensation includes:

- Occasional gifts (not to exceed \$100 per sponsor, per year)
- Occasional meals, tickets, or other entertainment of reasonable or customary value
- Sponsorship support for educational and/or training events hosted by DFPG or its financial professionals

Also, DFPG hosts certain educational events that are not available to all financial professionals. One of the criteria includes production levels. This creates a conflict of interest for the financial professional to increase production to qualify for this event.

## **Financial Professional Compensation**

As mentioned above, DFIG's financial professionals receive compensation primarily from securities trading as well as the purchase and sale of investment products. This compensation is shared between DFIG and its professionals at varying rates. The percentage paid to the professional is based on a negotiated rate determined by DFIG and the financial professional and does not fluctuate based on factors such as total production over time, rather it may be adjusted by agreement between DFIG and the financial professional over time.

In addition to how financial professionals are paid, different products pay differing amounts of compensation to DFIG. Each product is structured to provide a certain level of compensation that varies based on several factors, including performance. This creates a conflict of interest to recommend products with higher levels of compensation compared to other products.

Finally, DFIG utilizes certain incentives related to the recruitment of financial professionals. These include loans, access to exclusive educational events, and temporarily increased payout rates. These incentives are generally based on certain levels of production. For example, a loan may be forgivable if a specified production level has been met within a certain timeframe. This creates a conflict of interest to recommend products that will generate the highest levels of production to receive these incentives.

## **How We Address Conflicts of Interest**

### **Compensation**

The receipt of cash and non-cash compensation from third parties, the structure through which our financial professionals are compensated, including that we are compensated for each additional trade, and the variable compensation of certain products create an incentive to recommend additional trades, or to recommend certain products or custodians over others. DFIG addresses these conflicts through policies and procedures that monitor the appropriateness of recommendations made by the firm's financial professionals, and by disclosing this conflict so that you can make a fully informed decision.

### **Product Limitations**

It is important to note that DFIG's financial professionals are limited to recommending only the products which are approved by DFIG. In addition, certain financial professionals may be further limited in the products they may recommend based on the specific licenses and registrations they hold. For example, a financial professional that is registered only as an Investment Company & Variable Contracts Representative (Series 6 Exam) can only recommend mutual funds and/or variable insurance products.

### **Revenue Sharing**

As mentioned above, DFIG shares in the revenue of interest earned on cash balances and certain transactional and service related fees at our custodian RBC. In addition, DFIG occasionally receives fixed financial incentives from RBC for the continued use of their services. We also receive revenue sharing payments on mutual fund products offered by Griffin Capital. This creates a conflict of interest to promote these products and services over others. As DFIG does not share this revenue with its financial professionals, this conflict only applies to the firm. We address this conflict by not incentivizing our financial professionals to use these products or services over available options, although there may be circumstances in which these products or services are the only available option. We also disclose this conflict so that you can make a fully informed decision.

### **Non-Cash Compensation**

When product sponsors and vendors contribute toward training and educational events, the amounts received can be significant. DFIG's financial professionals do not receive any direct portion of these payments, although they typically benefit by the training and education they receive when they attend such events. These payments can create a conflict of interest, however, to the extent that DFIG and its financial professionals may favor products and sponsors that contribute to and attend these events. DFIG addresses this conflict through its policies and procedures, including making attendance at such events optional, disassociating event-related sponsor and vendor contributions from their inclusion on DFIG's platform, and by fully disclosing this conflict so that you can make a fully informed decision.