



CAROLINA FINANCIAL SECURITIES
INVESTMENT BANKING



RELATIONSHIP SUMMARY

Carolina Financial Securities, LLC and Carofin, LLC (“CFS” and “Carofin”, respectively) are affiliated broker-dealers registered with the Securities and Exchange Commission and members of [FINRA](#) and [SIPC](#). The fees and services broker-dealers offer differ across the industry and it is important for you to understand such differences.

Free and simple tools to research firms and financial professionals are available at [Investor.gov/CRS](#), which also provides educational materials about broker-dealers, investment advisers, and investing.

You will find certain pertinent questions you may ask us when first establishing a relationship listed as “conversation starters” below. We invite you to visit our [Knowledge Base](#) for educational materials on private investments.

What investment services and advice can you provide me?

Our firms offer brokerage services to [accredited investors](#), exclusively through the sale of [private placements](#). A private placement is an offering of securities that is exempt from registration with the Securities and Exchange Commission and carries significant risks, which may result in the loss of some or all of your investment. Such risks include, but are not limited to, the inability to sell your investment for cash, the lack of publicly available information on the company issuing the security, and no guarantees of returns or periodic payments.

Our firms carefully select the offerings they bring to market, and any recommendation you may receive from us will be limited to these offerings. Therefore, we may be unable to adequately compare the risks and benefits of the offerings we bring to offerings presented by other financial professionals. While our firms will often present new investments and discuss such investment’s risks and benefits with you, the ultimate authority to make such investment rests solely with you.

Our firms do not hold any investor cash or securities, and securities offered by us often have no easily assessable market value, so our firms will not monitor the market value of your investment on an ongoing basis. An affiliate of CFS and Carofin, CFG Financial Services, does, however, act as administrative agent for many offerings we bring to market. In this role, CFG Financial Services will monitor an issuer’s compliance with its obligations, make distributions of periodic payments, and, when necessary, intervene in the event that things are not going to plan. When this happens, CFG Financial Services is often compensated by part of the proceeds recovered in settlement or bankruptcy proceedings, which may reduce the return on your investment.

The investments we present often require a minimum investment of \$5,000 for equity offerings and \$10,000 for debt offerings.

Conversation Starters

- *Given my financial situation, should I choose a brokerage service? Why or why not?*
- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?*

What fees will I pay?

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

Our firms are mostly compensated through placement fees, which are payable by the issuer, meaning that the firms will be compensated by receiving a percentage of the funds raised in an offering, regardless of the investment performing as expected. Such placement fee is usually between 3% and 7%. Given that different investments have different placement fees, we may often have a conflict of interest when presenting these investments to you.

Given that our placement fees are payable by the issuer, the full amount of your investment will be used to purchase debt or equity securities, even though a certain amount of the proceeds may be immediately redirected by the issuer to CFS and Carofin as placement fees.

Conversation Starters

- *Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

What are your legal obligations to me when providing recommendations? How else does your firm make money and what conflicts of interest do you have?

When we provide you with a recommendation, 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 we provide you. Here are some examples to help you understand what this means:

Proprietary Products: Our firms will often present investments that are only available through them, which may result in a higher placement fee.

Management Fees: Our firms will often present investments in which Carolina Financial Group, LLC an affiliate of CFS and Carofin, acts a manager of the company. CFG will often be compensated for such services.

Warrant Position: Our firms will often receive a warrant (an option to purchase an equity security in the future, for a defined price) for certain securities. Given that our firms, or other equity holders in the company, may have an investment time horizon that differs from yours, this may create a conflict of interest.

Conversation Starters

- *How might your conflicts of interest affect me, and how will you address them?*

How do your financial professionals make money?

Our firms have different compensation structures.

CFS financial professionals, which are often the individuals working with the company to structure an appropriate security, receive a percentage of the placement fee received by CFS in the investments they structure. Therefore, these professionals have an interest in presenting you with the investments they have structured.

Carofin financial professionals, on the other hand, are the individuals responsible for understanding and presenting these investments to you. While Carofin professionals are compensated through discretionary bonuses, they may have an interest in presenting you with investments which may result in a higher placement fee to the firm overall.

Do you or your financial professionals have legal or disciplinary history?

Yes. You have access to a free and simple tool to research our firms and financial professionals at [Investor.gov/CRS](https://investor.gov/CRS).

Conversation Starters

- *As a financial professional, do you have any disciplinary history? For what type of conduct?*

Additional Information

You may learn more about our brokerage services and request a copy of this relationship summary at Carofin.com. You may also contact us directly at 828.393.0088 or compliance@carofin.com to request up-to-date information and a copy of this relationship summary. We also encourage you to visit our [Knowledge Base](#) for additional educational information on private investments.

Conversation Starters

Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?