

# Diversified Resources, LLC

## Form CRS: Customer Relationship Summary

March 2021

Diversified Resources, LLC is registered with the U.S. Securities and Exchange Commission (SEC) as a broker-dealer and an investment adviser. We are also a member of FINRA and SIPC. Our financial professionals offer both brokerage and investment advisory services. Brokerage and investment advisory services, and the fees we charge for them, differ, and it is important that you understand the differences. This relationship summary will explain the various services we offer, how we charge for those services, and conflicts of interest that exist when we provide our services. 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 advisers, and investing.

### What investment services and advice can you provide me?

We offer both brokerage services and investment advisory services, and make recommendations, to retail investors. All recommendations regarding your investment advisory account will be made in an advisory capacity and all recommendations regarding your brokerage account will be made in a broker-dealer capacity. When we make a recommendation to you, we will expressly tell you orally which account we are discussing.

Below is a summary of how we serve you as both a broker-dealer and investment adviser. The range of investment options available to you may be limited due to the licenses your financial professional holds.

#### Broker-Dealer Services

- We recommend buying or selling securities after considering your investment profile, and we complete the transactions you decide to make based on our recommendations.
- We complete transactions for you that you request, that are not based on our recommendations.
- We recommend different account types, such as retirement accounts.
- We offer limited types of securities and investments, including mutual fund shares, variable annuities, and municipal fund securities (college savings plans). Our investment offerings are limited to certain companies or product sponsors—we do not offer *all* products available on the market.
- We do not offer securities that are proprietary to our firm or access to initial public offerings.
- We are an “application-way” broker-dealer, which means we forward your investment application and investment funds to a mutual fund or insurance product issuer. Your investment is held directly by the product issuer, not in an account at our firm.
- We do not impose a minimum investment amount; however, minimum investment amounts may be imposed by the mutual fund or insurance company.
- We may voluntarily review your account to determine whether to recommend an investment to better align your account with our investment guidance. However, we do not provide investment monitoring.

#### Investment Adviser Services

- We provide financial planning and investment advisory services to retail investors. We gather information from you about your current financial status, investment objectives, future goals and attitudes towards risk, in order to tailor our financial planning and investment advisory services to your needs.
- Our investment advice is not limited to a particular type of security, proprietary products or a limited menu of products or types of investments.
- Some of the investment advisory services we offer include wrap fee programs, portfolio management, financial planning, or additional co-adviser account management. These services are billed separately as a percentage of the assets in the account(s) for wrap fee programs and portfolio management, or charged hourly or at a fixed rate for financial planning.
- You will typically grant us discretion to buy and sell investments in your account without asking you in advance. You may limit our discretion, such as by imposing reasonable restrictions on investing in certain securities or groups of securities.

- We monitor accounts, and specific investments within accounts, on an ongoing basis to align with your investment goals.

For more detailed information on our relationships and services, please see Item 4 – Advisory Business and Item 7 – Types of Clients of our Form ADV Part 2A.

Before and after you become a customer, we will disclose other material information about our services, fees, conflicts, investment philosophy, and our relationship; those disclosures will be made orally or in various documents, such as our Advisory Agreement, New Account Form, and/or documents that describe the specific characteristics and risks of different products (like prospectuses). Some information will be provided by third parties, such as mutual fund companies, insurance companies, and brokerage account custodians. **For additional information** please call us at (401) 941-1500, review our Form ADV Part 2A disclosure at [adviserinfo.sec.gov/firm/summary/31346](http://adviserinfo.sec.gov/firm/summary/31346), or visit [divres.com](http://divres.com).

### Questions to Ask Your Financial Professional



Given my financial situation, should I choose an investment advisory service?

Should I choose a brokerage service?

Should I choose both types of services? 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?

Below we outline the fees you could be charged for both brokerage and advisory services; fees will depend on your investment choices.

#### Fees Associated with Brokerage Services

The principal, and most common, fees that you will pay are transaction-based commissions and sales charges.

- Depending on the investment product you select, 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 (“trails”). Different “share classes” carry different sales charges, and some share classes offer discounted sales charges when you invest more money (“breakpoints”). These fees are disclosed in the investment products prospectus and/or offering documents.
- Mutual funds assess a sales charge, also called a commission, for each buy transaction, and the mutual fund company pays us a portion of that fee. Fees consist of flat fees and/or a percentage of the investment amount, and some of those fees are paid as trails.
- Variable annuity issuers may impose up-front charges and “surrender” charges, depending on the product you buy and when you withdraw your investment. Fees consist of flat fees and/or a percentage of the investment amount. We are paid a portion of the initial sales charge assessed on new purchase payments.
- College savings plans have sales charges similar to mutual fund investments and also include account maintenance fees. We are paid a portion of fees charged to you.

**Other Fees and Costs:** There are additional fees that may be charged for brokerage services, for instance, mutual fund companies assess their own internal fees, including annual account maintenance fees, mutual fund custody fees, management fees and other charges, as described in each product’s prospectus and/or the provided Brokerage Fee Schedule. Certain investment products, like variable annuities, have fees triggered by particular events; for instance, annuities may include mortality, expense, and administrative fees, as well as fees for excessive transfers and early withdrawals.

### Fees Associated with Investment Advisory Accounts

- For investment advisory services, we typically charge an ongoing quarterly fee (sometimes referred to as an asset-based fee). The fee is a percentage of the value of your account on the last day of the calendar quarter and is withdrawn at the beginning of the following quarter. Related household accounts may be combined to hit breakpoints and reduce the advisory cost percentage. You pay this fee even if you don't buy or sell investments. The more assets you have in an asset-based fee account, the more you'll pay us in fees. This creates an incentive to encourage you to increase the size of your account, including by transferring from other accounts or rolling over assets from retirement plans.
- If you are invested in a DFS or MAS SIMC Account, you will also pay a Wrap Program Fee. Wrap Program Fees are asset-based fees that include most transaction costs and fees to a broker-dealer.
- The fee you pay to your financial professional may be negotiated with him or her directly, depending on the advisory program selected.

**Other Fees and Costs:** If applicable to your account, you will pay other fees to the custodian in addition to advisory fees, including wire fees, stop payment fees, overnight fees, and account closing fees. You may also incur expenses for the mutual funds and ETFs in your account. These expenses are paid by all shareholders. These fees are in addition to advisory fees charged by us; we do not share in these third-party fees, including underlying expenses for mutual funds and ETF's.

You will pay fees and costs whether you make 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. Your financial professional will provide you with specific costs when discussing advisory services or securities transactions. **For additional information** on fees and costs, please reference our fee schedule as well as the prospectus, trade confirmations, and, for Investment Advisory Accounts, our Form ADV Part 2A (available upon request). If you have any questions, please call us at (401) 941-1500.



#### **Questions to Ask Your Financial Professional**

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 as my Broker-Dealer or when Acting as My Investment Adviser? 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 adviser, 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. If you have questions about whether any of these situations could apply to your investments, ask your financial professional.*

**Rollovers:** We have a financial incentive to recommend that you rollover retirement plan assets into an IRA we manage; however, we will educate you on your options and the fees and benefits associated with each one.

**Advisory Fees:** The more assets there are in your advisory account, the more you will pay in fees, and we may therefore have an incentive to encourage you to increase the assets in your account. Note however, that our advisory fee rates decrease as the assets in your account increase.

**Brokerage Commissions and Trails:** Individuals in our firm are dually licensed as Registered Representatives (RRs) and Investment Adviser Representatives (IARs). When an RR sells you securities, our firm as a broker-dealer receives

commissions or fees. Registered Representatives and Investment Advisor Representatives are ultimately compensated based on our firm's income. This compensation is separate and in addition to our advisory fees. The more securities you purchase, the more we will be paid in sales charges or other fees. Therefore, we have an incentive to encourage you to increase the size of your investment. Products that pay trails provide on-going fees to us and we have an incentive to recommend them. Also, the amount of trail income received varies from product to product. This creates an incentive to recommend a product that pays a higher trail rather than a lower trail. You always have the right to decide whether to purchase securities from us based on this conflict of interest. We will always tell you what the commissions paid to us will be in advance of your purchase.

**Third-Party Payments:** Some financial professionals in our firm are licensed insurance agents; they sell insurance products, and the firm receives a commission as compensation. This creates a conflict because those individuals are incentivized to sell you an insurance product for the commission, and not necessarily for your best interest. For products requiring both a securities and insurance license, you may be limited to buying products from insurance carriers who have a selling agreement with us as broker-dealer. All fees associated with insurance sales will be disclosed in advance.

**For additional information,** and to help you understand what conflicts exist, refer to our brochure at [adviserinfo.sec.gov/firm/summary/31346](http://adviserinfo.sec.gov/firm/summary/31346). Also, when you do brokerage business with us, we will provide you with documents, such as a prospectus, that include a complete disclosure of fees and costs and any related conflicts of interest.



**Questions to Ask Your Financial Professional**

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

**How do your financial professionals make money?**

Our financial professionals are compensated based on an agreed upon annual salary. Our firm's owner, who is also a financial professional, is compensated based on our overall profit. Your financial professional may also earn commissions on insurance product sales if you choose those products.



**Questions to Ask Your Financial Professional**

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

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

No, for the firm. Yes, for one of our financial professionals. You can visit [investor.gov/CRS](http://investor.gov/CRS) for a free and simple search tool to research our firm and our financial professionals.

**Additional Information**

For additional information about our services, or for a current copy of this Customer Relationship Summary, please call us at (401) 941-1500, send an email to [karen@divres.com](mailto:karen@divres.com), or visit [divres.com](http://divres.com). You can find additional information about our financial professionals by visiting [sec.gov/check-your-investment-professional](http://sec.gov/check-your-investment-professional) or [brokercheck.finra.org](http://brokercheck.finra.org).



**Questions to Ask Your Financial Professional**

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?