



Lucrum Capital Securities, Inc.
Form CRS - Client Relationship Summary

December 1st, 2023

Item 1: Introduction

Lucrum Capital Securities, Inc. (referred to as “we”, “us” “the Firm”, or “LCS”) is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). LCS was approved as a broker-dealer on July 26th, 2023.

LCS also has an affiliated Virginia state-registered investment adviser (RIA), Lucrum Capital Advisors, Inc. (“LCA”) that is under common ownership and control with LCS. LCA, as an RIA, is currently approved and is actively operating. Both LCS and LCA are wholly owned by Lucrum Companies, Inc. The firm also has other affiliate companies, Lucrum Realty, Inc. (“Lucrum Realty”), a real estate finance and brokerage firm, and Lucrum Capital, LLC (“Lucrum Capital”), an alternative investment management firm that invests in real estate private equity, development, and related securities. This relationship summary explains the various services LCS offers, how we charge for those services, and conflicts of interest that exist when we provide our services.

Brokerage and investment advisory services and fees differ. It is important that retail investors understand the differences which are summarized here. In addition, free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing. You should carefully consider which types of accounts and services are right for you.

Item 2: Relationships and Services

What investment services and advice can you provide me?

We offer brokerage services to accredited and institutional investors that are limited to private placement offerings in the real assets sector, emphasizing in commercial real estate. These offerings are conducted pursuant to an exemption from registration, namely the private offering exemption of Section 4(a)(2) of the Securities Act of 1933 and the safe harbor provided under Rule 506 of Regulation D.

We privately place an offering with a limited number of institutional investors that are (a) (i) institutional “Accredited Investors” (within the meaning of Rule 501(a)(1), (2), (3), or (7) of Regulation D under the Securities Act), including certain “Qualified Institutional Buyers” (within the meaning of Rule 144A under the Securities Act, and (ii) “qualified Lenders” (within the meaning of Section 2(a)(51) of the 1940 Act); and (b) willing and able to conduct an independent investigation of the risks involved with ownership of an offering.

Usually, these private placement securities are equity securities issued by entities (“Issuers”) in connection with real estate projects structured and managed by real estate developers and other real estate businesses (“Sponsors”) who list the offerings through LCS. While we provide direct access to these offerings through private placement underwritings as well potentially recommend such securities to you, you make the ultimate decision regarding the purchase of investments.

LCS is a placement agent. We do not hold custody of client assets or securities, and do not accept discretionary authority. We do not employ a clearing firm, and we do not monitor investors’ brokerage accounts. We do employ an escrow account in the name of the securities issuer to collect customer funds and facilitate the initial funding of the offering. Funds and securities will be handled directly between the investor and the securities issuer. However, we require that each securities issuer open an escrow account in the name of the securities issuer through an escrow program managed by LCS. The escrow account must be used to collect customer funds and facilitate the initial funding of an offering, and customer funds cannot be released by the escrow agent until certain contingencies have been met.

Generally, the investments offered by LCS require investment minimums between \$25,000 and \$100,000, depending on the requirements of each individual offering. You must be an accredited investor as defined in Regulation D of the Securities Act of 1933 to invest with LCS. With regard to the private placement offerings, LCS may act as the placement agent as well as a best-efforts underwriter. Private placements generally require a minimum holding period before your principal may be redeemed. As a result, private placement offerings may not be suitable for all investors.

Investment in an offering involves significant risks, which are detailed in both the offering documents for the security as well as a general overview of investment risks in the Firm’s [General Disclosures](#) document, which can be accessed through our website or by asking an LCS representative for a copy. While Lucrum may present various investment options, you, not your financial professional, make the final investment decision as to whether or not to invest in a given offering. Lucrum does not exercise discretion over any brokerage account. Lucrum does not provide ongoing monitoring but may conduct periodic reviews to determine whether additional investments are appropriate.

Each client should consult their own counsel, accountant, and other advisers as to legal, tax, business, financial and related aspects to the particular offering. You may select investments, or we may recommend investments, but the ultimate decision as to your investment strategy and the purchase or sale of investments will be yours.

For more information about our offerings and services, please visit our website at www.lucrumcapitalsecurities.com.

Conversation Starters. 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?

Item 3: Fees, Conflicts, and Standards of Conduct

What fees will I pay?

Lucrum Capital Securities, as the private placement broker dealer, matches issuers with investors. The Firm will participate in negotiations between issuers and investors and assist in the actual placement of securities sold by the issuer. LCS’ commission fee to investors is based on a percentage of the securities placed, which ranges from 1% to 3.5% of the total amount allocated from the particular investor. This for their participation in an offering and may charge investors any reasonable fees related to direct administrative costs of coordinating funds transfers with the designated escrow agent of an offering. On a case-by-case basis with particular offerings, LCS can, at its own discretion, not charge any investor related commission fees.

Initial transactions may require a retainer or good faith deposit, based on a percentage of the proceeds. You may pay fees and costs whether you make or lose money on your investments. Fees and costs will

reduce the amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

However, other fees may apply: (a) Lucrum Capital Securities charges Sponsors due diligence and placement fees in connection with the private placement offerings, ranging from 1% to 5% of the total offering sizes. Sponsors may pass these costs on to the Issuer, and some may pass these on to the investors who invest in the Issuer, directly or indirectly; and (b) Sponsors, their affiliates, and third parties charge fees and expenses related to the real estate project to the Issuer pursuant to the governing documents for the Issuer.

Please make sure you understand what fees and costs you are paying. These fees vary for each offering and are described in the offering memorandum for each offering with Lucrum Capital Securities. For additional information, please see the PPM, subscription agreement, and/or related sales literature of the offering. Our receipt of any portion of these fees creates an incentive to recommend certain products or sponsors that pay such fees.

Additional Information. 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. Please read each subscription agreement and/or private placement memorandum (PPM) carefully.

Conversation Starter. 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? 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. When we provide any service to you, we must treat you fairly and have policies and procedures in place to comply with our obligation to you. 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 that we provide to you. Here are some examples to help you understand what this means:

- **Allocation Conflicts:** Lucrum Capital and/or its affiliates often will be presented with investment opportunities that satisfy the investment objectives of multiple investors in LCS' network, investment vehicles sponsored by or advised by our affiliates, and investment accounts advised by our affiliates. In instances where demand for these investment opportunities exceeds the allocation available by the Sponsor to LCS, we manage this potential conflict of interest by allocating those investment opportunities through an objective allocation policy, in which we prioritize LCS investor clients for a private placement underwritten or brokered by LCS itself.
- **Limited offerings:** Lucrum only offers private placement offerings. The more you invest, the more money we make since we are paid a percentage of the principal amount invested. As a result, we have an incentive to recommend that you increase the size of your investment. Also, while we are required to make recommendations that are in your best interest, we have an incentive to recommend our private placement securities, as we do not earn commissions unless we sell private placements.
- **Issuer Fees:** Sponsor pays LCS and/or its affiliates placement fees and other services fees. Indirectly, this compensation is used to fund our employee compensation, including employees of LCS, which could create a conflict.
- **Dual Cross Representation:** In some offerings, we may act as both a placement agent and a best-efforts underwriter. This creates an incentive for Lucrum to recommend offerings where they receive fees in both capacities.
- **Trading by Personnel:** Our personnel are permitted to invest in the same securities as clients, and in such cases, there is the possibility that employees might benefit from market activity in a security also held by a client.
- **Performance-based Fees -** In addition, our affiliate will sometimes receive a portion of any "promote"

or “carried interest” distributions payable to sponsors of joint ventures in which the funds invest.

This is not an exhaustive list of potential conflicts of interest. If you have any questions about whether these situations apply to your investments, ask your financial professional. LCS has adopted a Code of Ethics via its internal Written Supervisory Procedures (WSP) describing its standards of business conduct, potential conflicts of interest and fiduciary duties.

Finally, the mere posting of an offering on Lucrum Capital Securities’ website, providing information to you, and answering your questions about an investment opportunity, should not be construed as, and is not, a recommendation, endorsement, or affirmation that the offering is suitable for you. You must carefully review each offering to make an independent determination as to the suitability of the offering.

Conversation Starter. Ask your financial professional—

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

Additional Information. Please review each offering memorandum to understand the capacity that Lucrum is acting in for a given offering and their associated fees.

How do your financial professionals make money?

Our registered associate persons are compensated based on a combination of factors, including firm performance, team performance, individual performance, and the competitive environment and their compensation may be delivered in a mix of cash, via salary and commission, and equity, via stock options in the parent company.

Our registered associate persons can be compensated in part through commissions plus the opportunity for performance-based or discretionary based bonuses earned for capital raised from our clients. In some cases they may receive more compensation for certain types of products or services, which can create conflicts of interest. Also, our registered representatives can earn a higher portion of the commission paid to our firm as their overall sales increase throughout our fiscal year. To mitigate the potential sales conflict of interest, our policies, procedures and supervision help ensure the focus is on the most appropriate solutions for our clients.

Some registered associated persons’ performance-based compensation may be based on the amount of the placement fees received by Lucrum Capital Securities. When investors choose to invest in one of our private placement securities offerings, the registered representative can be paid a portion of the commission earned by our firm - those sales commissions vary depending on each professional’s compensation agreement. Unregistered associated persons are compensated via a salary and may also receive stock options in the parent company and discretionary based bonuses.

Our Firm, and financial professionals may earn compensation that is tied to the private placement fees we receive, and also to our firm’s overall profitability. We established internal guidelines that determine the basis for allocating revenues received from successful private placements

Item 4: Disciplinary History

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

No. LCS or any of its representatives have not been subject to any disciplinary events by regulators nor is it a party to any legal events that are material to client evaluation of our broker-dealer business. Visit Investor.gov/CRS for a free and simple search tool to research us and our financial professionals.

Conversation Starter. Ask your financial professional—

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

Item 5: Additional Information

For additional information about our services, please visit www.lucrumcapitalsecurities.com. If you would like additional, up-to-date information or a copy of this disclosure, please call 703-206-8116.

Conversation Starter. 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?**