

**The Securities Group, LLC,  
dba Mammoth Research**

**Regulation Best Interest Disclosure**

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# Regulation Best Interest Disclosure

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This disclosure provides information about the business practices, compensation and conflicts of interest related to the brokerage business of The Securities Group, LLC, dba Mammoth Research (“The Securities Group”, “Mammoth Research”, “our”, “we”, “us”) offers brokerage services to you and our customers. This guide summarizes important information concerning the scope and terms of those brokerage services that are offered by us and details the material conflicts of interest that arise through our delivery of brokerage services to you. We encourage you to review this information carefully, and disclosure documentation you may receive or have received from us.

As you review this information, we would like to remind you that we are registered with the U.S. Securities and Exchange Commission (“SEC”) as a broker-dealer providing brokerage services, and a member firm of the Financial Industry Regulatory Authority (“FINRA”). As a broker-dealer, Mammoth Research transacts business in private placement securities and offers or engages in on-line trading/electronic trading and Direct Participation Programs on a best efforts basis. We do not open brokerage accounts and thus, do not provide recommendations of types of accounts. Additional information about The Securities Group dba Mammoth Research and its financial professionals is available on FINRA’s website at [www.brokercheck.finra.org](http://www.brokercheck.finra.org), or via the SEC’s website at [www.sec.gov](http://www.sec.gov).

Our brokerage services are the primary focus of this guide. Our Form CRS contains important information about the types of services we offer along with general information related to compensation, conflicts of interest, disciplinary action, and other reportable legal information.

Please note that not all of the conflicts described in this disclosure apply to a particular investment professional of Mammoth Research (“Registered Representative”), his or her services, or all the products we market. The types and amounts of compensation we receive change over time. You should ask your financial professional if you have any questions about compensation, costs, fees, or conflicts of interest.

Please carefully review and consider the information contained in each section set forth in this disclosure.

## Brokerage Services

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We provide our clients with access to offerings of unregistered debt or equity securities (“private placements”, “private placement investments” and or “investments”). Our services include the determination of investor suitability for investment in private placements, making investment recommendations consistent with your investment strategy, and facilitating the execution and settlement of your private placement securities transactions. Additionally, our services are provided on a non-discretionary basis, and while we may recommend private placement investments for you, the ultimate investment decision regarding the purchase of private placement investments will be yours. Finally, our recommendations are made in a brokerage capacity, and as such, we do not agree to enter into a fiduciary relationship with you. For more information on our services, contact your Registered Representative, or you can contact Kim Tillett-Poole at [ktpoole@thesecuritiesgroup.com](mailto:ktpoole@thesecuritiesgroup.com) or (800) 618 - 2299.

## **Recommendations**

Our services include the determination of suitability for investment in private placement securities and facilitating the execution and settlement of your private placement investment transactions. Additionally, Mammoth provides recommendations with regards to the private placements we market. Those recommendations are based upon our due diligence regarding the sponsor or issuer of the private placement, and the proposed business activities related to the offering. We ensure we have a reasonable basis to believe private placements are appropriate for at least some investors and base our recommendations on the appropriateness for specific customers based on their investment profile. We take into account care, skill, and costs when making recommendations to you. We are also obligated to ensure we have your best interest in mind when we make a series of recommendations to you. It is important for you to understand that when your Registered Representative makes a recommendation to you, we are obligated to ensure the recommendation is in your best interest based on your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information you provide us. You may accept or reject any recommendation.

While we are required to consider reasonably available alternatives, our Firm is only permitted to engage in private placement activity. Therefore, the only reasonable alternatives we may provide to you are other available private placement offerings at that point in time. As stated, our recommendations are tailored to your best interest based on your financial profile.

## **Account Monitoring, and Incidental Brokerage Services**

We do not commit to, nor do we provide for, the on-going monitoring of your private placement investments. It is your responsibility to monitor the investments, and we encourage you to do so regularly. Additionally, from time to time we may provide you with additional information and resources to assist you with understanding private placement securities. This may include by way of example, resources, sales and marketing materials, and/or performance reports. When we offer these services and information, we do so as a courtesy to you. These activities are not designed to monitor specific investment holdings, they do not contain specific investment recommendations about investment holdings, and you should not consider them a recommendation to hold or sell any particular private placement investment you may have. Upon your request, we will review such information and reports with you and may provide you with investment recommendations, but we are not under a specific obligation to do so.

## **Minimum Investment Requirements**

Each sponsor or issuer sets the minimum investment, if applicable, and suitability requirements for prospective investors in each respective offering of a private placement. While we generally require retail investors be “accredited investors” to purchase private placements through us, the sponsor of such private placement investments generally sets that requirement and is subject to the specific private placement exemption. The actual investor investment requirements are detailed in the respective private placement memorandum, private offering memorandum or disclosure prepared by the sponsor or issuer, as well as in the subscription agreement you will be required to execute to acquire an interest in a private placement investment (collectively the “Offering Documents”). It is important to note that certain private placements have different limitations that will be fully disclosed in your

respective Offering Documents.

## Understanding Risk

It is important for you to understand that all investment recommendations and activities involve risk, including the risk that you may lose your entire investment. Further, some investments involve more risk than other investments. Higher-risk investments may have the potential for higher returns but also for greater losses. The higher your “risk tolerance,” meaning the amount of risk or loss you are willing and able to accept in order to achieve your investment goals, the more you may decide to invest in higher-risk investments offering the potential for greater returns. We align your risk tolerances with investment needs when we offer you private placement investments. You should select the investment objective and risk tolerance best aligned with your goals and needs.

Investment goals typically have different time horizons and different income and growth objectives. Generally, investment goals are on a spectrum, with “*Income*” investors typically holding the smallest percentage of higher-risk investments, followed by “*Growth and Income*” investors holding some higher-risk investments, and finally “*Growth*” investors holding a significant portion of their portfolio in higher-risk investments. Risk tolerance also varies, and we measure it on a continuum that increases from “*Conservative*” to “*Moderate*” to “*Aggressive*,” and finally “*Trading and Speculation*.” See the chart below for details.

Investment Objective	Investment Objective Description	Risk Tolerance	Risk Tolerance Definition
Income	Income portfolios emphasize current income with minimal consideration for capital appreciation and usually have less exposure to more volatile growth assets.	Conservative	Conservative Income investors generally assume lower risk, but may still experience losses or have lower expected income returns.
		Moderate	Moderate Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest income returns.
		Aggressive	Aggressive Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.
Growth & Income	Growth and Income portfolios emphasize a blend of current income and capital appreciation and usually have some exposure to more volatile growth assets.	Conservative	Conservative Growth and Income investors generally assume a lower amount of risk, but may still experience losses or have lower expected returns.
		Moderate	Moderate Growth and Income investors are willing to accept a modest level of risk that may result in increased losses in exchange for the potential to receive modest returns.
		Aggressive	Aggressive Growth and Income investors seek a higher level of returns and are willing to accept a higher level of risk that may result in greater losses.
Growth	Growth portfolios emphasize capital appreciation with minimal consideration	Conservative	Conservative Growth investors generally assume a lower amount of risk, but may still experience increased losses or have lower expected growth returns.

	for current income and usually have significant exposure to more volatile growth assets.	Moderate	Moderate Growth investors are willing to accept a modest level of risk that may result in significant losses in exchange for the potential to receive higher returns.
		Aggressive	Aggressive Growth investors seek a higher level of returns and are willing to accept a high level of risk that may result in more significant losses.
Trading and Speculation	Trading and Speculation investors seek out a maximum return through a broad range of investment strategies which generally involve a high level of risk, including the potential for unlimited loss of investment capital.		

Our recommendations are based in part on your risk tolerance and investment objective as outlined above. We encourage you to carefully consider your investment objective and risk tolerance before investing.

## **Brokerage Fees and Our Compensation**

### **Transaction-Based Fees**

You may pay transaction-based fees when you decide to acquire a private placement investment recommended by Mammoth. These transaction-based fees are generally referred to as a “*commission*” or a “*private placement fee*” and are typically paid by the issuer of the investment. Transaction-based fees are based on a host of factors, including, but not limited to the specific terms and conditions set forth by the sponsor or issuers in the Offering Documents.

### **Administrative and Service Fees**

We do not charge clients additional administrative or service fees related to their private placement investments.

### **How We Are Compensated**

#### **General**

With regards to some transactions, we receive direct compensation in connection with your investment in a private placement investment. Direct compensation is generally a commission paid directly out of your initial respective private placement investment proceeds or a carried interest in the respective offering. Indirect compensation is compensation that is earned in ways other than through your initial investment in a private placement and may impact the value of the associated private placement investment. The section below describes the compensation that we receive in connection with private placement investments that we may make available to you.

#### **Private Placement Compensation**

When Mammoth recommends a private placement, our compensation is based on the number of investors who invest capital in a private placement. The amount payable to us is set out and disclosed in the Offering Documents that we provide you. The amount payable to

us is non-negotiable, as it is negotiated between the sponsor or issuer of the private placement and us, prior to the offering of the private placement securities to potential investors. Our compensation is generally paid out of the proceeds of the offering by the issuer, although it may be paid by the sponsor or an affiliated entity. See the respective Offering Documents for a complete discussion of the compensation arrangements with the sponsor/issuers and Mammoth Research.

Our Registered Representative will provide you with the most recent Offering Documents, which in addition to disclosing our compensation arrangements, also discloses additional fees and costs imposed on the private placement investment by the issuer and its affiliates, risks related to investing in that private placement, the minimum investments accepted, if applicable, and the suitability requirements of investors, and other information critical to an investors decision to invest in any such private placement investment. It should be noted that private placement securities are illiquid and considered risky investments, there is no public market for the securities, and no such public market is expected to develop in the future.

### **Revenue Sharing**

We do not participate in any revenue sharing arrangements with the sponsors or issuers of private placement investments.

## **Conflicts of Interest**

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Like all financial service providers, Mammoth Research and its Registered Representatives may have conflicts of interest when we provide brokerage services to you. A conflict of interest is a situation in which we engage in a transaction or activity where our interest is materially adverse to your interest. The mere presence of a conflict of interest does not imply that harm to your interests will occur, but it is important that we acknowledge the presence of conflicts. Moreover, our regulatory obligations require that we establish, maintain, and enforce written policies and procedures reasonably designed to address the Firm's and Associated Persons' conflicts of interest associated with our recommendations to you.

Our conflicts of interest are typically the result of compensation structures and other financial arrangements between us, our Registered Representatives, our clients and third parties. We receive compensation from sponsors and issuers as described in the Offering Documents. Securities rules allow for us to earn compensation when we provide services to our affiliates. However, the compensation that we receive from the offering varies based upon the number of investors investing, which creates a financial incentive to recommend private placement investments that generate greater compensation to us.

We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest when providing recommendations to you. Below you will find additional information related to our conflicts of interest. This information is not intended to be an all-inclusive list of our conflicts, but generally describes those conflicts that are material to your brokerage relationship.

### **Compensation We Receive from Clients**

#### **Transaction-Based Conflicts**

You pay commissions and or private placement fees in connection with the buying of

each private placement. Where these fees apply, the more transactions you enter into, the more compensation that we and your Registered Representative receive. This compensation creates an incentive for us to recommend that you buy these investments. We also have an incentive to recommend that you purchase private placements that carry higher fees, instead of private placements that carry lower fees or no fees at all.

## **Compensation We Receive from Third Parties**

### **General**

Other than the transaction-based compensation described above, we generally receive no additional compensation from sponsors, issuers or other third parties; however, we may receive the compensation and benefits described below. Note that the Firm does not engage in sales contests or quotas based on the sale of specific products.

### **Additional Compensation and Benefits from Product Sponsors and Other Third Parties**

We and our Registered Representatives, associates, employees, and agents may receive additional compensation from sponsors, issuers and other third parties including:

- An occasional dinner or ticket to a sporting event, or reimbursement in connection with business development activities.
- Payment or reimbursement for the costs associated with education, training, marketing, or advertising initiatives, including marketing to prospective investors, that are attended by our employees, agents, and Registered Representatives.

The amount of these payments or benefits is not dependent or related to the level of assets you or any other of our clients invest through us or with the product sponsor.

### **Compensation Related to Affiliates**

The Securities Group dba Mammoth Research markets the private placement offerings sponsored and or issued by Mammoth Scientific, LLC (“Mammoth Scientific”), Mammoth's affiliated Exempt Reporting Advisor. Certain of our Mammoth Research Registered Representatives that market the private placement offerings of Mammoth Scientific (“Mammoth Registered Representatives”) are affiliated with both Mammoth Scientific and Mammoth Research through common ownership, management and control. As such, the Mammoth Registered Representatives may participate in both direct securities compensation as Mammoth Research Registered Representatives and indirect compensation as a result of their affiliation with Mammoth Scientific, and its affiliated funds. Thus, Mammoth Registered Representatives are incentivized to recommend Mammoth Scientific private placement investments in that they may receive compensation from both Mammoth Research and Mammoth Scientific. The indirect compensation from Mammoth Scientific and its affiliated funds is disclosed in the offering materials prepared and issued by Mammoth Scientific on behalf of its private fund offerings. We have controls established to identify and mitigate this risk through both oral and written disclosures.

The Securities Group LLC dba Mammoth Research is also affiliated with Vestia Personal Wealth Advisors, which is affiliated with the Firm via common control person. Vestia is a nominal, indirect owner of the broker-dealer and therefore may receive



compensation as result of revenue generated by the broker-dealer. Mammoth Research is also affiliated with Registered Investment Advisory Firm, Mammoth Advisors, LLC.

### **Compensation Received by Registered Representatives**

Registered Representatives may be compensated based on a base salary or on the percentage of revenue generated from the sales of private placement investment products and acquired by clients. For Mammoth Registered Representatives, this compensation may vary based upon the private placement investment associated with the brokerage recommendations of Mammoth. Thus, Mammoth Registered Representatives are incentivized to recommend private placement investments that they are affiliated with. We have controls established to identify and mitigate this risk.

A Mammoth Registered Representative's payout schedule (periodically adjusted by us at our discretion) increases with production and asset levels. Registered Representatives also may be eligible for annual or ongoing bonus awards based upon a variety of factors that include, overall production or other targets, as well as compliance with our policies and procedures and meeting best business practices. As a result, Registered Representatives have an incentive to provide recommendations that result in selling more private placement investment products, as well as private placement investment products that carry higher fees, to increase commissions.

Non-cash compensation is provided to Registered Representatives in the form of credits toward business expense accounts and certain titles. Registered Representatives are also compensated in the form of education meetings. Portions of these programs may be subsidized by external vendors, such as sponsors and issuers. Consequently, sponsors and issuers that sponsor and/or participate in education meetings gain opportunities to build relations with Registered Representatives, which could lead to sales of such issuers private placements.

## **Additional Resources**

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<u>Title</u>	<u>Web Address</u>
FINRA	<a href="https://www.finra.org/">https://www.finra.org/</a>
SIPC	<a href="https://www.sipc.org/">https://www.sipc.org/</a>
BrokerCheck	<a href="https://brokercheck.finra.org/">https://brokercheck.finra.org/</a>