

## Additional Disclosure Document

### **Broker-Dealer Services Brokerage Accounts**

#### **Types of Relationships and Services.**

- We offer brokerage accounts through RBC Correspondent Services LLC (RBCCS) on a fully disclosed basis. RBCCS is our clearing firm and custodian of your assets through our brokerage relationship.
- If you open a brokerage account, you will pay us a *transaction-based fee*, generally referred to as a commission, every time you buy or sell an investment.
- You may select investments or have us recommend investments for your account, but the ultimate investment decision for your investment strategy and the purchase or sale of investments will be yours.
- We can offer you additional services to assist you in developing and executing your investment strategy and monitoring the performance of your account. Our clearing firm RBC Correspondent Services LLC, your insurance company if a fixed or variable product, or your investment company if you own mutual funds held directly with a fund company will deliver account statements to you on a regular basis (quarterly for brokerage and investment company) statements in paper or electronic format at your preference.
- We offer a limited selection of investments. Other firms could offer a wider range of choices, some of which might have lower costs.
- Our firm does not offer private placements, non-publicly traded securities such as direct participation programs, non-publicly traded Real Estate Investment Trusts, Business Development Companies or Partnerships.
- Through our clearing firm RBC Correspondent Services LLC (RBCCS) we can offer margin accounts, check writing and VISA debit cards against your brokerage account, or credit access lines pledged by the securities in your brokerage accounts for your borrowing needs. Additionally, RBCCS can offer electronic bill paying as well as ACH on demand for your free reserves.
- We can offer taxable and tax deferred brokerage accounts through our clearing firm RBCCS. RBCCS offers traditional and ROTH IRA accounts, SEP-IRA and SIMPLE IRA accounts as well as self-directed 401k, profit sharing or money purchase plans.
- We can offer you investments through a traditional brokerage account or investment by direct application such as 529 plans, annuities, Education IRAs, 403b or 401k plans. For investments purchased by application your assets will be held directly with the investment company or insurance company sponsoring the investment.
- We may offer performance reports to you on your accounts with us. These reports gather information from sources we believe to be reliable. In no way are any of these reports considered a substitute for your account statements provided by the clearing firm, investment company or insurance company.

#### **Our Obligations to You.**

- We must act in your best interest and not place our interests ahead of yours when we recommend an investment or an investment strategy involving securities. When we provide any service to you, we must treat you fairly and comply with several specific obligations. Unless we agree otherwise, we are not required to monitor your portfolio or investments on an ongoing basis.
- Our interests can conflict with your interests. When we provide recommendations, we must eliminate these conflicts or at the very minimum disclose them to you and do our best to reduce them (if applicable).

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- We, as well as our registered representatives can only solicit securities business in states where the firm and the registered representative is licensed
- We will make available as much information as possible, that we have access to, from sources we believe to be reliable upon your request. Such information may include research reports from companies or services that we pay a fee.
- We will conduct ourselves in a professional manner, we will provide objective advice and provide all material facts to you that are available to us at the time of any recommendation.
- We will inform you of the costs, fees, expenses, and commission charges you will incur on each transaction.
- We will disclose to you what commissions, markups, markdowns we will receive on each transaction.
- We will not take any transaction direction by email, all transaction authority from you must be verbally delivered.
- We will train, make available or directly inform our registered representatives of new technologies, new tax law changes, and market conditions to better enable them to serve you.
- We will conduct an annual meeting with our registered representatives to go over industry compliance concerns and firm policies and procedures.
- We will conduct regularly scheduled visits and or audits of our offices to check for compliance with firm, state and regulatory rules and regulations.

**Fees and Costs.** *Fees and costs affect the value of your account over time. Please ask your financial professional to give you personalized information on the fees and costs that you will pay.*

- Transaction-based fees. You will pay us a fee every time you buy or sell an investment. This fee, commonly referred to as a commission, is based on the specific transaction and not the value of your account.
- With stocks, options, preferred shares, or exchange-traded funds, this fee is typically considered a separate agency commission. With other investments, such as Municipal, Corporate, Brokered Certificates of Deposit, US Government Treasury or Agency bonds, this fee might be part of the price you pay for the investment (called a “mark-up” ) or the amount on a sale of such investments (a “mark-down”). With Unit investment Trusts the purchase price includes a sales charge included in the offering price. Mutual funds offer selling brokers a commission. This commission can be in the form of a front-end sales charge or a level load commission. A front-end sales charge is added to the fund’s net asset value or public offering price. A level load commission is paid out of higher annual expenses of the mutual fund invested in and is included in the net asset value.
- Class A shares may appeal to you if you're considering a long-term investment. When you purchase class A shares, a sales charge, called a front-end load, is typically deducted upfront, thus reducing the actual amount of your initial investment. For example, suppose if you decide to invest \$35,000 in class A shares with a hypothetical front-end sales load of 5.0 percent. You will be charged \$1,750 on your purchase, and the remaining \$33,250 will be invested. However, class A shares offer you discounts called breakpoints, on the front-end load if you buy shares in excess of a certain dollar amount. Typically, a fund will offer several breakpoints, so the more you invest the greater the reduction in the sales load. For example, let's say that a mutual fund charges a load of 5.0 percent if you invest less than \$50,000, but reduces that load to 4.50 percent if you invest at least \$50,000 but less than \$100,000. This means that if you invest \$49,000, you'll pay \$2,450 in sales charges, but if you invest \$50,000 (i.e., you reach the first breakpoint), you'll pay only \$2,250 in sales charges. You may also qualify for breakpoint discounts by signing a letter of intent and agreeing to purchase additional shares within a certain period of time (generally 13 months), or by combining your current purchase with other investment holdings that you or your spouse and children have within

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the same fund or family of funds (called a right of accumulation). Since rules vary, read your fund's prospectus to find out how you may qualify for available breakpoint discounts, or contact your financial consultant for more information. Class A shares tend to have lower total annual expenses due to lower 12b-1 fees than either C share or even B share mutual funds, thus reducing your overall costs over time. This may make class A shares more attractive to you if you wish to hold on to the fund for a longer period of time.

- **Class B shares:** When you purchase class B shares you are putting 100% of your investment to work immediately since there is no front-end sales charge as in the A shares, however there might be significantly higher costs associated with this share class. The first cost to note is the higher annual ongoing 12b-1 expenses. The second concern with this share class is the Contingent Deferred Sales Charge (CDSC). Most B share mutual funds have a 7-year holding period before the expiration of any CDSC which can be as high as 6.0 percent. If you were to redeem shares prior to the end of the stated CDSC period, you would be subject to a fee imposed by the fund. In many cases B share mutual funds convert to the lower annual expense class A shares after the expiration of the CDSC. In essence B shares lock your money up for a 7-year period (some mutual funds have different CDSC periods.) This share class may be more suitable for investors who typically hold their investment positions for 7 or more years and do not qualify for a breakpoint.
- **Class C shares:** When you purchase class C shares, a front-end load is normally not imposed. There is a CDSC charge, typically 1.0 percent, that is reduced to zero if you hold the shares beyond the CDSC period, which for class C shares is typically 12 months. For those reasons class C shares may be appropriate if you intend to keep the fund for less than 5 years. The 12b-1 fees are greater for class C shares than for class A shares. The total expenses of a C share class mutual fund will not decrease during the life of the investment, because C class shares generally don't convert to class A shares ( there are a few fund families that automatically convert C shares into A shares after an extended holding period). In addition, there are no breakpoints available for large purchases. Because of the higher annual expenses C shares may be suitable if you are planning on holding the investment for less than 7 years or if you do not want to pay an upfront sales charge on your investment as you would with an A share. In most instances a C share is more suitable than B shares. A shares maybe more suitable than C shares if you know you are going to have a long term holding period of your mutual purchase.
- For your convenience we offer a link through our website, [www.lmkohndco.com](http://www.lmkohndco.com), where you can click "Investor Resources", then "Other Resources" and then click on FINRA Mutual Fund Fee Analyzer where you can compare the differing expenses and holding periods of different shares classes of the same mutual fund. You may also go directly to FINRA's website, [www.finra.org](http://www.finra.org) and select Tools & Calculators or go to [https://tools.finra.org/fund\\_analyzer/](https://tools.finra.org/fund_analyzer/) where you can do the same comparisons.
- Some investments (such as mutual funds and variable annuities) impose additional fees that will reduce the value of your investment over time. Also, with certain investments such as variable annuities, you may have to pay fees such as "surrender charges" to sell the investment.
- Our fees may vary. The amount you pay will depend, for example, on how much you buy or sell, what type of investment you buy or sell, and what kind of account you have with us.
- Our clearing firm RBC Correspondent Services LLC may charge you additional fees, such as custodian fees, account maintenance fees, and account inactivity fees.
- The more transactions in your account, the more fees we charge you. We therefore have an incentive to encourage you to engage in transactions.
- From a cost perspective, you may prefer a transaction-based fee if you do not trade often or if you plan to buy and hold investments for longer periods of time.

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The following is a list of our RBC Correspondent Services Schedule “B” Equities and Options commissions:

### Equities

#### STOCKS PRICED UNDER \$1

Principal in trade	Commission
\$0 but less than \$1,000	5% of Principal*
\$1,000 but less than \$10,000	5% of Principal*
\$10,000 and above	5% of Principal*
See Note 1	

#### STOCKS PRICED \$1 AND ABOVE/100 SHARE ROUND LOT AND ODD LOTS

Principal in trade	Commission	Odd Lot Subtract
\$0 but less than \$800	3.089% of Principal + \$14.52	\$3.09
\$800 but less than \$2,500	2.008% of Principal + \$24.71	\$3.09
\$2,500 but less than \$5,000	1.390% of Principal + \$40.15	\$3.09
\$5,000 and above	1.453% of Principal + \$41.98	\$3.23
See Note 1		

#### STOCKS PRICED ABOVE \$1 MULTIPLE ROUND LOTS

Principal in trade	Commission	Plus 1-10 Round Lot	11 & Above
\$0 but less than \$2,500	2.008% of Principal + \$26.25	\$9.27	\$6.18
\$2,500 but less than \$5,000	1.390% of Principal + \$41.70	\$9.27	\$6.18
\$5,000 but less than \$20,000	1.453% of Principal + \$43.59	\$9.69	\$6.46
\$20,000 but less than 30,000	0.969% of Principal + \$142.09	\$9.69	\$6.46
\$30,000 and above	0.646% of Principal + \$229.27	\$9.69	\$6.46
See Note 1			

## Options

### OPTIONS PRICED UNDER \$1

Principal in trade	Commission
\$0 but less than \$1,000	5% of Principal
\$1,000 but less than \$10,000	5% of Principal
\$10,000 and above	5% of Principal
See Note 1	

### OPTIONS PRICED \$1 AND ABOVE

Principal in trade	Commission
\$0 but less than \$800	3.089% of Principal + \$9.88
\$800 but less than \$2,500	2.008% of Principal + \$18.53
\$2,500 but less than \$5,000	1.3090% of Principal + \$33.98
\$5,000 and above	1.453% of Principal + \$35.52
See Notes 1 & 2	

### MULTIPLE OPTIONS PRICED ABOVE \$1

Principal in trade	Commission	Plus 1-10 Round Lot	11 & Above
\$0 but less than \$2,500	2.008% of Principal + \$18.53	\$9.27	\$6.18
\$2,500 but less than \$5,000	1.390% of Principal + \$33.98	\$9.27	\$6.18
\$5,000 but less than \$20,000	1.453% of Principal + \$35.52	\$9.69	\$6.46
\$20,000 but less than \$30,000	0.969% of Principal + \$132.40	\$9.69	\$6.46
\$30,000 and above	46% of Principal + \$229.27	\$9.69	\$6.46
See Notes 1 & 2			

#### Note 1: Minimum charges: \$50

Note 2: Maximum charges < \$5000: -\$96.52 per option  
Maximum charges > \$5000 - \$101.91 per option

\* 5% of Principle or the schedule minimum (Ex: \$50), whichever is greater

- Minimums (including 5% "rule") are calculated before discounts are applied
- If correspondent minimum is higher than 5% "rule" \$50 minimum, where applicable, will override
- Commissions on sells cannot result in the Net Amount being less than zero and will be adjusted accordingly
- 5% "rule" applies to all executions in an order - total commission across all executions (odd-lots included) cannot exceed 5% or applicable Minimum and are applied to each execution based on a principal amount pro- rate
- Commission for each execution is calculated according to the applicable Tier for that execution.

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### For Fixed Income Transactions (CDs, US Government Agency, Corporate or Municipal bonds)

The minimum charge is \$25 per transaction. For new issue securities (primary market), in syndicate, the markup is predetermined by the underwriter and the issuer. These commission mark ups are stated in the prospectus or official statement. For principal transactions in the secondary market where the commission is “marked up” or “marked down” from the base price, in no instance will the mark up or mark down exceed 4% of the principal transaction.

For agency transactions in fixed income securities commission charges will be no higher than \$30.00 per bond.

For pricing history and volume information for taxable fixed income securities investors may look up the FINRA website: [www.finra-markets.morningstar.com/MarketData/Default.jsp?sdkVersion=2.52.0](http://www.finra-markets.morningstar.com/MarketData/Default.jsp?sdkVersion=2.52.0)

For pricing and volume history for municipal bonds investors can go to the MSRB website: [www.emma.msrb.org](http://www.emma.msrb.org)

### For Unit Investment Trusts (UITs) Transactions

These investment products are sold by prospectus and have a sales charge that investors pay which is included in the public offering price. UITs are intended to be bought and held to maturity, they are not well suited as a trading vehicle. The UIT sponsor determines the sales charge paid by investors at the public offering price. Reduced sales charges are breakpoint eligible, meaning the more money that is invested at predetermined investment levels the sales charge may be lowered by the sponsor (not our firm nor our registered representative) are available on the reinvestment of a UIT in a new UIT by the same sponsor. For more information on UITs you may go to the website: <https://www.investor.gov/introduction-investing/investing-basics/glossary/unit-investment-trusts-uits>

### Additional Note

For any investment not sold by prospectus, the firm has authorized your registered representative to offer discounts on commissions charged. Such discounts could be determined based on the frequency of investment activity, the size of the transactions, the overall relationship with the customer, potential new business from the customer as well as competitive pricing based on the competition in the full service brokerage segment. Your registered representative also has the ability to charge a fixed dollar commission on trades, which may or may not depend on the size of the transaction.

### Client Fee Listing



*On the next page is a list of fees that may be charged to your account(s) with L.M. Kohn & Company that are custodied at RBC Correspondent Services, a division of RBC Capital Markets, LLC (RBC CS). The list of fees does not include customer handling, commissions or any other trade related fee as those fees are disclosed on each trade confirmation. With the exception of fees that are “pass through”, “at cost”, “prorated”, “interest charged”, or that provide a range as a guideline, the fee listed is the highest amount that will be charged for the service provided. Fees may change at any time as permitted by applicable regulations and the terms of the clearing agreement between L.M. Kohn & Company and RBC CS.*

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Fee Name	Total Fee Amount	Fee Name	Total Fee Amount
Account Pledge	\$200.00	Outgoing IRA ACAT Fee	\$120.00
Alternative Investment– Transaction fee	\$200.00	Outgoing Non-IRA ACAT Fee	\$185.00
Alternative Investments– Maintenance fee	\$100.00	Overnight Check	\$10.00
American Depository Receipt (ADR) Pass Through Fee <sup>1</sup>	Pass through <sup>1</sup>	Partial Transfer	\$25.00 per transfer
Annual Account Fee	\$50.00	Physical Certificate Reject Fee	\$200.00
Automated Clearing House (ACH) Stop Payment Fee	\$20.00	Physical Certificate (Non-DRS Eligible and DRS Eligible Securities)	\$650.00
Bank Wire – Domestic	\$10.00	Prepayment Fee	Interest Charged <sup>6</sup>
Bank Wire – Foreign	\$75.00	Retirement – 403(b) Account Fee	\$35.00
Cashless Stock Option Exercise	Please refer to the Employee Stock Option Exercise Form	Retirement – Custodial Qualified retirement closing fee	\$50.00 + Prorated Annual Fee
Direct Registration System (DRS) Transfer Fee (Incoming)	\$25.00	Retirement – Custodial Qualified retirement plan annual fee	\$75.00 per employee account + \$5.00 per additional participant
Direct Registration System (DRS) Transfer Fee (Outgoing)	\$25.00	Retirement – Custodial Qualified retirement plan set up fee	\$25.00 per employee account + \$5.00 per additional participant
Dividends & Reorgs – Coupons Received for Collection (per shell or issue)	\$10.00	Retirement – IRA Annual Account Fee	\$35.00
Dividends & Reorgs – Charge for Late Instructions on Expiring Items	\$15.00	Retirement – IRA Account Closing Fee	\$120.00
Duplicate Tax Documents (Paper copies)	\$2.50	Retirement – Self-trusteed plan annual fee (one plan / paired plan)	\$150.00 / \$250.00
Duplicate Confirm (Paper copies)	\$2.50	Retirement – Self-trusteed plan closing fee (one plan & paired plan)	Prorated Annual Fee
Duplicate Statement (Paper copies)	\$2.50	Retirement – Self-trusteed plan set up fee (one plan / paired plan)	\$200.00 / \$300.00
Deposit / Withdrawal at Custodian (DWAC) Fee	Ranges from \$25.00 to \$150.00 <sup>2</sup>	Returned Check	\$35.00
Escheatment	\$125.00	Rule 144 / Restricted Stock Deposit Fee	\$25.00
Extensions	\$20.00	Safekeeping Fee	\$50.00
Globe Tax Basic Services	3% of recovered withheld tax; maximum of \$200 per occurrence <sup>3</sup>	Security Transfer Fee – International	\$190.00
Investment Access Account Related Fees	Please refer to the Investment Access Account Agreement <sup>4</sup>	Transfer Agent Fees	At Cost
Investment Access Annual Account Fee	\$125.00 <sup>5</sup>	Transfer on Death Account Change Fee	\$30.00
Legal Deposit / Transfer	\$60.00	Transfer on Death Account Distribution Fee	0.10%
Non-Sufficient Funds (NSF) Fee	\$30.00	Transfer on Death Account Set-Up Fee	\$50.00
Non-Transferable Security Custody	\$2.00 per position, per month	Voluntary Non-Physical Reorg	\$15.00
		Voluntary Physical Reorg	\$30.00

**Notes:**

- 1) ADR pass through fees are outlined in the ADR prospectus.
  - 2) DWAC is determined by the transfer agent, but typically ranges from \$25.00 to \$150.00.
  - 3) Clients who hold or purchase Canadian, Irish, or Japanese securities are automatically enrolled in this service. Clients may opt-out at any time by contacting their Financial Professional. Global Tax Full Services are also available at an additional cost. Please contact your Financial Professional if you would like to opt-out or sign up for Global Tax Full Services. Fees & jurisdictions covered are subject to change at any time.
  - 4) The Investment Access Account application contains a fee schedule that outlines fees related to an Investment Access Account (checking related fees, wire transfer and ACH fees, and VISA gold check card fees).
  - 5) The annual fee is waived for accounts over \$200,000.
  - 6) The calculation to determine the interest is:  $\$25.00 + (\text{Actual Prepay Amount} \times \text{Interest Rate} \times (\text{Days to Settlement}) / 360 \text{ days})$ . The interest rate is equal to RBC's Base Lending Rate plus a sliding scale of percentages according to the size of the actual prepay amount. Please contact your Financial Professional for RBC's Base Lending Rate.
- RBC Correspondent Services, a division of RBC Capital Markets, LLC, Member NYSE/FINRA/SIPC*

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### **Broker-Dealer Services Brokerage Accounts**

#### ***Conflicts of Interest. We benefit from the services we provide to you.***

- We can make money from transaction fees being charged; therefore, the firm may have an incentive to encourage you to trade more frequently.
- We may have an incentive, when charging commissions, to offer products that may have commissions or front-end sales charges or higher ongoing trail commissions (12b-1 fees) that cost more and therefore result in you being charged more.
- We may receive trailing or ongoing commissions (12-b1 fees) by selling certain products such as mutual funds and variable annuities; therefore, we may have an incentive to sell these products over other potentially more suitable products.
- We may have a conflict of interest in recommending a sale of a mutual fund share class prior to it converting to a lower expense share class in the same mutual fund family.
- We may have a conflict of interest recommending that you sell out of an investment before it matures to make a new investment with those same funds.
- We may have a conflict of interest in recommending 1035 exchanges on an annuity product once it has gone out of its surrender period.
- We may have a conflict of interest in recommending multiple mutual funds from different mutual fund families; therefore, not taking full advantage of reduced sales charges through breakpoints.
- We may have a conflict of interest in recommending that you sell securities for “tax loss” harvesting before there are any capital gains to offset

### **Broker-Dealer Services Brokerage Accounts**

#### ***Additional Information. We encourage you to seek out additional information.***

- We have legal and disciplinary events. Visit [investor.gov](http://investor.gov) for a free and simple search tool to research our firm and our financial professionals.
- For additional information about our brokers and services, you can visit the following sites: [investor.gov](http://investor.gov); [brokercheck.finra.org](http://brokercheck.finra.org); and/or [lmkohnandco.com](http://lmkohnandco.com).
- To report a problem to the SEC, visit [Investor.gov](http://Investor.gov) or call the SEC’s toll-free investor assistance line at (800) 732-0330. To report a problem to FINRA, contact them at (301) 869-6699. If you have a problem with your investments, account or financial professional, contact us at (800) 478-0788.

#### ***Key Questions to Ask. Ask our financial professionals these key questions about our investment services and accounts.***

1. Given my financial situation, why should I choose a brokerage account?
2. Do the math for me. How much would I expect to pay per year for a typical brokerage account? What would make those fees more or less? What services will I receive for those fees?
3. What additional costs should I expect in connection with my account?
4. Tell me how you and your firm make money in connection with my account. Do you or your firm receive any payments from anyone besides me in connection with my investments?
5. What are the most common conflicts of interest in your brokerage accounts? Explain how you will address those conflicts when providing services to my account.
6. How will you choose investments to recommend for my account?
7. How often will you monitor my account’s performance and offer investment advice?
8. Do you or your firm have a disciplinary history? For what type of conduct?
9. What is your relevant experience, including your licenses, education, and other qualifications? Please explain what the abbreviations in your licenses are and what they mean.
10. Who is the primary contact person for my account? What can you tell me about his or her legal obligations to me? If I have concerns about how this person is treating me, who can I talk to?