

# INVESTMENT SECURITY CORPORATION

## FORM CRS – Customer Relationship Summary, November 1, 2023

### **Introduction.**

Investment Security Corporation (“ISC”) is registered with the Securities and Exchange Commission (SEC) as a broker-dealer and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

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

ISC offers brokerage services to retail investors of buying and selling securities<sup>1</sup>. ISC makes available for retail customers to consider buying, and to a much lesser extent selling, of direct participation programs, private (un-registered) placements, public (registered), non-traded (non-listed) REITs, closed-end funds, college savings 529 plans, mutual funds, variable life insurance, and variable annuities. ISC may also be involved, on a non-retail customer basis, in the referral and introduction of directed brokerage business and finder’s agreements. ISC’s primary securities business is to make available interests in Delaware Statutory Trusts (DSTs), and Tenant in Common interests (TIC), as the customer’s replacement property to complete an I.R.C. Sec. 1031 tax- deferred exchange.

✓All of the products we make available are unaffiliated investment products that are managed by the issuer or sponsor of the security or independent third parties; ✓We do not act as a custodian for customer funds or securities. If a customer delivers a check to our registered representative (Rep), the Rep is obligated to send the check to the intended recipient no later than noon the next business day; ✓We do not manage or monitor your accounts or investments after the investment is made; ✓If investment recommendations are made, they are specific to you and your situation at that time; ✓*The decision to invest will always be yours*—we will not place any trades or investments on your behalf without your direction; ✓ Some products offered have minimum investments requirements, such as \$25,000 or \$100,000, and some do not. The minimum investment requirements are established by the issuer, not ISC.

***For additional information, please see Regulation Best Interest Disclosure attached to this Form CRS.***

### ***Conversation Starters—Ask Us:***

- ***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?**

ISC does not charge a fee to open an account with ISC. However, when you buy any securities, made available by ISC, a selling commission will be paid to ISC. The amount of the selling commission on the investment will be based on a percentage of the dollar amount of the customer’s investment. Most of the commission is paid by ISC to the customer’s ISC registered representative (Rep), and a percentage of the commission is retained by ISC. For more detailed information, please see “How do your financial professionals make money” below.

**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.**

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<sup>1</sup> ISC’s business model is not to make “recommendations” to the retail customers, but rather for its registered representatives to make available various investment products for the retail customers’ consideration, and ultimately the customers’ decision to make or not to make the investment. The SEC does not have a bright-line definition of “recommendation.” To the extent, under the facts and circumstances, ISC’s or its registered representatives’ communication with the retail customer qualifies as a recommendation, it is covered by this Form CRS and is referred to as a “recommendation.”

**Conversation Starter—Ask Us:**

- **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?**

**For additional information, please see Regulation Best Interest Disclosure attached to this Form CRS.**

**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 affect the recommendations we provide you. Here are some examples to help you understand what this means.**

When you buy any securities, a selling commission will be paid to ISC, a large portion of which will then be paid by ISC to the customer's ISC registered representative (Rep). The payment of a commission may incentivize a Rep to make available a certain security as an investment over other reasonably available alternative investments. You are not under any obligation to engage the Rep when considering making an investment. The implementation of any or all recommendations or making an investment is solely at your discretion.

**Conversation Starter—Ask Us:**

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

**For additional information, please see Regulation Best Interest Disclosure attached to this Form CRS.**

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

When you buy any securities, a selling commission will be paid to ISC and then to the Rep. Depending on the securities transaction, the percentage of the commission paid to ISC will be set forth in the offering documents, subscription documents and/or other materials delivered to you at the time of purchase, or you can ask the Rep.

For private placement investments, commissions usually are in the range of 5.00% to 7.00% of the investment. Approximately 85.00% to 95.00% of the commission received is paid by ISC to the Rep. ISC may also receive a nonaccountable marketing/due diligence allowance of up to 1.25% of the dollar amount of the customer's investment for marketing and due diligences expenses. The allowance is paid by the issuer of the securities from the capital raised in an offering. In some cases, ISC will share this marketing/due diligence fee with the Rep.

You should understand and ask your Rep about any potential conflicts of interest because conflicts can affect the securities that are made available for you to consider. For example, the payment of a commission may incentivize a Rep to make available a certain security as an investment over other reasonably available alternative investments.

**For additional information, please see Regulation Best Interest Disclosure attached to this Form CRS.**

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

Yes.

Visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

**Conversation Starter—Ask Us:**

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

**Additional Information.**

For a copy of the Form CRS or Regulation Best Interest Disclosure, or to obtain additional information about ISC, please contact your Rep or Richard Leach at (818) 225-9529 or [rleach@investmentsecuritycorporation.com](mailto:rleach@investmentsecuritycorporation.com). Richard is ISC's President and Chief Compliance Officer.

**Conversation Starter—Ask Us:**

**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?**

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I hereby acknowledge receipt of this customer relationship summary which is known as Form CRS.

By: \_\_\_\_\_ Dated: \_\_\_\_\_  
[signature]

Name: \_\_\_\_\_ Title, if any: \_\_\_\_\_