



ProActiveAdvisors^{LLC}
"Who's Watching Your Money?"

BROCHURE SUPPLEMENT ADV PART 2B

For Lawrence S. York

March 31, 2024

806 Euclid Ave ■ Suite 306 ■ Lexington, KY ■ 40502
Telephone (859) 263-1117 ■ Toll Free (800) 737-1117
www.proactiveadvisors.com ■ Fax (859) 263-1312

Item 1 Cover

This Brochure Supplement provides additional information about the background, education, qualifications, and business practices of Lawrence S. York, Investment Advisor Representative of ProActive Advisors, LLC. This disclosure information has not been approved by the Securities & Exchange Commission (SEC) or any state regulatory agency. Should you have any questions about the contents of this brochure supplement, please contact us at: 859-263-1117 or email us at info@proactiveadvisors.com. Registration of an Investment Advisor does not imply any level of skill or training. You may also obtain additional information about our firm on the SEC's website at: www.adviserinfo.sec.gov. Copies of the firm's most recent Firm Brochure Form ADV Part 2A are available for free on our website at www.ProActiveAdvisors.com, by sending us a request by email or by giving us a call at 859-263-1117 during our business hours.

Item 2 Educational Background and Business Experience

Lawrence S. York, Founder, Owner and Chief Investment Officer has 35 years' experience in the financial industry. Lawrence began his career working six years for local branch offices of two major Wall Street brokerage firms, one regional firm, and one national, independent firm. Thereafter he acquired and managed a regional broker dealer for 11 years and was a specialty technology mutual fund manager for 9 years before starting ProActive Advisors in 2008. Morningstar Associates, the independent mutual fund rating firm, recognized him as Five Star Fund manager in (1999-2000). Lawrence formulated ProActive's 360Portfolios' investment methodology to improve investment results by pro-actively managing risk. As Managing Director of ProActive, Lawrence strives to set an example of hard work and has an a priori focus on client good outcomes. Mr. York has passed the Series 7 (General Securities License), 63 Uniform Securities Agent State License), 65 (Investment Advisor License), 53 (Municipal Securities Principal License), 28 (Financial Operations Principal License), and 24 (Supervisory License) securities examinations qualifying to operate as a dealer principal, supervisor, and financial operations manager of a securities and investment firm. He earned his Bachelor of Arts at Berea College in Political Science and his master's in Business Administration from the University of Kentucky's Gatton School of Business & Economics.

Item 3 Disciplinary Information

There are no legal, civil, or disciplinary events to disclose regarding ProActive Advisors that are material to a clients or prospective client's evaluation of its Advisory business. ProActive Advisors additionally, has not received any client complaints, regulatory actions, lawsuits or claims. Lawrence York and his former broker dealer did conclude an administrative complaint with the Kentucky Department of Financial Institutions and with the National Association of Security Dealers (now FINRA) in a matter concerning his affiliated firm's account purchase contract.

In 2003, Mr. York was the President of a Broker Dealer and owner of two Advisory firms. During a state examination of Capital Advisor's Group, Inc., York's state registered firm, the Kentucky Department of Financial Institutions (DFI) alleged a liability on the firm's Balance Sheet made the firm insolvent. They also alleged the firm's Account Purchase Contract associated with that liability was a disguised loan and therefore, a dishonest and unethical act and breach of fiduciary duty. Mr. York disagreed and disputed the allegations arguing the contract was duly executed, notarized, collateralized, and an UCC filing was of record so there was supporting evidence it was clearly not a disguised loan. He referenced the contract terms that there was no principal or interest payments due until the end of a five-year term arguing the firm could therefore not be insolvent. Furthermore, he argued there could be no breach of fiduciary duty when the client relationship with the Advisor had ended a year earlier to the execution of the parties' contract. And York argued he had not hidden the contract from regulators, had made proper accounting disclosure, and the Confidentiality and

Non-Disclosure clause was standard fare in business contracts. He sought to diffuse the allegations by voluntarily offering rescission of the contract and withdrew his state advisory firm registration as he had a federally registered firm.

Ultimately, the state and Mr. York settled the matter with no penalties, fines, or disciplinary actions via an "Undertaking Settlement Agreement" which states:

"THERE ARE NO FACTS, ONLY ALLEGATIONS AND DENIALS AND AT THIS JUNCTURE NEITHER SIDE CAN CLAIM ITS POSITION IS ANYTHING BUT A SERIES OF ALLEGATIONS, NO MATTER HOW FIRMLY IT BELIEVES ITS POSITION" AND WITH YORK AGREEING TO NOT ACCEPT A LOAN OR ISSUE A NOTE TO CLIENTS."

At the DFI's invitation, the NASD (now FINRA) and the SEC, also reviewed the matter. Both concluded the contract was not a disguised loan and there was no fraud or breach of fiduciary duty. The SEC took no action other than telling York he should consolidate his advisory firms under his federal advisor, but the NASD agreed the language was too restrictive and alleged York as principal of the broker dealer had failed and neglected to maintain a record of a complaint, failed and neglected to file the complaint within 10 business days as required by membership rules and had failed to update York's form U4 making disclosure. Mr. York had maintained records in the firm's correspondence file because the complaint was withdrawn and therefore York did not file nor update the Form U4 deeming it unnecessary. In 2005, York and the NASD executed a Waiver and Consent Order without York or his Broker Dealer admitting or denying fault and York and the BD jointly paying a ten-thousand-dollar penalty fine to maintain membership in good standing with the NASD.

Item 4 Other Business Activities

Lawrence York has equity interest in four limited liability companies two of which are investment related. Mr. York's work with these companies takes approximately two hours of his time a month for each company most of which is performed after-market hours. None of the companies currently pay him compensation. He is entitled to receive a pro-rata gain or loss upon sale of property and assets held. The following is a list of Lawrence York's outside business interests:

ProActive Partners, LLC, a company wholly owned by Lawrence York, was formed in September 2015 to provide business consulting and financial management services to Mr. York's closely held private company investments. ProActive Partners sold its commercial real estate but still owns some commercial woodworking equipment. ProActive Partners provides managerial services to the other three limited liability companies in which Mr. York is an owner/partner including: AM Partners, LLC (40%) formed in March 2013 by Mr. York to be a leasing company for a KY based manufacturing company, Equity Income Group, LLC (50%) a company formed in April 2015 that also sold its last commercial office suite in Lexington which was co-owned by physician partner and 2101, LLC a

Woodford County, Kentucky company that owns real estate for development for which ProActive Partners is a member manager and Mr. York is an part owner. The administrative office addresses of these companies are at 836 Euclid Ave., Suite 306 Lexington KY 40502. Mr. York restricts his managerial and administrative duties provided to these companies to times before and after market trading hours and weekends as necessary.

Item 5 Conflicts of Interest

Many, if not most, conflicts tend to arise over control issues or money, and to mitigate potential conflicts of interests all IARs at ProActive must agree to conform their professional conduct to adhere to ProActive's *Code of Ethics*. For example, we permit our insurance licensed Investment Advisor Representatives ("IAR"s) to offer whole life, term, long term care, fixed annuity and fee-based variable Insurance products. This may present a conflict of interest as it could provide incentive for IARs to recommend insurance products to clients based on the compensation received rather than the needs of the client. To address the potential concern that additional compensation is the motive for making the recommendation, ProActive's Compliance officer with Mr. York will also examine client suitability to verify client need and the cost benefit value. All IARs are also required to disclose potential conflicts of interests to clients in advance of transactions made and tell clients they are representing an insurance carrier who will compensate them separately. Clients can choose not to go forward with the transaction and have the option to do the transaction with a third-party agent or another financial advisor away from our firm if they believe doing that is in their best interest and will eliminate or allay concerns about a conflict of interest. Finally, ProActive's Compliance staff additionally reviews its IAR activities to address potential conflicts of interest seeking to prevent them.

To alleviate or eliminate conflicts of interest when a client of ProActive Advisors also holds an equity interest in a business in which Mr. York or his firm also holds an ownership interest, Mr. York discusses the potential conflict with the client and either (1) abstains from voting on matters where conflicts of interest exist or (2) refuses to provide recommendations or services concerning matters when a conflict of interest exists. Additionally, Mr. York strives from the outset to devise contractual terms with safeguards, for example, like requiring a majority, or unanimous consent, of the owner partners to approve any expenditure outside normal operating budgets and compensation engagements. Material events that can lead to conflicts. A property sale, for example, will require unanimous consent of the owner partners while a purchase may require majority consent. If an engagement for work is necessary, company management will define the work to be done and estimate the cost for completing the work. The owner/partners will weigh outsourcing the engagement to a third-party service provider if the work requires specialization not available among partners. Because profitability over costs and investment is the business objective, identifying the relevant facts and discussing options available can short-circuit most problems because all parties were apprised of the factors that led to the company's material decisions. In summary, Mr. York strives to anticipate conflicts of interest that may arise with people doing business with him and discloses both potential risks and conflicts of interest adhering to the

practice of devising contractual stop-gates to prevent or limit the adverse effects of risks and conflicts harming others.

Item 6 Supervision

Lawrence York as managing member has supervisory responsibility for IARs and members of the staff. ProActive Advisors operates under a fiduciary standard of care. This requires us to always act in your best interests by putting client financial considerations ahead of ours. We additionally have put rules and operational polices in place to govern the conduct of employees and staff detailed in our *Code of Ethics* requiring IARs to act with care, skill, and prudence in giving investment advice and in managing accounts on behalf of clients. We are truly an independent financial advisory firm and not affiliated with any bank or broker dealer, nor do we receive any fees or share in any commissions related to trades or mutual fund servicing fees “12B-1 fees.” We allow clients their choice of custodians to hold and safekeep their assets, so they have greater peace of mind their account values are reported by an independent, qualified custodian they trust who will be reporting independently to them.



BROCHURE SUPPLEMENT ADV PART 2B

For John L. York

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Item 2 Educational Background and Business Experience

John L. York is an Investment Advisor Representative (IAR) with ProActive Advisors and the son of Lawrence York ProActive's founder. John joined the firm in 2019 after two years of internship. His duties and responsibilities at the firm are account performance monitoring, stock research and client development as well as interfacing with clients to answer questions and advise them about the firm's investment posture. John joined the investment committee in the third quarter of 2022.

John began college at High Point University and transferred to the University of Kentucky where he studied Business and Political science. John is currently working on completing risk management courses after which he plans to begin study to become a Certified Financial Planner.

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Item 4 Other Business Activities

John York helps rent and manage family-owned real estate and receives compensation for doing so. This work requires sporadic time mostly after business hours, lunch time or on weekends.

Item 5 Conflicts of Interest

Many, if not most, conflicts tend to arise over control issues or money, and to mitigate potential conflicts of interests all IARs at ProActive must agree to conform their professional conduct to adhere to ProActive's *Code of Ethics*. For example, we permit our insurance licensed Investment Advisor Representatives ("IAR"s) to offer whole life, term, and fixed annuity insurance products. This may present a conflict of interest as it could provide incentive for IARs to recommend insurance products to clients based on the compensation received rather than the needs of the client. To address the potential concern that additional compensation is the motive for making the recommendation, ProActive's Compliance department also examines client suitability to verify client need. All IARs are also required to disclose potential conflicts of interests to clients in advance of

transactions made and tell clients they are representing an insurance carrier who will compensate them separately. Clients can choose not to go forward with the transaction and have the option to do the transaction with a third-party agent or another financial advisor away from our firm if they believe doing that is in their best interest and will eliminate or allay concerns about a conflict of interest. Finally, ProActive's Compliance department additionally reviews its IAR's security trade activity for conflicts of interest seeking to prevent any conflicts.

Item 6 Supervision of Investment Advisor Representatives (IARs)

Lawrence York as managing member has supervisory responsibility for IARs and staff members. ProActive Advisors operates under a fiduciary standard of care. This requires us to always act in your best interests by putting client financial considerations ahead of ours. We additionally have put rules and operational policies in place to govern the conduct of employees and staff detailed in our *Code of Ethics* requiring IARs to act with care, skill, and prudence in giving investment advice and in managing accounts on behalf of clients. We are truly an independent financial advisory firm and not affiliated with any bank or broker dealer, nor do we receive any fees or share in any commissions related to trades or mutual fund "12B-1 fees servicing fees." We allow clients their choice of custodians to hold and safekeep their assets, so they have greater peace of mind their account values are reported by an independent, qualified custodian they trust who will be reporting independently to them.