

## FIRM BROCHURE (Part 2A of Form ADV)

October 23, 2023



### Plato's Philosophy, LLC, DBA *StockHack* and *StackHack*

8164 Platinum Street  
Ventura, CA 93004  
(805) 888-2384

kevin@stockhack.com  
www.stockhack.com

kevin@stackhack.com  
www.stackhack.com

**This brochure provides information about the qualifications and business practices of Plato's Philosophy, LLC. If you have any questions about the contents of this brochure, please contact us at (805) 888-2384, kevin@stockhack.com, and/or kevin@stackhack.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Plato's Philosophy, LLC is registered as an investment adviser with the U.S. Securities and Exchange Commission, however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.**

**Additional information about Plato's Philosophy, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**ITEM 2: MATERIAL CHANGES**

Since the Firm's original brochure was filed on August 28, 2023, the following material changes have been made to this Brochure:

ITEM 4: ADVISORY BUSINESS. We revised this section reflect an additional service offering.

ITEM 5: FEES AND COMPENSATION. We updated the fees and compensation information disclosed for certain service offerings.

ITEM 9: DISCIPLINARY INFORMATION. We amended this information to disclose a Consent Order that was entered into.

**ITEM 3: TABLE OF CONTENTS**

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
Item 1	Cover Page.....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents.....	3
Item 4	Advisory Business.....	4
Item 5	Fees and Compensation.....	7
Item 6	Performance-Based Fees and Side-by-Side Management.....	8
Item 7	Types of Clients.....	8
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	8
Item 9	Disciplinary Information.....	10
Item 10	Other Financial Industry Activities and Affiliations.....	10
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading...11	
Item 12	Brokerage Practices.....	12
Item 13	Review of Accounts.....	12
Item 14	Client Referrals and Other Compensation.....	13
Item 15	Custody.....	13
Item 16	Investment Discretion.....	13
Item 17	Voting Client Securities.....	13
Item 18	Financial Information.....	13

## ITEM 4: ADVISORY BUSINESS

### A. Description of Firm

Plato's Philosophy, LLC ("Plato's Philosophy" or the "Firm") is a Ventura, California-based financial advisory firm founded in 2022. The Firm provides personalized investment advice to individuals, companies, and other investment advisers. As discussed in greater detail below, this advice encompasses aiding clients in defining their financial goals, addressing financial challenges, managing cash flow, devising tax strategies, reviewing insurance needs, planning for education expenses, crafting retirement strategies, and formulating estate plans. Within the spectrum of investment instruments, the Firm offers advisory expertise on various vehicles, including but not limited to mutual funds, exchange-traded funds ("ETFs"), equities, bonds, treasuries, options, real estate, and other investment vehicles. As for ETF advisory services, the Firm currently serves as a sub-adviser to The Meet Kevin Pricing Power ETF.

Plato's Philosophy, LLC is currently registered with the Securities and Exchange Commission ("SEC") as an investment adviser and with the State of California as a limited liability company. The Firm conducts business primarily in California. Plato's Philosophy is 100% owned by Kevin Paffrath.

### B. Types of Advisory Services Offered

Plato's Philosophy offers four types of advisory services: ETF Advisory Services, Personalized Wealth Plan Services, Fundamental Analysis Services, and Financial Audit Interview Services. Each of these services is described more fully below.

#### 1. ETF Advisory Services

Plato's Philosophy serves as the sub-advisor to The Meet Kevin Pricing Power ETF. The Firm provides advisory services related to trades, fund diversification, and future market planning for the ETF. This service is not offered to the general public.

#### 2. Personalized Wealth Plan Services

The Firm offers a personalized wealth plan video service in which clients are able to receive a video that is personally tailored to their financial situation and goals and outlines recommended action steps for them to take to grow their wealth.

Upon the client signing the required agreement paperwork and paying the applicable flat fee, the client will receive a financial survey and an upload link to provide information and documents related to their current financial status to the Firm. This includes providing information regarding the client's bank accounts, brokerage accounts, assets, liabilities, debts, properties, etc. After receiving the requested data, one of the Firm's investment adviser representatives will reach out and speak with the client to review his/her financial documents and provided information and discuss the clients' goals and timetable. The Firm's investment adviser representatives will then meet internally to discuss the client's financial status and objectives and

develop a cohesive action plan for the client to take with a goal to grow their wealth. One of the investment advisor representatives will then video-record themselves to explain the various components and recommended steps of the plan. The client will then be sent that video via an electronic/digital/online method of the Firm's choosing for the client to watch and review at the client's leisure.

The Firm shall remove and will not include all personally identifiable/confidential information in the video for cybersecurity, personal security, and other purposes before it is delivered to the client. The Firm wholly owns the video and reserves the right to use the video in the future for any purpose, including, but not limited to, marketing, training, new products, etc. The client is granted a non-exclusive, limited-use license in the video.

### 3. Fundamental Analysis Services

The Firm offers clients the opportunity to submit a publicly-traded company for the Firm to perform fundamental analysis on and provide a video to the client, summarizing the analysis.

Once the client signs the required agreement and pays the flat fee, the client will be given a form to submit a publicly-traded company's name to the Firm for it to review. The Firm's team of investment adviser representatives will then perform a fundamental analysis of the company. This analysis shall include a review of the company's financial reports, news releases, social media, and other publicly available information. Once the team has completed their analysis of the company, one of the investment adviser representatives will then record a video, outlining the analysis and the various findings that the team found regarding this company in its present state and potential for market growth. The client will then be sent that video via an electronic/digital/online method of the Firm's choosing for the client to watch and review at the client's leisure.

The Firm shall remove and will not include all personally identifiable/confidential information in the video for cybersecurity, personal security, and other purposes before it is delivered to the client. The Firm wholly owns the video and reserves the right to use the video in the future for any purpose, including, but not limited to, marketing, training, new products, etc. The client is granted a non-exclusive, limited-use license in the video.

### 4. Financial Audit Interview Services

The Firm offers clients the opportunity to apply to be featured on a podcast-style interview with one of the Firm's investment adviser representatives. During the podcast, the client will meet with the investment adviser representative, either in-person or virtually, and discuss his/her financial holdings, goals, risk tolerance, etc. and receive the investment adviser representative's feedback and advice based on what is discussed during the interview.

The Firm wholly owns the video/audio recording and broadcast rights of the interview and reserves the right to use the video/audio recording in the future for any purpose, including, but not limited to, marketing, training, new products, etc. The client is cautioned prior to the

interview to only share and discuss such information during the interview that he/she is comfortable with being publicly shared.

### **C. Client Customization of Plato's Philosophy's Advisory Services**

Clients are permitted to customize Plato's Philosophy's advisory services to a limited extent.

#### 1. ETF Advisory Services

The Firm does not offer the ability to customize this service as this service is rendered to another investment adviser for the purposes of advising an ETF and is not provided to the public.

#### 2. Personalized Wealth Plan Services

Clients may describe his/her investment goals, objectives, timetables, etc. to guide the type of financial advice that the Firm provides in the final video. The client can explain what sectors he/she does not want to invest in or what direction they would like to take their portfolio. The Firm will not be providing a one-size-fits-all approach to the personalized financial advice that is rendered to the client in the personalized wealth plan video.

#### 3. Fundamental Analysis Service

The client will be permitted to decide which company it would like the Firm to review along with additional details he/she believes that the Firm should know to include in its fundamental analysis of the selected company.

#### 4. Financial Audit Interview Services

The client will be permitted to discuss their finances and real estate holdings along with related ancillary topics of his/her choosing during the interview with the Firm's investment adviser representative.

### **D. Wrap Fee Programs**

Plato's Philosophy does not provide portfolio management services to any wrap fee programs, as that term is defined in the instructions to Form ADV Part 2.

### **E. Managing Client Assets**

Plato's Philosophy does not currently manage any client assets.

However, the Firm is a sub-adviser to Toroso Investments, LLC for The Meet Kevin Pricing Power ETF. As disclosed in Item 5(D) of the Firm's Form ADV Part 1, the ETF Fund currently has approximately \$38,070,000 assets under management as of August 17, 2023.

## ITEM 5: FEES AND COMPENSATION

### A. Advisory Fees

Prior to engaging Plato's Philosophy to provide advisory services, the client will be required to enter into a written client agreement with the Firm setting forth the terms and conditions and fees under which it will render its services. Fees may be subject to negotiation under certain circumstances as agreed on by the Firm and the client. The following schedule of fees outlines the typical fee structure under which Plato's Philosophy renders its services. The actual schedule of fees, as it applies to a particular client, will be clearly outlined in the client agreement.

#### 1. Fees for ETF Advisory Services

The Firm receives 0.02% of the assets under management for The Meet Kevin Pricing Power ETF annually as part of its sub-advisory services. This fee is included as part of the annual 0.77% expense ratio for the ETF. The Firm also receives any funds remaining from the expense ratio after all other costs and fees have been deducted.

#### 2. Fees for Personalized Wealth Plan Services

The Firm currently charges a flat rate to the client for this service. This flat fee increases over time for the service. The current and applicable flat rate fee for this service will be clearly outlined in the client agreement with the Firm for the service for the client to sign and approve before the Firm renders any services.

#### 3. Fees for Fundamental Analysis Services

The Firm currently charges a flat rate to the client for this service. This flat fee increases over time for the service. The current and applicable flat rate fee for this service will be clearly outlined in the client agreement with the Firm for the service for the client to sign and approve before the Firm renders any services.

#### 4. Fees for Financial Audit Interview Services

The Firm currently charges a flat rate to the client for this service. This flat fee increases over time for the service. The current and applicable flat rate fee for this service will be clearly outlined in the client agreement with the Firm for the service for the client to sign and approve before the Firm renders any services.

### B. Billing Method

The Firm receives its fees for The Meet Kevin Pricing Power ETF according to the distribution schedule of the investment adviser that it advises for the ETF.

As for all other services, the client is required to pay the flat fee in advance of any services being performed. The client will be provided the opportunity to pay the flat fee online by either credit card or debit card.

**C. Other Fees and Expenses**

The Firm does not currently have any other fees or expenses that the client is expected to pay for the above-mentioned services.

**D. Termination of Services**

Once performance of services has begun under the client agreement for the Personalized Wealth Plan Services, the Fundamental Analysis Services, and the Financial Audit Interview Services, all flat fees shall not be refundable. A client may request a refund of the flat fee if the services have yet to begin.

**E. No Compensation For Sale of Securities**

Plato's Philosophy does not accept compensation for the sale of securities or other investment products.

**ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Plato's Philosophy does not accept performance-based fees.

**ITEM 7: TYPES OF CLIENTS**

Plato's Philosophy generally provides investment advice to individuals, companies, investment companies, and investment advisers. The Firm does not maintain any client investment accounts and does not manage any clients' funds.

**ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

**A. Methods of Analysis**

Plato's Philosophy employs a distinctive approach for financial advice. The Firm harnesses fundamental analysis, scrutinizes economic variables encompassing money supply, diverse interest rates, and commodity valuations, all contributing to its projection of forthcoming economic landscapes. These insights intricately inform the Firm's strategic asset allocation choices and the curation of investments tailored to specific portfolios. Moreover, the Firm diligently factors in the influence of political dynamics where they intersect with the broader



economic landscape. As the Firm navigates this readily shifting environment, it is essential for the Firm's clients to recognize the inherent risk associated with securities investment, requiring a willingness to bear potential losses.

## **B. Investment Strategies**

At the core of the Firm's approach to translating investment insights into actionable guidance lies its central strategy of asset allocation. Guided by a blend of meticulous economic projections and individual client preferences – encompassing sought-after returns, risk sensitivity, investment timeline, tax considerations, and distinct limits – the Firm skillfully orchestrates a diverse array of investments across various asset classes and styles. This harmonious mix is tailor-made to align with each client's unique financial goals, crafting a roadmap that resonates with aspirations and constraints.

## **C. Risk of Loss**

Investing in securities inherently entails a notable risk of loss, with all investments carrying specific risks that investors must bear. The Firm's analytical methods and investment strategies are meticulously crafted to incorporate a vigilant awareness of potential loss. It is crucial for clients to be well-versed in various risks, including but not limited to:

**Interest-Rate Risk:** The ebb and flow of interest rates can trigger fluctuations in investment prices. For instance, rising interest rates can render existing bonds less appealing, leading to a decline in their market values.

**Market Risk:** External events and conditions, both tangible and intangible, can lead to price drops in stocks, bonds, mutual funds, and other securities. This type of risk is independent of a security's specific underlying circumstances.

**Inflation Risk:** The erosion of purchasing power due to inflation means that a dollar today won't stretch as far as a dollar next year.

**Currency Risk:** Investments in foreign markets are exposed to shifts in the dollar's value relative to the originating country's currency, also known as exchange rate risk.

**Political and Legislative Risks:** The intricate interplay of laws and circumstances in various countries where companies operate can change swiftly and dramatically, impacting businesses, particularly those operating beyond U.S. borders.

**Reinvestment Risk:** There's a risk that future investment proceeds might need to be reinvested at a lower rate of return, especially concerning fixed income securities.

**Business Risk:** Industry-specific or company-specific risks are at play here. For instance, oil-drilling companies must navigate the lengthy process of discovering and refining oil before generating profits, in contrast to electric companies with a steadier income stream.

**Liquidity Risk:** Liquidity, the ease of converting investments into cash, is influenced by the level of interest in a standardized product. Treasury Bills exemplify high liquidity, while real estate properties lack it.

**Financial Risk:** Excessive borrowing to fund operations amplifies profitability risks, as companies must meet obligations during good and challenging times. Failing to meet loan obligations during financial stress can lead to bankruptcy and market value decline.

These insights underscore the Firm's dedication to ensuring clients are well-informed about the multifaceted risks inherent in investment endeavors.

## **ITEM 9: DISCIPLINARY INFORMATION**

Kevin Paffrath, President and CEO of Plato's Philosophy, is currently a named defendant in a class action lawsuit filed in the United States District Court for the Southern District of Florida. The class is seeking to hold spokesperson(s) liable for the performance of a vehicle that advertised on Mr. Paffrath's YouTube channel. The class alleges that the advertised product is a security and that spokesperson(s) are liable for the performance of the product under Florida securities laws. Mr. Paffrath denies any liability under such strained and novel legal theories and is seeking all possible means of dismissing the lawsuit. A settlement has been agreed upon for the case and is awaiting court approval.

Kevin Paffrath, President and CEO of Plato's Philosophy, entered into a Consent Order with The Department of Financial Protection and Innovation of the State of California on September 13, 2023. The department alleged that Mr. Paffrath performed unlicensed investment adviser activities in violation of California Corporations Code section 25230 from at least May 30, 2021 through June 26, 2021 during fundraising livestreams that Mr. Paffrath held on his YouTube channel for his campaign for California Governor. Mr. Paffrath entered into the Consent Order to settle the matter without either admitting or denying that he had violated any California law or regulation. As part of the Consent Order, Mr. Paffrath agreed to desist and refrain from any unlicensed investment adviser activities and to pay an administrative penalty of \$5,000.00. Mr. Paffrath passed his Series 65 examination back in September 2022, certifying him to be a licensed investment adviser representative.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Neither the Firm nor any of its management persons are currently registered as a broker-dealer or a registered representative of a broker-dealer. However, Kevin Paffrath, President and CEO of Plato's Philosophy, LLC, does currently have a pending registration with FINRA to have a new corporate entity, SuitHack, LLC, to be registered as a broker-dealer. This application is still pending with FINRA.

Neither the Firm nor any of its management persons are registered as a future commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Kevin Paffrath, President and CEO of Plato's Philosophy, is a registered real estate agent and broker in the State of California. Mr. Paffrath is also the CEO of House Hack, Inc., a real estate start up company that raises capital from investors and seeks to invest that capital in real estate across the United States of America. It is unlikely that these items will create a conflict of interest between Plato's Philosophy and any of its clients, however, Mr. Paffrath will likely be using his knowledge, background, and experience in these areas as part of giving financial advice to clients, especially in relation to buying and selling real estate. There may also arise a situation in which a client could have the opportunity to purchase shares of House Hack, Inc. Should such an occasion arise, the client would be provided complete disclosure of all risks associated with the investment, which would be applicable to all potential investors and not just said client.

Plato's Philosophy has an ongoing business relationship with Robert W. Carey, CPA. Mr. Carey is a licensed Certified Public Accountant in the State of California. Mr. Carey advises Plato's Philosophy regarding tax matters and also advises Mr. Paffrath in his other businesses, including being the Treasurer for House Hack, Inc. This business relationship is not anticipated to create any conflict of interest with the Firm's clients.

Plato's Philosophy has an ongoing business relationship with Kenneth E. Traynham, Esq. Mr. Traynham is a licensed attorney in the State of California and currently serves as the Firm's Chief Legal Officer. This business relationship is not anticipated to create any conflict of interest with the Firm's clients.

The Firm does not recommend or select other investment advisers for its clients nor does it receive compensation directly or indirectly for recommending or selecting other investment advisers.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. Code of Ethics Summary**

The principals and staff of Plato's Philosophy, LLC have adopted a Code of Ethics for the purpose of instructing its personnel in their ethical obligations and to provide rules for their personal securities transactions. The Firm owes a duty of loyalty, fairness, and good faith towards its clients and the obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code. The Code of Ethics covers a range of topics that may include: general ethical principles, receipt and giving of gifts, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. We will provide a copy of the Code of Ethics to any client or prospective client upon request.

## **B. Interest and/or Participation in Financial Advisory Recommendations**

Based upon a client's stated objectives, Plato's Philosophy may, under certain circumstances, recommend the purchase or sale of securities in which the Firm and/or its affiliates have an interest. Such recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, as part of Plato's Philosophy's fiduciary duty to clients, the Firm and its associated persons have a duty to at all times put the interests of the clients first, and at all times are required to adhere to the Firm's Code of Ethics.

The Firm's principals and staff may have positions in securities that it also recommend to clients. Plato's Philosophy's recommendations to clients may differ from client to client, based on each client's unique circumstances and financial goals. The Firm may also recommend purchase of a security for one client while recommending the sale of that security for another. However, as a fiduciary, Plato's Philosophy has a duty to act for the benefit of its clients and place clients' interests before its own. Client recommendations have priority over interests in securities and other investments of which our principals and staff may own. Principals and staff must adhere to the Firm's Personal Trading Policy at all times.

To help mitigate any real or potential conflicts of interest associated with these practices, the compliance department of Plato's Philosophy reviews employee trades involving reportable securities each quarter and holding reports annually. The personal trading reviews help ensure that the personal trading of employees does not affect the markets, and that clients of the Firm receive preferential treatment. Since most employee trades are small mutual fund trades, exchange-traded fund trades, and large cap publicly-listed company trades, the transactions generally do not affect the securities markets or adversely impact clients. It should be noted that under the Firm's Code of Ethics, employees of the Firm are not required to report transactions involving open-ended mutual funds to the Firm's compliance department and some employees may hold outside brokerage accounts consisting of non-reportable securities, which consequently are not subject to the compliance department's quarterly transactions review.

### **ITEM 12: BROKERAGE PRACTICES**

Plato's Philosophy does not select or recommend broker-dealers for client transactions. The Firm does not aggregate the purchase or sale of securities for various client accounts.

### **ITEM 13: REVIEW OF ACCOUNTS**

For those clients that register for the Firm's Personalized Wealth Plan Services, the Firm's team of investment adviser representatives will review the client accounts, financial plans, and other financial information provided by the client during the rendering of the services to understand the client's financial status and goals in order to create a personalized wealth plan video to deliver to the client. No further review of the client's information will be performed once the personalized wealth plan video has been delivered to the client absent some further agreement between the Firm and the client.

Other than the delivery of the personalized wealth plan video and/or the fundamental analysis video, depending upon which services the client registered for with the Firm, the client will not be provided with any further reports or videos absent some further agreement between the Firm and the client.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

The Firm does not receive an economic benefit from someone who is not a client for providing investment advice or other advisory services.

The Firm or a related person does not directly or indirectly compensate any person who is not one of the Firm's supervised persons for client referrals.

#### **ITEM 15: CUSTODY**

The Firm does not have custody of client funds or securities.

#### **ITEM 16: INVESTMENT DISCRETION**

The Firm does not accept discretionary authority to manage securities on behalf of clients.

#### **ITEM 17: VOTING CLIENT SECURITIES**

The Firm does not have authority to vote client securities. Should the client own any securities, the client shall be responsible for receiving the proxies for said securities according to their agreements with the custodian/manager of their securities.

#### **ITEM 18: FINANCIAL INFORMATION**

Plato's Philosophy does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. Furthermore, the Firm does not have any financial commitments that may impair its ability to meet contractual and/or fiduciary obligations to clients. Finally, the Firm has not been the subject of a bankruptcy proceeding.