

**As of Sept. 4, 2009**

JOSEPH CAPITAL MANAGEMENT, LLC

SEC FILE NUMBER: 801-60647

FORM ADV, PART II DISCLOSURE DOCUMENT ("BROCHURE")

## **Joseph Capital Management, LLC** ***A Fee-Only Investment Advisory Firm***

**2450 N. Citrus Hills Blvd.  
Hernando, FL 34442-5348**

**Phone: 352.746.4460**

**Toll-Free: 1.866.746.4460**

**E-mail: [info@josephcapital.com](mailto:info@josephcapital.com)**

**Web site: [www.JosephCapital.com](http://www.JosephCapital.com)**

*Advisors are  
Also Located In:*

Raleigh/Durham/  
Chapel Hill, NC area  
Phone: 919.868.5727

Atlanta/Alpharetta,  
Georgia area  
Phone (toll-free):  
1.877.746.4402

This brochure provides information about the qualifications and business practices of Joseph Capital Management, LLC, a fee-only investment advisory firm ("Joseph").

If you have any questions about the content of this brochure, please contact Ron A. Rhoades, Chief Compliance Officer, who is responsible for Joseph's legal and regulatory requirements, at the phone numbers listed above or by e-mail at [rrhoades@josephcapital.com](mailto:rrhoades@josephcapital.com).

Additional SEC disclosures can be found in Part 1 of Form ADV, which can be located on the internet through [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Joseph is 116156.

Additional information about Joseph and our advisory team members can be found on the Internet at our web site, [www.JosephCapital.com](http://www.JosephCapital.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

This brochure was updated on September 4, 2009.

Thank you.

Ron A. Rhoades, JD, CFP®  
Chief Compliance Officer  
Joseph Capital Management, LLC

**Material Changes Since Our Last SEC Disclosure Document Filing**

Since January 18, 2009, the date of the filing of the previous version of this Form ADV, Part II document with the U.S. Securities and Exchange Commission ("SEC"), we have modified this SEC Disclosure Document, also called the Form ADV, Part II narrative (and herein referred to as the "brochure.") Only the material changes since the last update of this brochure are set forth on this page. These material changes include:

- (1) Joseph Wealth Advisory Program™. Given the desire of our clients for integrated, holistic investment advice and financial / tax / estate planning / asset protection / risk management advice, we have developed the Joseph Wealth Advisory Program™. This program for new clients to our firm takes the place of the prior Joseph Gold Program™ and Joseph Platinum Program™.
- (2) Joseph Discrete Services Program™. This new program provides discrete planning services to clients who desire additional professional services not covered by the Joseph Wealth Advisory Program™, as well as clients who possess discrete planning needs. Fees for each project are determined on a flat or fixed fee basis (preferable) or for hourly fees. The Joseph Discrete Services Program™ replaces our prior Joseph Silver Program™, although the coverage and intended use of the two programs is similar.
- (3) Affiliate RIA Program. As previously disclosed, Joseph plans to act as sub-advisor to one or more affiliate RIA firms during 2009. SEC filings for one or more affiliates will be undertaken shortly.
- (4) Assets under Advisement. The amount of our Assets under Advisement have materially increased since our last Form ADV, Part II filing. The methodology for computing the number of "family groups" served by our firm has also changed, as we now exclude from that computation the accounts of employees and former employees of the firm (and family members thereof) who generally do not pay advisory fees to us.
- (5) Georgia Office. Our Georgia office mailing address has changed from Cumming, GA to Alpharetta, GA.
- (6) Additional Disclosures. While we believe that our disclosures of material facts was comprehensively undertaken in the past version of our Form ADV, Part II, there are several additional disclosures of facts regarding our firm, investment practices, or business practices contained in this document. Additionally, the personal history of several of our advisors has been updated.

**TABLE OF CONTENTS**

***For answers to the standard questions posed by SEC Form ADV, Part II, please see pages 38-44.***

A. About Joseph Capital Management, LLC, Generally	
Our Firm's History	5
Our Principals	5
Our Executive Committee	5
Our Investment Committee	5
Amount of Assets Upon Which Investment Advice is Provided	5
B. Joseph's Investment Philosophies and Strategies	
Generally	6
Methods of Analysis	6
Sources of Information	7
Types of Investments	7
Risk of Loss, Generally	8
Risk of Loss, Certain Higher-Risk Securities	9
Cash Balances in Client Accounts	9
Account Reviews	9
Reports on Client Accounts	9
C. Joseph's Advisory Programs for Individuals and Their Families, Generally	10
The Joseph Wealth Advisory Program Program™	11
The Joseph Discrete Advice Program™	14
D. The Joseph Advisory Program for Retirement Plans	16
E. The Joseph Advisory Program for Trustees of Irrevocable Trusts	16
F. The Joseph Institutional Management Program (for Foundations and Other Institutions)	17
G. For Existing Clients, Former Investment Advisory Programs	18
H. Sub-Advisory Program Provided for Affiliate RIA Firms	18
I. General Information on Joseph's Services and Fees - Applicable to All Programs	
Forms of Discretion Accepted	19
Client Restrictions on Investments Selected for Portfolios	20
Types of Reports Provided to Clients	20
Our Billing Practices, Deduction of Fees from Client Accounts	21
Fees of Mutual Funds, Other Products, and Custodians	22
Cancellation and Termination of Advisory Agreements	22
Our Policy on Class Actions, Bankruptcies and Other Legal Proceedings	22
Our Proxy Voting Policies	22
No Custody of Securities by Joseph	23
No Block Trading	23
Our Trade Error Policy	23

J. Our Code of Ethics	23
K. About Conflicts of Interest, Generally	24
L. About Our Relationships with Custodians	25
M. About Our Relationships with Investment Product Providers	27
N. Book Purchases	28
O. Other Business Activities; Speaking Engagements; Honorariums	28
P. Our Investment Advisory Team Members:	29
John J. Ceparano, CPA/PFS*, CFP®, M.Tax., Co-Director of Tax and Financial Planning, Director of Business Development, Private Wealth Manager	30
Mary Ann Ceparano, Director of Client Services, Director of Human Resources	31
Ron A. Rhoades, JD, CFP®, Director of Research, Chief Compliance Officer, Private Wealth Manager	32
Michael J. Tringali, CPA/PFS*, CFP® Co-Director of Tax and Financial Planning, Private Wealth Manager	33
Joseph D. Coffey, Ph.D., Private Wealth Counselor	34
Linda Horne, Private Wealth Advisor	35
Sara ("Sally") Long, CTFA, Sr. Private Wealth Advisor	36
Eric Sobocinski, JD, Sr. Private Wealth Advisor	37
Index (Cross Reference to SEC Proposed Rule Sections)	38-9
<b>STANDARD SEC FORM – QUESTIONS POSED BY FORM ADV, PART II</b>	<b>40-46</b>

(\*The CPA designation is regulated by the State of Florida. CFP® denotes Certified Financial Planner certification, awarded by the CFP Board of Standards, Inc. The CTFA is a professional certification from the ABA Institute of Certified Bankers. JD denotes Juris Doctor, a law degree.)

## **A. About Joseph Capital Management, LLC, Generally**

**Our Firm's History.** Joseph Capital Management, LLC ("Joseph") was formed in late 2001 by certified public accountants and an estate planning attorney who desired their clients to receive truly objective investment advice. In recent years, the principals of the firm have devoted the vast majority of their business efforts toward the goal of construction of a world-class investment advisory firm, dedicated to the fiduciary principal that the client's best interests should remain paramount at all times.

**Our Principals.** The owners of Joseph Capital Management, LLC are John J. Ceparano, CPA/PFS\*, CFP®, M.Tax., Ron A. Rhoades, JD, CFP®, and Michael J. Tringali, CPA/PFS\*, CFP®. Ownership occurs via two intermediate holding companies, Joseph Holdings LLC and Rhoades Holdings LLC, which are in turned owned by the principals.

**Our Executive Committee.** Our Executive Committee undertakes major decisions of a strategic and administrative nature for the firm. The Executive Committee includes our three principals and our Director of Client Services, Mary Ann Ceparano.

**Our Investment Committee.** Our Investment Committee establishes the overall investment strategies employed by the firm and reviews custodial and certain other arrangements as well as particular investments. The Investment Committee members include Ron A. Rhoades (Chair), John J. Ceparano, and Michael J. Tringali.

Descriptions of the educational background and employment history of these individuals, and all of Joseph's advisory personnel, are included in this brochure.

**Amount of Assets upon Which Investment Advice is Provided.** As of Sept. 4, 2009, Joseph provides advice on approximately \$85,368,187 of financial assets (value generally determined as of June 30, 2009) for approximately 94 family groups. Family groups may consist of more than one client (i.e., client and spouse, plus one or more adult or minor children, and defined benefit plans for which the client serves as plan sponsor). Of these family groups, approximately half contain a "high net worth" client (i.e., generally, more than \$750,000 of assets under advisement or net worth exceeding \$1.5m). These statistics do not include assets upon which advice is given for Joseph's team members (and former team members) and their immediate families.

## **B. Our Investment Philosophies and Strategies.**

**Generally.** Joseph draws upon expansive academic research, investment information, and its own proprietary analysis to provide innovative and comprehensive fiduciary wealth management and investment advisory services. Joseph periodically monitors clients' portfolios, recommends a strategic asset allocation, recommends specific investments, and suggests changes when appropriate. Joseph also suggests trading in clients' portfolios utilizing a disciplined approach to rebalancing (in order to maintain asset class exposures within desired risk tolerances, subject to variances permitted for tax planning or other reasons). Joseph manages mutual fund and fixed income portfolios on either a discretionary or non-discretionary basis.

**Methods of Analysis.** In designing investment plans for clients, Joseph will rely on information supplied by the client and the client's other professional advisors pertaining to the client's financial situation, objectives, time horizon and risk tolerance. This information becomes the basis for the strategic asset allocation plan which Joseph believes best meets the client's long term stated goals. The investment plan (or policy) which sets forth the strategic asset allocation provides for investments in those asset classes which Joseph believes (based on historical data and Joseph's proprietary analysis) will possess attractive combinations of return, risk, and correlation over the long term.

Joseph adheres to the findings of a great deal of academic research, which states that strategic asset allocation is determinative of the majority of the expected long-term gross returns of investor's portfolios. Furthermore, Joseph's selection of asset classes is driven by research into global asset classes by such academics as Professor Eugene Fama, Sr. of the University of Chicago Booth Graduate School of Business and the Center for Research in Security Prices, Professor Kenneth French of Dartmouth College, and many other academics and researchers. In connection therewith, Joseph's investment advice is based upon long-term investment strategies incorporating the principles of Modern Portfolio Theory. Joseph emphasizes the utilization of several different asset classes as part of an investor's portfolio, as this has been shown to effect a reduction in portfolio volatility (i.e., the standard deviation of returns) over long periods of time. Joseph allocates and diversifies the client's assets among various asset classes and then among individual investments, following the investment policy agreed to by the client. Joseph's investment approach is firmly rooted in the belief that markets are efficient and that investors' returns are determined principally by asset allocation decisions. Joseph focuses on developing globally diversified portfolios, principally through the use of passively managed stock mutual funds that are generally available only to institutional investors and clients of a network of selected investment advisers.

Investment policy and overall portfolio weightings as between equities and fixed income investments are formulated based upon each client's needs and desires, tolerance and need to assume various risks, and investment time horizon. The portfolios of clients may then follow models designed by Joseph to fit the overall weightings of equities (stocks, stock mutual funds) and fixed income investments (notes, bonds, bond funds, CDs, etc.) in an investor's portfolio. For other clients, the investment portfolio's strategic asset class allocation are customized to meet the specific circumstances of a client, the presence of investments in 401(k) or other accounts, as well as Joseph's perception of the client's understanding of the fundamental forces affecting risk and return in the capital markets. In addition, a client's initial strategic asset allocation may be influenced by Joseph's own evaluation of the relative valuation levels of various asset classes and the investment time horizon of that client.

**Sources of Information.** Joseph's security analysis is based upon a number of factors including those derived from commercially available software technology, securities rating services, general economic and market and financial information, due diligence reviews, and specific investment analyses that clients may request. Joseph's main sources of information include commercially available investment information and evaluation services, financial newspapers and journals, academic white papers, periodicals, as well as prospectuses, statements of additional information, and other issuer-prepared information. Joseph's Investment Committee members and Joseph's other advisors also attend various investment and financial planning conferences.

Joseph also receives research from consultants, including financial economists affiliated with Dimensional Funds Advisors (DFA) and other firms. DFA provides historical market analysis, risk/return analysis, and continuing education services to Joseph. Joseph may also utilize various computer software programs from DFA and from third parties in an attempt to better model the historical and/or expected returns of designed portfolios and/or to better assist clients in achieving their goals.

Joseph also utilizes the historical valuation levels of various asset classes (as measured by p/b, p/e, p/c and/or p/s data) to undertake its own estimates of the probable long-term (15-year) expected returns of various assets classes, as a means of aiding investment and financial planning decision-making.

**Types of Investments.** Joseph will typically create a portfolio of no-load stock and bond mutual funds. Joseph primarily recommends portfolios consisting of passively managed mutual funds offered by Dimensional Funds Advisors (DFA). DFA mutual funds offer broad diversification and most are structured for low turnover, so as to substantially lessen the often-substantial transaction costs incurred by funds and ETFs as they trade securities within the fund. Consequently, the DFA fund expenses are believed to be generally lower than the total fees and expenses incurred by many other mutual funds (including many ETFs and index funds).

Some investment portfolios may also include individual fixed income investments (bonds, C.D.'s, etc.). For clients with a substantial fixed income allocation, Joseph generally recommends a combination of bond funds and individual fixed income investments, with actual investments dependent upon Joseph's views of the risk/return relationship for various forms of fixed income investments or bond funds. Joseph will typically request discretionary authority from clients to manage individual fixed income assets, as such may be necessary to enable Joseph to purchase or sell such assets in a timely manner at quoted prices. For clients with \$1,000,000 or greater in total assets under advisement, Joseph will generally offer customized fixed income portfolios. For clients with lesser amounts of assets under advisement, low cost bond mutual funds, primarily from DFA and Vanguard, may be used for allocated amounts. All individual fixed income securities recommended by Joseph will be investment-grade at the time of recommendation.

Client portfolios may also include some individual equity securities, but these are generally part of clients' investment holdings prior to working with Joseph. However, clients with significant amounts to devote to investing in equities (\$15 million or greater, generally) may also participate in a separate account program, which includes individual stocks using a highly diversified approach. This separate account program utilizes Dimensional Funds Advisors as the separate account manager, and may employ the use of Dimensional's mutual funds for some asset class exposures.

Joseph may recommend public real estate investment trusts (REITS) and commodities index or passive mutual funds or ETFs for certain clients who desire to include real estate or commodities in their asset allocation strategy.



Joseph will also evaluate insurance products such as annuities and various types of life insurance products. Joseph may recommend clients to invest in low-cost, no-load variable or fixed annuities when appropriate to the tax situation of the client. More often, this occurs when a client possesses an existing high-cost variable annuity, and a rollover of the annuity is indicated for tax planning purposes (rather than redemption), in order to seek to lower the total fees and costs paid by the client and/or provide different investment choices. Joseph may also recommend no-load immediate lifetime annuities to some clients. Joseph may recommend a client retain an existing annuity, previously purchased by the client, or undertake partial or full surrenders of same (and/or tax-free exchanges), following an evaluation of the annuity contract, riders thereto, investment alternatives within the annuity and their fees and costs, including any surrender fees which may be imposed by the insurance company.

Joseph evaluates new clients' existing investments in light of the desired investment policy objectives, and works with new clients to develop a plan to transition from a client's existing portfolio to the desired portfolio. Investment advice may be offered on any investments held by a client at the start of the advisory relationships. Joseph then monitors each client's portfolio holdings and strategic asset allocation, taking into account the cash flow needs of the client. Joseph holds regular review meetings with clients regarding their investment assets under advisement and, where appropriate and offered under the program in which the client is enrolled, other planning issues.

**Risk of Loss, Generally.** Investing in securities involves a risk of loss that clients should be prepared to bear. Joseph's investment recommendations seek to limit risk through broad global diversification in equities (through broadly diversified stock mutual funds and/or separate account management programs) and investment in high quality fixed income securities or diversified bond funds.

While Joseph's investment recommendations seek to limit losses through broad diversification among equity securities and other means, Joseph's investment methodology will still subject to the client to short-term declines in the value of their portfolios, which can at times be dramatic. Joseph believes that the best method to limit declines in an investor's portfolio is to decrease exposure of the client to overall stock market forces, while increasing fixed income allocations. Joseph also believes there exists a high probability in most market environments of a long-term (15-year or greater) outperformance of small cap and value stocks, relative to large cap and growth stocks, and hence the equity portion of an investor's portfolio may be "tilted" toward small cap and value stocks. In turn, the normally greater expected returns of the equity portion of the portfolio will typically permit the overall allocation to equities (stocks, stock mutual funds) to be reduced, and the allocation to fixed income investments increased. Joseph believes this is the best manner to temper the shorter-term volatility of the stock market, especially for clients who derive cash flow from their portfolios (such as during retirement years).

Given the long-term nature of the expected equity premium (i.e., the addition expected return for investing in the overall stock market, relative to less "risky" U.S. Treasury bills), and the long-term nature of the expected value and small cap premia, Joseph's investment philosophy is best suited for investors who desire a buy and hold strategy for a substantial portion of their funds with an investment time horizon of a minimum of ten years, and preferably even longer. Even then, investing is inherently uncertain as to future returns. While Joseph seeks to evaluate both macroeconomic and microeconomic risks, for purposes of weighing risks and returns and for the computation of the expected returns of various asset classes (for use in financial planning decision-making), Joseph does not generally engage in market-timing activities. While Joseph believes the equity, value and small cap premia are highly likely to occur in the future, over long periods of time, there can be no assurance that they will occur over any given time period. While Joseph can seek to reduce risks to which a client may be exposed, other risks may be



assumed in order to seek to attain the client's longer-term financial goals; Joseph cannot provide any guarantee that the client's goals and objectives will be achieved.

**Risk of Loss, Certain Higher-Risk Securities.** Certain securities which Joseph recommends, such as U.S. small cap value (and mid-small cap value) stock mutual funds, U.S. small cap and micro cap mutual funds, and high-yield bond funds, possess higher levels of volatility. Joseph employs these securities as part of an overall strategic asset allocation for a client, and when such is done Joseph possesses a reasonable belief that the risk-return relationship for these securities will likely be beneficial for the investor, over the long term.

Please also note that while all Certificates of Deposit (CDs) purchased for our clients are FDIC-insured, the pricing of certain of these CDs, which trade in the secondary market, can vary; accordingly, due to price declines and/or transaction costs associated with trading, these CDs could lose value if redeemed prior to maturity. CDs are recommended by Joseph with the intent to hold them to maturity.

**Cash Balances in Client Accounts**

*Generally.* Cash in clients' investment accounts are typically swept into the bank or money market mutual fund accounts of the institutions (TD AMERITRADE INSTITUTIONAL or FIDELITY INVESTMENTS INSTITUTIONAL SERVICES). Joseph discusses with each client, during the time of review conferences and at other times, upcoming cash flow needs and seeks to plan accordingly to meet those needs. While it is not the practice to encourage clients to maintain a large amount of cash in their accounts, such may be undertaken at the request of the client, in anticipation of the redemption of a security at which time investments will be undertaken, or for other good reasons. Upon request of a client, Joseph will invest cash balances for temporary purposes.

*Cash Reserve Accounts.* Should the client desire a "cash reserve account," Joseph will assist the client to establish a separate, non-managed cash reserve account, which is not monitored thereafter by Joseph, typically either with Vanguard (using one of its money market funds) or with an online bank (offering FDIC-insured money market funds, up to certain limits), for such purposes. Joseph then seeks to review with the client whether any funds are needed to restore cash reserves during the time of review conferences. Joseph excludes separate accounts established for cash reserve purposes in the calculation of Joseph's assets under advisement, and excludes the value of the account from a client's fee calculations.

**Account Reviews.** Client portfolios are reviewed for purposes of ascertaining whether rebalancing may be indicated on an annual, semi-annual, quarterly or monthly basis, in accordance with the program in which the client is enrolled and the agreement with the client. Generally, reviews are conducted by the Private Wealth Advisors, Sr. Private Wealth Advisors, and Directors of Joseph. Assistance may be provided to the foregoing by the Financial Services Coordinators of Joseph. Financial planning decisions are reviewed as previously set forth in the description of each program. Client accounts may be reviewed upon a significant movement in the valuation of an asset class since the time of the last periodic review, in the judgment of Joseph's Directors. Generally, a movement in valuation of greater than 10% is required to trigger such a review.

**Reports on Client Accounts.** Joseph and its custodians provides written reports to clients on a semi-annual, quarterly, or monthly basis, in accordance with the program in which the client is enrolled and the agreement with the client, or the custodian's policies. Generally, written reports include:

- Client account statements are provided monthly and directly by custodians TD AMERITRADE INSTITUTIONAL and/or FIDELITY INVESTMENTS INSTITUTIONAL SERVICES, by either mail or e-mail, and either monthly, quarterly, or annual statements from client's other custodians.
- Joseph provides a consolidated view of assets under advisement with semi-annual or quarterly reports, which generally include a statement of holdings by asset class, a portfolio rebalancing analysis (actual vs. targets), and consolidated performance reporting over various periods;
- Joseph also provides clients with access to various consolidated reports online, updated each business day, for assets under advisement; and
- Joseph provides realized capital gains and losses reports to most clients each January, for purposes of tax filings relating to gains and losses in taxable accounts.

### **C. Joseph's Advisory Programs for Individuals and Their Families, Generally**

Joseph Capital Management, LLC offers two programs to new individual clients of the firm.

♦ *The Joseph Wealth Advisory Program™* is our core service offering, and is generally available for clients with greater than \$100,000 of assets under advisement. The program combines ongoing investment advisory services and additional wealth management services to clients based upon their unique circumstances and needs. Such wealth management services may include risk management counsel, financial planning, tax planning, estate planning, cash flow planning, retirement capital needs analysis, retirement income planning, college planning, and establishment of and counsel with regard to retirement plans/

♦ *The Joseph Discrete Services Program™* offers discrete financial planning and/or investment advisory services to clients whose special circumstances indicate that they are not appropriate for the other programs. This program is not available to all prospective clients of the firm, but is determined on a case-by-case basis by the firm's advisors. The program also provides for additional services to Joseph Wealth Advisory Program™ clients, for those instances in which services are provided which are not covered by that program.

Each of these programs is further described in the pages which follow.

**The Joseph Wealth Advisory Program™.** The Joseph Wealth Advisory Program™ provides the following services:

- **Ongoing investment advisory services**, which includes a review of client portfolios for the purposes of rebalancing. These reviews occur at the intervals set forth in the table below, and additionally at the discretion of Joseph upon major change in values of an asset class within the portfolio;
- **Client review conferences** annually or semi-annually during which discussions may occur regarding a range of issues, including a review of progress toward a client's lifetime financial goals, investment portfolio design and strategies, and a broad range of planning issues. Additional conferences or telephone conferences may be requested by clients to supplement the scheduled review conferences. The broad range of services provided to clients under the Joseph Wealth Advisory Program™ may include:
  - *Develop "Joseph Total Client Profile"*: Identify and document client's personal lifetime financial goals; discuss personal views on the "value of money"; and determine personal preferences for receipt of professional services
  - *Development of action steps* for investment strategy implementation, including tax sensitive portfolio design strategies and investment selection; Establish accounts with discount broker (custodian – TD Ameritrade, Fidelity, etc.) as appropriate; undertake account transfers and verify undertaken correctly
  - *Obtain cost basis* of securities held in taxable accounts from client (additional fees may be charged; see description under Joseph Discrete Services Program™); then record cost basis with new custodian (TD Ameritrade, Fidelity, etc.)
  - *Evaluate 401(k), 403(b) and Other Employer-Sponsored Retirement Plan Investment Options*, provide recommendations to client, and integrate with other portfolio holdings
  - *Security Evaluation: Hold, Buy or Sell*. Evaluate each existing security transferred to our firm for purposes of investment advice; Develop recommendations and review with client; Undertake agreed-upon sales and purchases for implementation of the investment strategy
  - *Annuity and VUL Contract Reviews*. Review of variable annuity (VA) and equity (fixed) income (EIA/FIA) contracts and variable universal life insurance (VUL policies; determine surrender fees, analyze sub-accounts / investment options / total fees and costs; review recommended actions; for each policy, either: retain, partial or full surrender, and/or tax-free exchange to lower-cost annuities. (Additional fees may be charged; see description under Joseph Discrete Services Program™)
  - *Single Stock Exposure / Strategy Formulation*. Discussion of techniques to deal with exposure to concentrated positions in publicly traded stock, and where appropriate implementation of those techniques.
  - *Cash Reserve Account* – assess client's need, provide recommendations, assist client with account establishment for a personal cash reserve account.
  - *Review of Total Client Profile / Goals*. Periodic review of each client's personal financial situation and any changes thereto, including the client's progress toward the attainment of that client's lifetime financial goals, and undertake any modification to those goals; Update the "Joseph Total Client Profile" as appropriate.
  - *Cash Flow Management; Debt Reduction Strategies; Major Financial Purchases*. Discussion of these issues as presented and/or periodically.
  - *Funding of Retirement Accounts*. Determine optimum funding for a client's qualified retirement plan accounts and traditional and Roth IRA accounts upon which we provide advice. Consideration of Roth IRA conversions (may require a separate tax analysis – see note below regarding referrals to CPA/tax accountant and/or possible additional fees).

- *Retirement Account Distribution Planning* - for qualified retirement plan accounts and traditional IRAs – required minimum distributions or other purposes.
- *Stock Options* – advise a client upon the exercise or non-exercise of qualified and nonqualified stock options owned by / awarded to the client.
- *Tax Loss Harvesting*, when available and appropriate to undertake.
- *Retirement Portfolio Withdrawal Rate*. Establish and/or review the rate and/or amount of withdrawals from a client's investment portfolio during retirement, or to meet other current or future client needs.
- *"PensionMax" Analysis* - as to whether to take a lump-sum at retirement or one of various annuitization options which may be presented to a client;
- *Other Employer-Sponsored Benefit Programs* – undertake recommendations with regard to a client's participation in same.
- *College Expense Funding*. Discuss solutions for the funding of children or grandchildren's educational needs; if appropriate examine Sect. 529 College Savings Plan options given geographic location of the student and the student's parents, and provide recommendation on appropriate plan selection and investment selection within such plans; assist with establishment of 529 accounts if desired.
- *Capital Needs Assessment* - for retirement or other future needs.
- *Property / Liability Insurance*. General discussion of personal property/casualty and liability insurance needs, including whether to self-insure as to particular risks, drop existing coverage or obtain additional coverage, and/or raise deductibles. If appropriate, suggest sources for obtaining competitive quotes.
- *Life Insurance and Long Term Care Insurance* needs assessment and policy reviews. Review of existing or proposed life insurance policies (including in-force illustrations which may be obtained) and/or long-term care insurance policies as to appropriate type of policy, suggested funding, new policies, tax-free exchanges, policy withdrawals or loans, and/or policy terminations/ (Please note - due to regulatory requirements, with a client's consent Advisor engages an attorney to provide reviews of existing life insurance and long term care insurance policies or proposals relating thereto.) (Additional fees may be charged in some instances; see description under Joseph Discrete Services Program™)
- *Estate Planning*. Discussion of a client's estate planning needs (including but not limited to strategies designed to minimize estate, gift, and generation-skipping transfer taxes), and if desired refer a client to appropriate legal counsel for the implementation of estate planning documentation which may be required. (Additional fees may be charged for estate tax planning involving discount valuation techniques, split interest techniques, and the handing of closely held business interests; see description under Joseph Discrete Services Program™)
- *Asset Protection Planning*. Discussion of asset protection strategies which may be available, given federal and/or state exemptions with may be available, as to potential future claims of general creditors. When appropriate, a referral will be made to legal counsel for further discussion and/or implementation of such strategies.
- *Philanthropic Gift Strategies* involving the utilization of charitable gift annuities offered by an institution, endowment funds of an institution, donor-advised funds, private foundations, etc. Philanthropic advisory services may also include:
  - Formulation of a mission statement for a client's charitable giving
  - Explore various giving options and determine most appropriate
  - Develop strategies to maximize the tax advantages of giving
  - Decide how much to give and which assets to use

- Determine how to involve family or friends in the giving process
  - *Charitable Gifting Strategies* involving outright gifts of cash or appreciated property to qualified charities.
  - *Investment Policy Statement* – as desired, review. Undertake amendments to reflect changing personal financial circumstances of a client.
  - *Investment Strategy / Products Discussions*. Discussion of investment strategies utilized. Discussion of emotional biases which may prevent proper investment portfolio decision-making. Discussion of specific investment products and solutions recommended for use in a client's investment portfolio. Recommend changes to investment products as investments are re-evaluated, and in light of new products.
  - *Closely Held Business and Professional Firm Consulting*. Operational, financial, marketing, personnel, key man, risk management, wealth transfer and business succession planning, and/or use of captive insurance companies. (Additional fees may be charged; see description under Joseph Discrete Services Program™.)
- **Reports to clients**, which include:
- Client account statements are provided monthly and directly by custodians TD AMERITRADE INSTITUTIONAL and/or FIDELITY INVESTMENTS INSTITUTIONAL SERVICES, by either mail or e-mail; Other custodians provide either monthly, quarterly, or annual statements to the client by either mail or e-mail.
  - Joseph provides a consolidated view of assets under advisement with Joseph's quarterly reports, which includes a statement of holdings by asset class, a portfolio rebalancing analysis (actual vs. targets), and which may include a consolidated performance report over various periods;
  - Joseph also provides clients with access to various consolidated reports online, updated each business day, for most assets under advisement; and
  - Joseph provides realized capital gains and losses reports to clients each January, for purposes of tax filings.

Joseph's annual fee for the services set forth above are charged as a percentage of assets under advisement, according to the schedule below. Billing generally occurs either semi-annually or quarterly.

Amount of Assets Under Advisement	Annual Fee	Are Model or Customized Portfolios Typically Utilized?	Frequency of Portfolio Reviews for Rebalancing Purposes	Frequency of Client Confer-ences
\$100,000 to \$300,000*	\$4,400 (minimum annual fee)	Model portfolios are generally employed for clients.	Annually	Annually
\$300,000 to \$1,000,000	\$4,400 plus 0.8% of assets exceeding \$300,000			Annually
\$500,000 to \$1,000,000			Semi-annually	Semi-annually
\$1,000,000 to \$3,000,000	\$10,000 plus 0.8% of assets exceeding \$1,000,000	Customized portfolios are generally employed for clients.	Quarterly	Semi-annually
\$3,000,000 to \$5,000,000	\$26,000 plus 0.6% of assets exceeding \$3,000,000		Monthly	
Over \$5,000,000	38,000 plus 0.4% of assets exceeding \$5,000,000		Monthly	

All fees and minimums are subject to negotiation. See "General Information on Joseph's Services and Fees - Applicable to All Programs," later in this brochure, for additional important information.

**The Joseph Discrete Advice Program™.** Joseph provides select clients financial planning and/or investment advisory services for a fixed fee or on the basis of hourly fees. Generally, such clients are accepted by Joseph on a case-by-case basis.

Financial plans may encompass all or some of the following areas of concern to a client: (1) estate planning; (2) retirement income planning; (3) education planning; (4) retirement needs analysis; (5) risk management counsel; (6) other financial and tax planning decisions; and/or (7) advice on assets outside of our ongoing management. Information for formulation of the financial plan is obtained through one or more personal interviews, which generally includes a discussion of the client's financial status, attitudes toward money, future lifetime goals, and obtaining copies of pertinent investment and insurance information. A written financial plan may be prepared and provided; however, in some instances there is no written document.

The following services for Joseph Wealth Advisory Program™ clients may result in additional fees, which are then billed under a separate agreement under the Joseph Discrete Advice Program™ where the work involved exceeds two hours of time of any one or more of Joseph's team members:

- ☐ *Cost Basis Determinations.* For any new assets brought to Advisor upon which advice is to be provided, Client is responsible for providing Advisor with correct cost basis. Should the need exist for cost basis determinations, Client may request Client's tax advisor (CPA or accountant) to obtain such information, or may request Advisor to undertake such research.
- ☐ *Variable Annuity (VA) and Equity/Fixed Index Annuity (EIA/FIA) and Variable Life Insurance (VUL) Reviews.* Reviews of these contracts / policies, and the investment options within them, cost basis determinations (for nonqualified annuities and VUL policies), and the determination of surrender/redemption fees.
- ☐ *Personal Income Tax Projections.* Should a tax projection be advisable, and should such not be undertaken by Client's CPA or tax preparer, Joseph may undertake same for the Client.
- ☐ *Estate Plan Design Involving Business Entities and Discount Valuation Techniques.* Should Client possess closely held business entities, additional fees may be charged relating to transfer tax planning involving the establishment, recapitalization, ownership structure changes, and/or sale or gifting of such interests. Additional fees may also be charged for planning involving the use of split-interest or discount valuation techniques in connection with estate tax planning, such as CRATs, CRUTs, GRATs, QPRTs, FLPs, etc.
- ☐ *Closely Held Business Consulting.* Should Client desire advice with regard to the structure, operations, financial controls and reporting, marketing, and/or risk management needs of any closely held business interests, wealth transfer and/or business succession planning, and/or the utilization of captive insurance companies for premium reduction and/or estate tax planning, Advisor may charge additional fees.



Fees under the Joseph Discrete Advice Program™ may be charged on an hourly or fixed fee (project) basis. Once determined, the exact fee arrangement is set forth in writing.

- Hourly fees generally range as follows:
  - \$350 to \$500 per hour for Joseph's Directors (Private Wealth Managers);
  - \$250 per hour for Joseph's Sr. Private Wealth Advisors;
  - \$175 per hour for Joseph's Private Wealth Advisors;
  - \$175 per hour for Joseph's Private Wealth Counselors; and
  - \$ 90 per hour for Joseph's Financial Services Coordinator(s) and Account Transfers Coordinator(s).
- Fixed fees are determined based upon an estimate of the time required to perform the requested service, the complexity of the issues to be addressed and the expertise required, and the value of Joseph's advice and services. A fixed fee is then quoted for the services requested, and the exact scope of services and fee arrangement are set forth in writing. Total fixed fees for project-related work may vary from \$100 to \$100,000, given the precise needs and circumstances of the client and the comprehensiveness of the planning projects and the expertise applied to same.

All fees are subject to negotiation. See "General Information on Joseph's Services and Fees - Applicable to All Programs," later in this brochure, for additional important information.

Expenses incurred in connection with financial planning activities or the implementation of recommendations, such as travel costs, overnight delivery charges, postage, etc., are billed separately as specified in the client services agreement.

Retainers are normally sought in advance of performance of the work, or at various stages of the planning process, with the remaining balance (if any) billed upon completion of the project or plan. Should a contract for services be terminated prior to all of the services being delivered, Joseph bills for the work provided to date, with any unused retainer refunded to the client.

Implementation of recommendations made under the Joseph Discrete Advice Program™ is entirely at the client's discretion. In applicable, where a client chooses to utilize the Joseph Wealth Advisory Program™ or its other services in implementing all, or a portion of, the planning advice previously provided, Joseph and its advisors will receive fees, depending on the specific services chosen, for these additional services that are in addition to the fee paid under the Joseph Discrete Advice Program™. Thus, a potential conflict of interest exists where Joseph and its advisor(s) receives compensation for performing these additional services.



## **D. The Joseph Advisory Program for Retirement Plans**

Joseph will provide advisory services to sponsors of retirement plans using the third-party administration services of certain retirement plan service providers (RPSPs).

For such clients, Joseph and/or the RPSP will analyze the retirement plan's current investment platform. Should Joseph believe that Joseph and the RPSP's services will add value, Joseph will assist the plan sponsor in crafting an investment policy statement defining the types of investments to be offered and any restrictions which may be imposed. Joseph will then provide investment options to achieve the plan's objectives, which may include "target retirement funds" and other mutual funds. Joseph will also periodically provide participant educational materials and/or conferences, monitor the performance of the plan's investment vehicles, and will meet with the plan sponsor periodically to review the plan's investment policy statement and investment options and discuss any potential changes thereto.

The annual fee for plan services, including those charged by the RPSP, is generally charged as a percentage of assets within the plan. The annual fee will be based upon a number of factors, including the total assets contained within the plan, the number of participants, the number of locations at which employee educational events may be scheduled, and the method of employee education and enrollment. Generally, the annual fee for plan services (including the general services of the RPSPs) will not exceed 2% per year.

The RPSPs may charge additional fees in connection with certain transactions requested by plan participants, such as loans from qualified retirement plans, account termination fees, etc. RPSPs may also charge fee to an employer/plan sponsor for purpose of recommending the type of retirement plan(s) to be utilized, following receipt of census information from the client. All fees are set forth in agreements with clients, and are disclosed in advance.

All fees are subject to negotiation. See "General Information on Joseph's Services and Fees - Applicable to All Programs," later in this brochure, for additional important information.

## **E. The Joseph Advisory Program for Trustees of Irrevocable Trusts**

Joseph provides an investment advisory program for the trustees of irrevocable trusts. The services are similar to those provided in the Joseph Wealth Advisory Program™, except that the focus of client review conferences (with the trustee and, if the trustee desires, one or more trust beneficiaries) is redirected to ascertaining and updating the needs analysis of the trust beneficiaries in order to adhere to the dictates of the Prudent Investor Rule, the terms of the trust document, and the diverse needs of trust beneficiaries (both current and future). Duplicate account and portfolio reporting may be delivered to trust beneficiaries, as directed by the trustee.

Joseph's Director of Research works with Joseph's advisors and the trustee to seek to insure that the trustee's delegation of investment discretion to Joseph is proper under the Prudent Investor Rule, and that the trustee's and Joseph's fiduciary obligations are met with regard to the investment portfolio, and the agreed-upon investment policy remains appropriate for the trust and its beneficiaries.

The fees and client minimums are the same as set forth in the Joseph Wealth Advisory Program™.

## **F. The Joseph Institutional Management Program (for Foundations and Other Institutions)**

Joseph may provide institutional clients (both for-profit and not-for-profit institutions) with investment advisory services. Following acceptance of Joseph's agreement for investment advisory services, Joseph develops a custom investment policy statement in consultations with the officers, directors, and/or investment committee members for the institution. The dictates of the applicable Prudent Investor Rule, Management of Institutional Funds Act, Prudent Management of Institutional Funds Act, and other statutory requirements or institutional restrictions are taken into account in the design and management of the investment portfolio(s).

Reporting on institutional accounts is provided at such times as Joseph and the institution may agree. One or more of Joseph's advisors may confer with the institution's officers, directors, and/or investment committee members on such frequency as Joseph and the institution may agree.

Joseph generally charges institutional clients under the following fee schedule, with billing occurring quarterly:

Amount of Assets Under Management	Annual Fee
Over \$20,000,000	\$40,000 plus 0.05% of assets exceeding \$20,000,000
\$17,500,001 to \$20,000,000	\$38,000 plus 0.08% of assets under management exceeding \$17,500,000
\$15,000,001 to \$17,500,000	\$36,000 plus 0.08% of assets under management exceeding \$15,000,000
\$12,500,001 to \$15,000,000	\$33,500 plus 0.1% of assets under management exceeding \$12,500,000
\$10,000,001 to \$12,500,000	\$31,000 plus 0.1% of assets under management exceeding \$10,000,000
\$ 7,500,001 to \$10,000,000	\$28,500 plus 0.1% of assets under management exceeding \$7,500,000
\$ 5,000,001 to \$ 7,500,000	\$26,000 plus 0.1% of assets under management exceeding \$5,000,000
\$ 1,000,000 to \$5,000,000	\$10,000 (minimum fee) plus 0.4% of assets under management exceeding \$1,000,000

There is a minimum level of assets of \$1,000,000 for the Joseph Institutional Management Program. There is no maximum. All fees are subject to negotiation. See "General Information on Joseph's Services and Fees – Applicable to All Programs," later in this brochure, for additional important information.

### **G. For Existing Clients, Former Investment Advisory Programs in Which Services are Still Provided.**

In the past Joseph has offered a variety of investment advisory and financial planning programs for clients, with varying levels of services provided within each program and varying fees. Generally, the percentage assets under advisement fees for such programs do not exceed 1.5%, although certain exceptions may have occurred for clients with low assets under advisement and for whom financial planning services are provided. Some former clients are charged minimum fees (which may be higher than a 1.5% effective rate), and for other former clients minimum fees and assets under advisement minimums have been waived. These programs still continue, but are not offered to new clients of the firm. Joseph plans to seek to transition existing clients from these prior programs to the programs set forth in this brochure in 2010 or later.

### **H. Sub-Advisory Program Provided for Affiliate RIA Firms**

Commencing in late 2009, Joseph may establish one or more affiliate registered investment adviser (RIA) firms. Joseph would possess a majority interest in such affiliate RIA firms. The minority interest would be owned by a professional services firm (i.e., law firm, CPA firm, entertainment management company, etc.) or by individuals. The goals of each affiliate RIA firm include the expansion of the fiduciary investment advisory services of the type which Joseph provides into target markets (either geographically or as to particular niches), in order to bring Joseph's value-added services from trusted, professional advisors to a broader segment of the investment public.

In connection with this program, Joseph will provide, under a sub-advisory contract with each affiliate RIA firm, a turnkey asset management program to the affiliate RIA. This includes the provision of investment advisory services and financial planning (and other services as set forth in the various programs outlined in this Form ADV, Part II) to the clients of the affiliate RIA firm. Generally, all of the investment advisory services will be provided by Joseph and Joseph's advisors and other team members. The affiliate RIA firm will pay to Joseph a portion of the fees received from the client, generally determined as a flat fee; this flat fee may be recomputed annually or at other appropriate times. The amount of the flat fee is dependent upon the expenses Joseph incurs in connection with the delivery of investment advisory and financial planning services, generally determined by the number and type of advisor provided to serve a client's needs, as well as any the resulting efficiencies of scale achieved).

Joseph is the majority shareholder and possess all operational and management control of each affiliate RIA. The minority interest owner(s) of the affiliate RIA firm will be required to make an initial capital contribution thereto. Fees received from clients of the affiliate RIA firm will be utilized to pay Joseph for its subadvisory services, and pay for other legal, filing, accounting, marketing and other expenses the affiliate RIA firm may incur, or to provide working capital. Thereafter, the remaining net profit will be distributed to the majority interest owner (Joseph) and the minority interest owner(s) in accordance with their percentage ownership of each affiliate RIA firm.

The services offered, fee schedules, and client and fee minimums are set forth in each affiliate RIA firm's Form ADV, Part II are identical to the service offerings provided by Joseph as set forth in this brochure. Clients of an affiliate RIA firm will receive substantially the same services and pay the same fees which they would have paid had they become a client of Joseph directly. Additionally, disclosure of this arrangement between the affiliate firm and Joseph in which Joseph acts as sub-advisor to the affiliate firm will be made in the Form ADV, Part II brochure of the affiliate RIA firm, as well as in any client services agreement between the affiliate RIA firm and its clients.

## **I. General Information on Joseph's Services and Fees** **(Applicable to All Programs)**

**Forms of Discretion Accepted.** Joseph accepts limited forms of discretion over clients' accounts, as follows, with the consent of the client. Clients' grant of discretion is evidenced in the client services agreement (or addendums thereto) signed by each client, and is further evidenced to the custodians through a limited power of attorney contained in the account establishment form signed by the client or a separate limited power of attorney document signed by the client. Nearly all clients appoint Joseph as the client's agent and attorney-in-fact with respect to undertaking trades in client accounts; Joseph's ability to enter trades electronically for clients often provides reduced transaction fees and other benefits to the client.

Please note that Joseph prefers to contact clients in advance of trades, but the limited forms of discretion set forth below are believed by us to better enable our firm to serve our clients. Moreover, Joseph seeks to undertake a minimal amount of trading in client accounts, in order to keep transaction fees, other expenses, and tax consequences associated with trading to minimal levels.

*Fixed income trading discretion - for nearly all client accounts.* With client consent, Joseph will accept discretion to purchase and sell individual fixed income securities. Only investment-grade individual fixed income securities will be purchased using this discretion. The purpose of this discretion is to enable Joseph to undertake purchases and sales in a timely manner when they are available at quoted prices.

*Rebalancing in the event of a major asset class valuation fall - for most client accounts.* With client consent, Joseph will accept discretion to undertake sales of fixed income securities (usually bond funds) and purchases of stock mutual funds or stock exchange-traded funds (typically additional shares of funds already owned by the client, or substantially similar securities should the need arise) on the same day, when in the judgment of Joseph a significant fall in the values of an asset class, or equities in general, have occurred which may affect a substantial number of Joseph's clients.

Trades are generally undertaken by prioritizing clients accounts based upon the amount of assets under advisement at the time of the last quarter; it is possible that not all client accounts in which trades should be undertaken will be attended to on the day of, or day following, a major stock market or asset class decline in value. Not all client accounts will need trading on such a day, however.

On such days Joseph's Directors, Sr. Private Wealth Advisors, and Private Wealth Advisors will not typically possess the time to discuss planned trades with each client in advance, due to the large number of trades to be undertaken.

Clients who do not provide Joseph with this type of limited discretion will typically not see trading in their accounts on the day of a major rebalancing effort. Please note that Joseph's advisors will not typically possess the ability to receive or return calls from clients on the day of a major rebalancing effort, but will endeavor to communicate with clients outside of trading hours or within a few days.

While trades are planned based upon an advisor's judgment of the likely value of asset classes at the end of trading on the exchanges (i.e., typically 4:00pm, the time when trades in mutual funds are executed by

custodians under SEC rules), it is possible that late-session movements in the values of asset classes may occur, which may cause either a substantial under-purchase or over-purchase of stock mutual funds or stock ETFs in a client's account, relative to the desired target for a particular asset class.

Within a reasonable period of time following the exercise of discretion by Joseph's advisors to undertake such sales and purchases for rebalancing purposes, a team member will attempt to contact the client to discuss any trades which have taken place.

While it is hoped that the number of occurrences in which this type of limited discretion is exercised is limited, and will occur on average less than once each year, during the Fall of 2008 Joseph experienced five days in which this type of discretion was exercised, due to high volatility in the stock market. Another occurrence of this exercise of discretion occurred in early 2009.

*Limited discretion to rebalance in accordance with investment policy – for some client accounts.* With client consent, Joseph will accept from clients discretion to deploy cash additions (or cash arising from the redemption of maturity of securities) in a client's portfolio in accordance with the client's investment policy statement. In addition, Joseph will accept from such clients the discretion to rebalance the client's portfolio back closer to its desired targets. Clients typically grant such authority to Joseph for rebalancing purposes when the client's business affairs or travels are such that the client is likely to be unavailable to Joseph to confer, prior to entering the trade.

**Client Restrictions on Investments Selected for Portfolios.** Clients may place restrictions upon the investments to be held in an investment portfolio. However, because of Joseph's utilization of broadly diversified stock mutual funds, Joseph's ability to avoid investments in a specific company or industry in accordance with a client's wishes may be limited. Joseph will utilize "socially responsible" mutual funds and/or exchange-traded funds upon the direction of a client. Joseph will endeavor to educate the client as to the potential impact of restrictions placed on the client's accounts with respect to the specific securities held (or not purchased) or the allocation among various asset classes.

**Types of Reports Provided to Clients.** Quarterly or semi-annual reports are provided by Joseph to its Joseph Wealth Advisory Program™ clients (and other clients receiving ongoing investment advisory services, enrolled in prior programs). Generally, these reports include a consolidated view of the client's accounts grouped by asset classes, a comparison of the client's actual asset class weightings to their desired targets, and a performance report showing the overall performance of the account since inception and over various time periods. Other reports may be provided from time to time, including a realized gains and losses report (typically provided in January, for the prior calendar year, for taxable accounts). In addition, clients may be provided online access to a consolidated view of the assets under advisement through PortfolioServices (a financial account aggregation and reporting firm), which provides updates to client holdings nearly each business day. For client accounts held at TD AMERITRADE INSTITUTIONAL and FIDELITY INVESTMENTS INSTITUTIONAL SERVICES, clients can be provided online access to their accounts through the web portals of these custodians. All clients receive monthly, quarterly, or annual reports of their account holdings, directly from the custodians.

In addition, Joseph provides clients with newsletters, occasional white papers, article reprints, and other educational materials. These materials are designed to provide further education for investors regarding economic or market events, recommended investments, and portfolio strategies.

**Our Billing Practices, Deduction of Fees from Client Accounts.**

*Aggregation of Client Accounts.* Individual accounts for *immediate* family members (husband, wife and dependent children) are aggregated, and the fee is charged based on the total value of all family members' accounts.

*Billing Occurs in Advance; Valuation of Assets.* Clients will be invoiced in advance at the beginning of each calendar quarter, or semi-annually. Billing amounts are based upon the value (market value or fair market value in the absence of market value) of the client's account(s) (including both securities and cash) at the end of the previous quarter. Valuations are derived from recognized and independent pricing sources. Joseph will never hold funds greater than \$500 for more than six months in advance of completion of the engagement

*When Authorized, Deduction of Fees from Client Accounts.* Clients may choose whether to have their fees billed directly or deducted from client accounts. In certain situations, such as for some qualified retirement plan accounts and traditional IRA accounts, it may be advantageous to the client from a tax perspective to have the portion of Joseph's fees attributable to such accounts directly deducted from such account. Where fees are to be deducted from a client's account, Joseph will request authority from clients to receive quarterly payments directly from the client's account(s) held by an independent qualified custodian, such as TD AMERITRADE INSTITUTIONAL or FIDELITY INVESTMENTS INSTITUTIONAL SERVICES. Clients may provide written limited authorization to Joseph to withdraw fees from account(s). Joseph will send to the client an invoice showing the amount of the fee, the value of the client's assets on which the fee was based, and the specific manner in which the fee was calculated. Clients should verify the accuracy of the fee calculations in such invoices. Clients will also receive custodial statements showing the advisory fees debited from their account(s).

*No Sharing of Account Appreciation; No Performance Fees.* All fees are calculated as described above and are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client.

*Client Assets under Advisement and Fee Minimums.* Joseph has a minimum level of assets under advisement for its Joseph Wealth Advisory Program™ of \$100,000, and a minimum level of assets under advisement for its Joseph Institutional Management Programs of \$1,000,000. Joseph has a minimum fee for the Joseph Wealth Advisory Program™ of \$4,400, and a minimum fee of \$10,000 for the Joseph Institutional Wealth Management Program. Other programs offered by Joseph have account minimums as set forth previously.

*Negotiated Fees and Client, Fee Minimums.* All of Joseph's fees, client minimums, and fee minimums are subject to negotiation; factors involved include whether the client is an employee or independent contractor of Joseph or any affiliate RIA (or a family member related to same), Joseph's desire to serve clients in need of the assistance of Joseph's services who otherwise cannot afford Joseph's services, the size of the relationship, the level and type of advisory services provided and likely to be provided in the future, and the relationship between the advisor and the client. Generally, principals and employees of Joseph are not charged fees on either their accounts or those of immediate family members.



**Fees of Mutual Funds, Other Products, and Custodians.** All fees paid to Joseph for investment advisory and financial planning services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders or the transaction fees charged by the custodian(s). Mutual fund expenses are described in each fund's prospectus. These expenses will generally include a management fee, other fund expenses, and possibly a distribution fee. Joseph believes the charges and fees offered within its programs are competitive with alternative programs available through other firms offering a similar range of services; however, lower fees for comparable services may be available from other sources. A client could invest in mutual funds directly, without the services of Joseph. In that case, the client would not receive the services provided by Joseph which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Additionally, the funds of Dimensional Funds Advisors may not be available to the client directly.

Mutual fund transaction fees charged by our recommended custodians, TD AMERITRADE INSTITUTIONAL and FIDELITY INVESTMENTS INSTITUTIONAL SERVICES, generally vary from \$24 to \$35 for each purchase and sale transaction. Accordingly, the client should review both the fees charged by the funds, the transaction fees charged by the custodian, as well as the fees charged by Joseph to fully understand the total amount of fees to be paid by the client.

Clients may also incur "account termination fees" upon the transfer of an account from one brokerage firm (custodian) to another. The range for these account termination fees is generally \$0 to \$175, but at times may be much higher. Clients should contact their custodians to determine the amount of account termination fees which may be charged and deducted from their accounts.

**Cancellation and Termination of Advisory Agreements.** Clients may cancel an agreement without penalty by providing written notice of such cancellation to Joseph within five (5) business days of the date of signing the agreement with Joseph. Thereafter, either party may terminate the agreement without penalty upon thirty (30) days notice in writing to the other party. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, with the refund calculations based *pro rata* to the date of termination (i.e., the date which is 30 days after notice of termination is received or given). Termination of an agreement will not affect: (a) the validity of any action previously taken by Joseph under the agreement; (b) liabilities or obligations of the parties from transactions initiated before termination of the agreement; or (c) a client's obligation to pay advisor fees (prorated through the date of termination). On the termination of the agreement, Joseph will have no obligation to recommend or take any action with regard to the securities, cash, or other investments in a client's account.

**Our Policy on Class Actions, Bankruptcies and Other Legal Proceedings.** Clients should note that Joseph will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct Joseph to transmit copies of class action notices to the client or a third party. Upon such direction, Joseph will make commercially reasonable efforts to forward such notices in a timely manner.

**Our Proxy Voting Policies.** As a matter of firm policy and practice, Joseph does not accept the authority to and does not vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Generally, clients will receive their



proxies or other solicitations directly from the custodian or transfer agent. However, clients may call or e-mail their advisor with questions regarding a particular proxy or other solicitation, and Joseph may provide advice to clients regarding clients' voting of proxies or such solicitations, upon request of a client or clients or in unusual circumstances.

**No Custody of Securities by Joseph.** It is Joseph's policy to not accept custody of a client's securities. However, with a client's consent, Joseph is provided authority to seek deduction of its fees from client's accounts; this process generally is more efficient for both the client and Joseph, and there may be tax benefits to this method when fees are pro rated to tax-deferred accounts.

**No Block Trading ("Bunching" of Client Orders).** Joseph does not block trades of clients with those of other clients. As a result, Joseph may not achieve better pricing as to the transaction costs associated with either fixed income or mutual fund or equity trades. Joseph does not block trades, as it believes that each transaction should be planned out to take into account the tax consequences of the transaction, and this often involves the sale of specific tax lots; this limits the ability of Joseph to undertake block transactions for its clients with any frequency. Since Joseph endeavors to keep mutual fund trades in client accounts to low levels, and since Joseph has negotiated with its primary custodians transaction fees which Joseph believes to be fairly low, the cost detriment to clients from not bunching trades is believed to not be substantial.

**Our Trade Error Policy.** In all circumstances involving trade errors caused by Joseph, where clients incur losses as a result, clients are "made whole" by Joseph. Joseph does not possess an account to offset trade error gains against losses, and any trade error gains should benefit the client.

**J. Our Code of Ethics.** Joseph Capital Management, LLC has adopted a Code of Ethics, to which all investment advisor representatives and employees are bound to adhere. The key component of our Code of Ethics states:

*Joseph Capital Management, LLC and its investment advisor representatives and employees shall always:*

- *Act in the best interests of each and every client;*
- *Act with integrity and dignity when dealing with clients, prospects, team members, and others;*
- *Strive to maintain and continually enhance our high degree of professional education regarding Modern Portfolio Theory, strategic asset allocation, and financial, tax, estate, and risk management planning; and*
- *Seek at all times to preserve our firm's independence and to maintain our complete objectivity with respect to our advisory services and each recommendation made to our clients.*

Joseph has adopted a detailed Code of Ethics expressing the firm's commitment to ethical conduct. Joseph's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth Joseph's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with Joseph may buy or sell securities for their personal accounts identical or different than those recommended to clients. It is the expressed policy of Joseph that no person employed by the firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, Joseph requires that anyone associated with this advisory practice who possesses access to advisory recommendations (before or at the time they are entered into) ("access persons") to provide annual securities holding reports and quarterly transaction reports to the firm's Chief Compliance Officer or his or her designee. Joseph also requires access persons to receive approval from the Chief Compliance Officer or his designee prior to investing in any initial public offerings or private placements.

Joseph's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. Joseph requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline. Joseph will provide a complete copy of its Code of Ethics to any client upon request.

## **K. About Conflicts of Interest, Generally.**

### *A Candid Discussion of Conflicts of Interest (and Disclosure of Additional Compensation Received by Us.)*

While we take our fiduciary duties seriously, there are certain conflicts of interest which nearly all investment advisers face. In this and in following sections, we discuss these conflicts.

*Proper Management of Conflicts of Interest Relating to the Fees We Receive from You.* The vast majority of our clients pay Joseph fees based upon a percentage of the assets we advise upon. This is a very common form of compensation for registered investment advisory firms and avoids the multiple inherent conflicts of interest associated with commission-based compensation (does not accept commission-based compensation of any nature, nor does Joseph accept 12b-1 fees). Asset-advised-upon percentage method of compensation can still at times lead to conflicts of interest between our firm and our client as to the advice we provide. For example, conflicts of interest may arise relating to the following financial decisions in life: incur or pay down debt; gift funds to charities or to individuals; purchases of a (larger) home or cars or other non-investment assets; the purchase of a lifetime immediate annuity; expenditures of funds for travel or other activities; investment in private equity investments (private real estate ventures, closely held businesses, etc.), and the amount of funds to place in non-managed cash reserve accounts. We have adopted internal policies to properly manage these and other potential conflicts of interest. Our goal is that our advice to you remains at all times in your best interests, disregarding any impact of the decision to be undertaken upon our firm.

*Proper Management of Conflicts of Interest between Clients.* Joseph seeks to avoid situations in which one client's interest may conflict with the interest of another of its clients. One circumstance which could arise, however, is a sudden sharp downturn in the values of one or more stock asset classes, thereby triggering (under adopted investment policies with the vast majority of Joseph's clients) the need to rebalance the investment portfolios following the close of any business (trading) day. In this instance, Joseph seeks to rebalance each client's investment portfolio on a timely basis, keeping in mind that most mutual fund trades occur at the end of a trading day. In ascertaining which client portfolios to attend to first, Joseph ranks clients by the amount of assets under advisement as of the last quarterly period for which Joseph has accumulated complete records, from higher to lower.

*We Seek to Avoid Material Conflicts of Interest.* To seek to avoid material conflicts of interest, generally neither Joseph Capital Management, LLC nor its investment adviser representatives nor its team members receive any third party direct monetary compensation (i.e., commissions, 12b-1 fees, or other fees) from brokerage firms (custodians) or mutual fund companies. However, some additional services and non-direct monetary or other forms of compensation are offered and provided to Joseph as a result of its relationships with custodian(s) and/or providers of mutual fund products. For example, Joseph's investment advisors and employees may be invited to attend educational conferences and/or entertainment events sponsored by such brokerage firms or custodians or mutual fund companies. Other services may be provided as outlined below. Joseph believes that the services and benefits actually provided to it by brokerage firms (custodians) and mutual fund providers do not materially affect the investment management recommendations made to clients of Joseph. However, in the interest of full disclosure of any potential conflicts of interest, we discuss the possible conflicts herein.

Although Joseph Capital Management, LLC believes that its business methodologies, ethics rules, and adopted policies are appropriate to eliminate, or at least minimize, potential material conflicts of interest, and to manage appropriate any material conflicts of interest that may remain, clients should be aware that no set of rules can possibly anticipate or relieve all potential material conflicts of interest.

## **L. About Our Relationships with Custodians.**

*Non-Participation in Client Referral Programs of Custodians.* Joseph Capital Management, LLC will continue to avoid certain relationships with custodians (brokerage firms, etc.) and investment product providers which it believes might materially hamper its independence in its providing advice to its clients or result in clients paying higher mutual fund management, administrative, or other product-related fees and costs. For this and other reasons, Joseph does not participate in the client referral programs which may be sponsored by such custodians, nor does Joseph currently recommend to its clients any mutual funds or ETFs manufactured by affiliates of such custodians (although Joseph may in the future recommend such funds if Joseph, after a process of due diligence, concludes that such mutual funds are the best funds in that particular asset class or which otherwise will best meet the client's objectives).

*Use of Custodians, Generally.* Joseph utilizes the services of TD AMERITRADE INSTITUTIONAL and FIDELITY INVESTMENTS INSTITUTIONAL SERVICES. Each custodian respectively provides Joseph with access to institutional trading and custody services, which services are typically not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis and at no charge to them. However, not all independent investment advisors recommend their clients to particular custodians.

Clients are permitted to direct Joseph to utilize particular brokers. However, if such brokers are utilized, Joseph may not possess access to certain mutual funds and other investments that are generally available only to institutional investors or would require a significantly higher minimum initial investment.

TD AMERITRADE INSTITUTIONAL. Joseph participates in the advisor services program (ASP) of TD AMERITRADE INSTITUTIONAL. While there is no direct linkage between the investment advice given and participation in the ASP program, economic benefits are received which would not be received if Joseph did not give investment advice to clients.

FIDELITY INVESTMENTS INSTITUTIONAL SERVICES. Joseph participates in the FIDELITY INVESTMENTS INSTITUTIONAL SERVICES – Fidelity Registered Investment Advisor Group (FIAG) program. While there is no direct linkage between the investment advice given and participation in the FIAG program, economic benefits are received which would not be received if Joseph did not give investment advice to clients.

*Discussion of Benefits to Joseph, as to Both Custodians.* The benefits provided by these custodians include assistance with practice management and assistance with the management of client accounts, including but not limited to: (a) receipt of duplicate client confirmations; (b) receipt of bundled duplicate statements; (c) access to a trading desk serving investment adviser firm participants exclusively, and providing research, pricing information, and other market data; (d) access to the investment advisor portion of their web sites which includes practice management articles, compliance updates, and other financial planning related information and research materials (including, for example, rating reports on individual companies from Standard and Poors' or other sources); (e) access to other vendors (such as insurance or compliance providers, or providers of research or other materials) on a discounted fee basis through discounts arranged by the custodians; (f) permitting Joseph to access an electronic communication network for client order entry and to access clients' account information and which may otherwise assist Joseph with its back-office functions, including recordkeeping and client reporting; and (g) conferences at which advisors and employees of Joseph may attend (with no registration fees) and receive education on issues such as practice management, marketing, investment theory, financial planning, business succession, regulatory compliance, and information technology.

Participation in the custodian's programs also provides access to certain mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors, such as the mutual funds of Dimensional Funds Advisors.

The benefits received through participation in the custodian's programs may depend upon the amount of transactions directed to, or amount of assets placed in custody with, TD AMERITRADE INSTITUTIONAL or FIDELITY INVESTMENTS INSTITUTIONAL SERVICES.

Generally, many of these services may be utilized to service all or a substantial number of Joseph's accounts. Educational, research, or other services provided by custodians (i.e., TD AMERITRADE INSTITUTIONAL, FIDELITY INVESTMENTS INSTITUTIONAL SERVICES, etc.) or mutual fund companies may benefit all of Joseph's clients, or may only benefit some clients.

While as a fiduciary Joseph endeavors to act in its clients' best interests, Joseph's requirement that clients maintain their assets in accounts at TD AMERITRADE INSTITUTIONAL or FIDELITY INVESTMENTS INSTITUTIONAL SERVICES may be based in part on the benefit to Joseph of the availability to Joseph of some of the foregoing products and services at no cost to Joseph and not solely on the nature, cost or quality of custody and brokerage services provided by the brokers, and this may create a potential conflict of interest.

Joseph's clients may, therefore, pay higher transaction fees, commissions (for individual stock and ETF trades), and principal mark-ups and mark-downs (relating to purchases and sales on a principal, as opposed to an agency, basis), than those charged by other discount brokers. However, Joseph has negotiated fees with the custodians it recommends, and has selected these custodians for their generally low fees relative to another large custodian. Also, please note that Joseph prefers to recommend custodians to its clients whom possess significant size and financial resources, for purposes of our

perception of enhanced safety of clients' funds. For all of these reasons, the lowest cost custodian for clients may not be recommended to clients by Joseph.

## **M. About Our Relationships with Investment Product Providers.**

*Dimensional Funds Advisors.* Following a stringent interview process, Joseph was granted access by Dimensional Funds Advisors (DFA) to its mutual funds at the time of Joseph's inception of operations. Dimensional Funds Advisors is a Santa Monica, California-based mutual fund company with over 35 funds and over \$127 billion of assets under management (as of June 30, 2009).

While there is no direct linkage between the investment advice given and the approval of Joseph to access the mutual funds of Dimensional Funds Advisors, economic benefits are received which would not be received if Joseph did not give investment advice to clients. These benefits, which are also received by other Registered Investment Adviser firms granted access to the DFA funds, include: (a) attendance at seminars hosted by Dimensional Funds Advisors at which the investment products of Dimensional Funds Advisors are explained, academic instruction is given on asset allocation strategies, and financial planning and practice management instruction is given. Joseph pays all of the travel and hotel costs for members and staff attending these seminars. Dimensional Funds Advisors provides, at no charge to Joseph and the other attendees at such seminar, the speakers and facilities for the seminar, occasional luncheons or dinners, and the materials handed out at the seminar; (b) access to the "financial advisor" portion of the Dimensional Funds Advisors web site ([www.dfaus.com](http://www.dfaus.com)), which contains additional academic research, practice management articles, newsletters, educational video presentations, software, and investment returns data; (c) use of the DFA Returns and DFA Allocation Evaluator software programs and accompanying data, which can be utilized to ascertain how different asset classes (as represented by various indices) and different mutual funds of Dimensional Funds Advisors have performed over time and which provide a method for calculation based upon historical results of rate of return and standard deviation for those asset classes and mutual funds; (d) various print materials (including article reprints and DFA brochures); (e) occasional practice management conferences and telephone conferences with Dimensional Funds Advisors' team members, including Regional Directors, research staff, and tax staff, to discuss specific issues relating to academic research relating to investment theory and/or relating to practice development (marketing) and management issues; (f) participation in a regional study group sponsored and hosted by Dimensional Funds Advisors; and (g) other services and benefits.

Joseph Capital Management, LLC is under no obligation to recommend the mutual funds of Dimensional Funds Advisors to Joseph's clients. Joseph recommends funds of Dimensional Funds Advisors or other mutual fund companies or other investment products only when Joseph believes they best suit the client's objectives. Joseph does not provide any payment to Dimensional Funds Advisors for the access provided to Joseph's clients. Dimensional Funds Advisors does not pay to Joseph any direct monetary compensation in order to recommend the funds of Dimensional Funds Advisors.

**N. Book Purchases.** Joseph Capital Management, LLC offers for sale one or more books, including its book, *The Science of Investing*. Each investment advisory clients may receive one copy of the book(s) for free.

**O. Other Business Activities; Speaking Engagements; Honorariums.**

*Michael J. Tringali*, in his individual capacity, is also an officer and Certified Public Accountant of Michael J. Tringali, PA (hereinafter "MJTPA"), an accounting firm. MJTPA is currently inactive as an accounting firm but holds a commercial office which is held for lease. Mr. Tringali, in his individual capacity, is also President, Secretary and Director of the Tringali Company, Inc. (hereinafter "TTC"), a company that engages in the nutritional field. TTC is not an advisory client of JCM. JCM advisory clients will not be solicited to invest in, or otherwise be involved with, TTC. Mr. Tringali, in his individual capacity, is also President, Secretary and Director of Crystal River Realty, Inc., a company involved in real estate brokerage activities (hereinafter referred to as "Realty Companies"). Realty Companies will never be an advisory client of JCM. No JCM advisory client is obligated to use any service of Realty Companies, and no Realty Companies client is obligated to use any advisory services of JCM. JCM advisory clients will not be solicited to invest in Realty Companies. Mr. Tringali, in his individual capacity, is an owner of Tringali Family Investment Properties, LLC (hereinafter "TFIP"), a real estate holding company. TFIP is not an advisory client of JCM. No advisory clients of JCM will be solicited to invest in TFIP. Mr. Tringali is also an officer and Certified Public Accountant of Joseph & Company Certified Public Accountants, Inc. (Joseph CPAs). Joseph CPAs is not an advisory client of JCM. JCM advisory clients will not be solicited to invest in, or otherwise be involved with, Joseph CPAs.

*John J. Ceparano*, in his individual capacity, is also an on officer of Business Blocks, Inc. (hereinafter "BBI"), a real estate holding company. BBI is currently inactive as an accounting firm. No JCM advisory clients will be solicited to invest or participate in BBI in its capacity as a real estate holding company. Mr. Ceparano is also an officer and Certified Public Accountant of Joseph & Company Certified Public Accountants, Inc. (Joseph CPAs). Joseph CPAs is not an advisory client of JCM. JCM advisory clients will not be solicited to invest in, or otherwise be involved with, Joseph CPAs.

*Ron A. Rhoades*, in his individual capacity, is also a principal and attorney for Ron A. Rhoades, P.A., a Florida law firm. JCM advisory clients may also be Ron A. Rhoades, P.A. legal clients. No JCM advisory client is obligated to use any Ron A. Rhoades, P.A. legal service, and no Ron A. Rhoades, P.A. legal client is obligated to use any JCM advisory service. JCM is not utilized to solicit clients for Ron A. Rhoades, P.A.. No referral fees are paid to either of these entities from the other respective entity. All legal fees charges by Ron A. Rhoades, P.A. are separate and distinct from all advisory fees charged by JCM.

*Disclosures Applicable to All Principals.* Mr. Tringali, Mr. Ceparano and Mr. Rhoades are the co-member/managers of Joseph Ventures, LLC, which holds real estate in Citrus County, Florida. No JCM advisory clients will be solicited to invest or participate in Joseph Ventures, LLC in its capacity as a real estate holding company.



Principals of JCM are also trustees and/or executors (i.e., Personal Representatives) for one or more trusts or estates. These trusts or estates are not advisory clients of JCM.

Principals of JCM serve on the boards of various non-profit associations and/or charitable organizations. These associations or charitable organizations are not advisory clients of JCM. No advisory client will be solicited to invest, or otherwise be involved in any of these non-profit associations.

Principals and/or employees of JCM, in their individual capacities, are owners and/or principals of various real estate holding companies. No advisory client will be solicited to invest, or otherwise be involved in any of these real estate holding companies.

Principals and/or employees of JCM, in their individual capacities are members, directors and/or officers of non-profit organizations. No JCM advisory client will be solicited to invest, or otherwise be involved in, any of these non-profit organizations.

Joseph's Directors and/or advisors may be invited to speak at investment or financial planning industry, compliance, or securities law conferences on occasion. Speakers from Joseph may be offered an honorarium for speaking engagements, and/or may be reimbursed for certain travel expenses, and/or may have registration fees for attendance at the conference reduced or waived. Joseph does not believe the receipt of such honorariums, reimbursements, or other compensation directly influences the advice Joseph provides to its clients.

Ron A. Rhoades also undertakes activities relating to several writing projects, some of which may result in publication of materials which are not directly related to Joseph Capital Management, LLC's services. . No JCM advisory client will be solicited to invest, or otherwise be involved in, these writing projects.

Mr. Ceparano may spend as much as 10% of his time with all of these related activities.

Mr. Rhoades may spend as much as 20% of his time with all of these related activities.

Mr. Tringali may spend as much as 15% of his time with all of these related activities.

## **P. Our Investment Advisory Team Members.**

The educational backgrounds and employment histories of Joseph's Executive Committee and advisory personnel are described in the following pages.

Joseph requires each person with professional designations to complete annual continuing education requirements, if they are required to do so by reason of the professional designation or certification program.

All advisors must also possess a commitment to passive investing, incorporating the principles of Modern Portfolio Theory.





**John J. Ceparano, CPA/PFS\*, CFP™, M.Tax.**, Co-Director of Tax and Financial Planning, Director of Business Development, Private Wealth Manager. (\*The CPA designation is regulated by the State of Florida; Mr. Ceparano is also licensed as a CPA in the State of New York.)

*Educational Background.* John Joseph Ceparano graduated with a BS in Accounting from St. John's University in 1985. John received his Master of Taxation degree from Florida Atlantic University in August 2005.

*Employment History.* John is Co-Director of Tax and Financial Planning for Joseph Capital Management, LLC. He is a member of the firm's Investment Committee. As our Director of Business Development, John has actively been involved in developing wealth management teams in New York City, Philadelphia, Washington DC, Raleigh, Atlanta,

and Tampa to work with us to provide comprehensive planning. This is an interview process to insure the team members, typically consisting of esteemed estate tax planning attorneys, CPAs, Certified Valuation Analysts, and other specialists, are well-versed in holistic planning and subscribe to a fiduciary standard. John is a CPA and Personal Financial Specialist (PFS) (Florida, New York) and served as President of Joseph & Company Certified Public Accountants, Inc. from 2000 through 2007, and prior to that as President of Business Blocks, Inc., an accounting and tax firm and now a real estate holding company, from 1993 to 2000. He was a Manager and CPA (New York) with Blau, Soloway & Goldstein from 1992 to 1993, and before that he was predominantly with Price Waterhouse from 1985 to 1992.

*Personal Summary.* John has over 20 years of experience in taxation, business consulting, financial counseling for successful closely-held business owners, and high net-worth individuals. After graduating with honors from St. John's University with a BS in accounting, John practiced with Price Waterhouse for a total of 6 years, rising to the position of Senior Tax Consultant. While at Price Waterhouse, he advised ultra-affluent clients on such matters as tax efficient investing and stock option exercise planning. John is also the co-author of *The Science of Investing: How to Apply Academic Research to Reduce Risks and Increase Investment Returns*. John also served as an adjunct faculty member with St. John's University and the University of Florida, where he taught classes in business management and finance. John has also recently served as an active Committee member on the Parent Council for North Carolina State University. John is currently an active member of the Tampa Bay Estate Planning Council.

John is an active member of the community. He served as Treasurer of the East Citrus Soccer League, and he is an active member of the Rotary Club of Central Citrus County. John is a member of the Blessed Trinity Church (Ocala, Florida) Endowment Fund Committee, which oversees strategic investment allocations and recipient awards. He is also the Chairman of the Trinity Catholic High School Finance Committee and one of four Executive members of Trinity Catholic Executive School Board of Trustees.



**Mary Ann Ceparano**, Director of Client Services; Director of Human Resources.

*Educational Background.* Mary Ann graduated from the College of Business Administration, St. John's University, with a Bachelor of Science in Accounting, in 1985.

*Employment History.* Mary Ann served as a Staff Accountant and then Senior Auditor with Price Waterhouse, New York, New York, from 1985 to 1989. She served as an Accounting Manager with Business Blocks, Inc. from 1993 to 2000, and then served as Director of Human Resources for Joseph & Company Certified Public Accountants, Inc. from 2000 through 2007. Since 2001 Mary Ann Ceparano has served as Director of Human Resources and Director of Client Services for Joseph Capital Management, LLC. She serves on Joseph's Executive Committee.

*Personal Summary.* While Mary Ann Ceparano is not a investment advisor with the firm, and does not provide investment advice, Mary Ann coordinates the delivery of back-office services in order to better aid the service to our clients. She is the mother of three teenage boys and a caregiver for her elderly mother. Mary Ann is an active member of her church and volunteers on a regular basis.

**Ron A. Rhoades, JD, CFP®**, Director of Research, Chief Compliance Officer, Private Wealth Manager.

*Educational Background.* Ron A. Rhoades was born in 1958. He graduated with a Bachelor of Science degree in Business Administration from Florida Southern College in 1983. He graduated with a Juris Doctor degree, with honors, from the University of Florida College of Law in 1985. Ron attained the Certified Financial Planner™ (CFP™) designation in 2005. He has attended numerous continuing educational forums, symposia and conferences over the years.

*Employment History.* Mr. Rhoades is the Director of Research and Chief Compliance Officer for Joseph Capital Management, LLC from 2001 to present. He also serves as Chairman of the firm's Investment Committee. Ron A. Rhoades has over 23 years experience as an attorney, with most of those years substantially devoted to estate planning (with an emphasis on transfer tax planning and retirement plan distribution planning).

*Personal Summary.* Mr. Rhoades has been quoted in numerous publications, including *Fortune* and *Newsweek* magazines, *Washington Post*, *Barron's*, *Financial Planning*, *Financial Advisor*, *Investment Advisor*, *Wealth Manager*, *On Wall Street*, *Investment News*, and *Compliance Reporter*. In recent years, Ron had articles published in *The Florida Bar Journal* and *Senior Consultant and Advisor Perspectives* relating to the fiduciary duties of professionals. In 2005 and 2007, Ron was an invited panelist at conferences of the North American Securities Administrators Association (NASAA), where he addressed regulators on issues relating to the fiduciary duties of investment advisers. Ron was also the keynote speaker at the August 2008 NASAA Investment Adviser Examiner Training Conference in Kansas City, and he served as an instructor at such state securities administrator investment adviser examiner training programs in 2008 and 2009. Ron also organized hosted NAPFA's 2009 Compliance and Fiduciary Duties Conference in Washington, DC.

In addition, Mr. Rhoades has spoken at various meetings of accountants and attorneys regarding retirement account distribution planning and Roth IRA conversion planning. Mr. Rhoades is the author of *Estate Planning for the Florida Resident: Questions and Answers* (a 250-page book), the co-author of *The Science of Investing: How To Apply Academic Research to Reduce Risks and Increase Investment Returns* (a 330-page book), and the author of *The Seven Secrets of Investing*. He is the author of numerous white papers and articles relating to investment management and portfolio construction. Ron is currently working on a treatise, *Financial Planners: Fiduciary Duties and Compliance*, with anticipated publication in 2010.

Ron has written for his web sites, designed for public advocacy on fiduciary issues ([www.FiduciaryNow.com](http://www.FiduciaryNow.com)) and relating to compliance with investment adviser regulation ([www.fpcompliance.com](http://www.fpcompliance.com)).

Mr. Rhoades serves on the Board of Directors (2009-2011 term) of the National Association of Personal Financial Advisors (NAPFA), currently serves on its Industry Issues Committee, and previously served on its Educational Advisory Task Force. Ron is also a member of the Financial Planning Association (FPA), and served as Reporter for its Fiduciary Task Force (2007-8), as Reporter for its Professional Standards Task Force (2008), and as a member of its Government Relations Committee (2007-8). During 2000, Mr. Rhoades spent several months as a Consultant to Prudential Financial, traveling extensively to its offices in New York and Newark, where he assisted in the design of new service offerings to retirees and assisted in the design and writing of training materials for use by financial advisors.





**Michael J. Tringali, CPA/PFS\*, CFP®**, Co-Director of Tax and Financial Planning, Private Wealth Manager. (\*The CPA designation is regulated by the State of Florida.)

*Educational Background.* Michael J. Tringali, CPA/PFS, CFP® was born in 1960. He graduated with a Bachelor's degree from the Whittemore School of Business and Economics at the University of New Hampshire in 1982. He attended Graduate Accounting classes at Nova University from 1989 through 1990.

*Employment History.* Mr. Tringali is Managing Director, Chairman of the Board, and Co-Director of Tax and Financial Planning for Joseph Capital Management, LLC from 2001 to Present. He is a member of the firm's Investment Committee. Mr. Tringali is also the co-author of *The Science of Investing: How To Apply Academic Research to Reduce Risks and Increase Investment Returns*.

Mr. Tringali was Vice President of Joseph & Company Certified Public Accountants, Inc. from 2000 through 2007. He was President of Michael J. Tringali, P.A., a certified public accounting firm, from 1992 through 2000.

*Personal Summary.* Michael J. Tringali has over 26 years of experience in the financial and accounting fields. His finance career began in 1982 with the international accounting firm Arthur Andersen & Co. in their tax department. Following his tenure with Arthur Andersen Mr. Tringali worked 5 years as the personal financial advisor to the co-founder of a Fortune 100 Company.

In addition to being a CPA, Mr. Tringali is also a Certified Financial Planner™ (CFP®), a Personal Financial Specialist (PFS) (awarded by the American Institute of Certified Public Accountants), and is a Level 2 Candidate in the Chartered Financial Analyst (CFA) Program. He is also licensed in Florida as a Real Estate Broker and a Community Association Manager.

Mr. Tringali is an active member of the local community. He is one of the founding directors and an honorable board member of the Boys & Girls Club of Citrus County, Inc. and is presently a member of the YMCA of the Suncoast Citrus County Steering Committee. Mr. Tringali serves as the sole trustee of both a local charitable remainder trust and a scholarship trust.





**Joseph D. Coffey, Ph.D.,** Private Wealth Counselor.

*Educational Background.* Dr. Joe Coffey is a graduate of Purdue University with a B.S., and North Carolina State University with a M.S. and Ph.D. in Economics.

*Employment History.* Dr. Coffey served as V.P. of Economics and Planning at Southern States Cooperative, Inc. in Richmond, Va. Previously, he also served on the faculty of the University of California at Berkeley, and was head of the Department of Agricultural Economics at Virginia Polytechnic Institute. Dr. Coffey also served as an analyst on the Planning, Evaluating, and Programming Staff of the Office of the U.S. Secretary of Agriculture.

In 1963, Dr. Coffey served as an agricultural advisor with North Carolina State University Agricultural Mission in Lima, Peru. While in Peru, he also was assigned the position of visiting professor of social sciences at the Agrarian University. Dr. Coffey has traveled to Canada, Switzerland, Zimbabwe, Cameroon, Kenya, and Albania to serve as a guest lecturer or advisor. In 1981, he took part in a scientific mission to the People's Republic of China.

*Personal Summary.* As a trusted resource, Dr. Coffey has served on dozens of professional committees and has spoken to more than 500 national, international, state, and local groups. As an avid researcher, Dr. Coffey has written numerous published articles. In 1997, Purdue University presented Dr. Coffey with its Distinguished Alumnus Award. North Carolina State University, Virginia Tech, and the U.S. Department of Agriculture have also presented Dr. Coffey with awards.

Since moving to Citrus County, he has conducted classes in economics and investments at the Seniors' Institute of Central Florida Community College in Ocala and Lecanto, Top of the World Communities in Ocala, Prestige 55 at Ocala, Citrus Hills Community and an Investments workshop at Crystal River Library. Dr. Coffey currently serves as an instructor for Central Florida Community College's Senior Institute and lectures on cruise ships. Dr. Coffey is an avid runner and competed in the Boston Marathon in 2008.



**Linda Horne**, Private Wealth Advisor.

*Educational Background.* Linda attended college in Gainesville, FL and received an A.S. in Accounting. She is currently working toward a Bachelor of Science in Business with a concentration in Finance through Kaplan University.

*Employment History.* Linda has always worked in the banking and financial industries. Linda joined Joseph Capital Management, LLC in 2005, and advanced quickly from a Financial Services Coordinator to her Private Wealth Advisor role with the firm. Linda is currently developing the firm's practice in the Cumming / Atlanta Georgia market. In addition, Linda is instrumental in testing and recommending new software applications for the firm.

*Personal Summary.* Linda Horne grew up in a small Florida town. After residing in Florida for most of her life, she relocated to Cumming, Georgia, with her husband, Howard, and their son, Seth, in 2007. Linda enjoys being outdoors, learning and experiencing new things, being with family and friends, swimming, camping, and hiking.



**Sara ("Sally") Long, CTFA**, Sr. Private Wealth Advisor.

*Educational Background.* Sally Long graduated with a B.S. in Finance and a B.S. in Management from the University of South Florida in 1985. She attended the Cannon Financial Institute Trust Schools at UNC Charlotte and Myrtle Beach, S.C., and earned the Certified Trust & Financial Advisor designation from the Institute of Certified Bankers in 2001. Sally will be taking the test to become an investment adviser representative, with anticipated registration as such in early 2009.

*Employment History.* Ms. Long is a Sr. Private Wealth Advisor for Joseph Capital Management, LLC. She previously served as Vice President for SunTrust Bank from 1996 – 2008, most recently as Trust Advisor in the Private Wealth Management Group. While at SunTrust, Sally was also a Commercial Loan Officer and Retail Branch Manager. Sally worked for Barnett Bank from 1985-1996

in various roles including Human Resources Officer, Training Director, and upon completing the Management Associate program, Mortgage Loan Officer and Middle Market Corporate Relationship Manager.

*Personal Summary.* Sally Long has over 23 years of experience in financial services in the Florida Nature Coast area. She has participated in multiple banking business lines, including retail, mortgage, commercial, and wealth management. Sally specializes in advising wealthy client families in the area of estate planning, investment services, and personal finances. She has an in-depth working knowledge of trust and fiduciary administration. She has routinely attended Continuing Education programs, including *The Estate Planning Teleconference Series* featuring Roy M. Adams and the Florida Trust School.

Ms. Long is an active member of the community. She serves as Vice Chairman for Hospice of Citrus County and is part of its Finance Committee. Sally is a member of the Rotary Club of Inverness. She is a member of the St. Margaret's Episcopal Church (Inverness, Florida) Finance Committee. Sally is a graduate of Leadership Citrus Class 1996, and a past participant in the Citrus 20/20 and Jr. Achievement programs.





**Eric Sobocinski, J.D.**, Sr. Private Wealth Advisor

A native of Smithtown, New York, Eric relocated to Chapel Hill, North Carolina, in 1995. That same year, Eric received his J.D. from Villanova University School of Law. He also received his B.A. in Psychology from Villanova University in 1991.

Eric has been in private law practice in North Carolina since 1996. He represents clients in the areas of estate planning, trust and estate administration, business succession planning, business transactions, and family charitable and philanthropic counseling. Eric also provides representation to professional athletes.

Eric is currently "Of Counsel" to the Durham, North Carolina, law firm of Walker, Lambe, Rhudy, & Costley, PLLC. He is also Vice President and Counsel to Turner-Gary Sports, Inc. of Chapel Hill, N.C.

From 2002 to 2006, Eric served as the Director of Advanced Planning for Northwestern Mutual Life in Raleigh. He has also

served as Vice President of Sales for Investors Trust Company in Chapel Hill. In both positions, Eric applied his legal background in providing wealth planning services to clients.

Eric frequently provides public presentations on the subjects of estate planning, financial planning, asset protection, retirement planning, sports law, and related topics. He is an active member of St. Thomas More Church in Chapel Hill, N.C., an avid sports fan, and enjoys coaching youth sports and traveling. He resides in Pittsboro, N.C. with his wife Kristen and their two children, Jackson and Georgia.

**As of Sept. 4, 2009**

JOSEPH CAPITAL MANAGEMENT, LLC

SEC FILE NUMBER: 801-60647

FORM ADV, PART II DISCLOSURE DOCUMENT ("BROCHURE")

*For SEC and State Securities Regulators: Index (Cross-Reference) of the  
"Items" Found in Instructions for Form ADV, Part II to the Content of this Brochure*

Item Number	Item Number Description	Page(s) Located In This Brochure
1	Cover Page	1
2	Material Changes	2
3	Table of Contents	3-4
4	Advisory Business – Length of Time in Business	5
4	Advisory Business – Principal Owners	5
4	Advisory Business – Types of Advisory Services Offered	5, 10-16
4	Advisory Business – Limitation(s) On Type of Advice Offered	5-7
4	Advisory Business – Tailoring Advisory Business to Individual Needs of Clients	6, 10-16
4	Advisory Business – Client-Imposed Restrictions on Investments in Certain Securities	18
4	Advisory Business – Wrap Fee Programs (none)	-
4	Advisory Business – Amount of Assets Managed (Discretionary, Non-Discretionary)	5
5	Fees and Compensation - How Compensated	11-16
5	Fees and Compensation – Fee Schedules	11-16
5	Fees and Compensation – Deduction of Fees from Client Accounts or Billed	19
5	Fees and Compensation – Other Fees/Costs Incurred by Clients	20
5	Fees and Compensation – Payment of Fees In Advance	19
5	Fees and Compensation – Cancellation, Termination and Refunds of Fees	20
5	Fees and Compensation – Commissions, 12b-1 Fees, and Trails (none)	-
6	Performance Fees and Side-by-Side Management (none)	-
7	Types of Clients – Individuals	10-13, 16
7	Types of Clients – Retirement Plans	14
7	Types of Clients - Trustees of Irrevocable Trusts	14
7	Types of Clients – Foundations and Other Institutions	15
7	Types of Clients – Sub-Advisor Relationships with Affiliate RIA Firms	16
8	Methods of Analysis	6-8
8	Investment Strategies	5-8
8	Risk of Loss	8
8	Significant or Unusual Risks	8
8	Effect of Trading Expenses and Taxes Upon Investment Returns	20-21
8	Policy on Cash Balances in Client Accounts	9
9	Disciplinary Events: Our Firm or Its Management Personnel (none)	-
10	Other Financial Industry Activities and Affiliations: for Management Persons	26-27

**As of Sept. 4, 2009****JOSEPH CAPITAL MANAGEMENT, LLC****SEC FILE NUMBER: 801-60647****FORM ADV, PART II DISCLOSURE DOCUMENT ("BROCHURE")**

<b>Item Number</b>	<b>Item Number Description</b>	<b>Page(s) Located In This Brochure</b>
<b>10</b>	Other Financial Industry Activities and Affiliations: Sub-Advisor to Affiliate Firms; Payments to or From Other Advisors; Management of Conflicts of Interest	<b>16</b>
<b>11</b>	Code of Ethics – Briefly Described, Copy Available Upon Request	<b>21-22</b>
<b>11</b>	Code of Ethics – Personal Trading (i.e., Purchases of Same Securities Recommended to Clients for Our Related Persons' Accounts) - Avoidance and Proper Management of Conflicts of Interest Arising Therefrom	<b>21-22</b>
<b>11</b>	Code of Ethics – Sale to, or Purchase from, Clients of Securities; Or Securities in Which Related Person Has a Material Interest	<b>21-22</b>
<b>12</b>	Brokerage Practices – Factors In Recommending Custodians (Brokers)	<b>23-25</b>
<b>12</b>	Brokerage Practices – Receipt of Products and Services From Custodians	<b>23-25</b>
<b>12</b>	Brokerage Practices – Recommendation of Broker for Client Referrals (none)	<b>-</b>
<b>12</b>	Brokerage Practices – Directed Brokerage (Our Recommended Custodians)	<b>23-25</b>
<b>12</b>	Brokerage Practices – Directed Brokerage (Client Direction as to use of Custodian)	<b>23</b>
<b>12</b>	Brokerage Practices – No Block Trading Undertaken	<b>21</b>
<b>13</b>	Review of Accounts – Frequency and Nature of Reviews, Titles of Employees Who Conduct the Reviews	<b>9, 11-12</b>
<b>13</b>	Review of Accounts – Factors Triggering A Review On Other Than A Periodic Basis	<b>9</b>
<b>13</b>	Review of Accounts – Content and Frequency of Regular Written Reports to Clients Regarding Their Accounts	<b>9, 11-12</b>
<b>14</b>	Payment for Client Referrals – Arrangement with Affiliate RIA Firms	<b>16</b>
<b>14</b>	Payment for Client Referrals – Other Economic Arrangements, Solicitors (none)	<b>-</b>
<b>15</b>	Custody (none)	<b>20</b>
<b>16</b>	Investment Discretion – Types of Discretion Accepted; Limitations Customarily Placed Upon Discretionary Authority by our Clients; Powers of Attorney	<b>17-18</b>
<b>17</b>	Voting Client Securities – Proxy Voting Policy	<b>20</b>
<b>18</b>	Financial Information – We Do Not Require Nor Solicit Prepayment of More than \$1,200 (\$500 Under Current Rule) Per Client, More than 6 Months In Advance	<b>19</b>
<b>18</b>	Financial Information – Since Discretionary Authority Exists, Any Financial Condition That Is Reasonably Likely To Impair Our Ability to Meet Contractual Commitments to Clients (none)	<b>-</b>
<b>19</b>	Index	<b>36-37</b>
<b>-</b>	Wrap Fee Disclosures (none)	<b>-</b>
<b>-</b>	Brochure Supplement – John J. Ceparano	<b>28</b>
	Brochure Supplement – Mary Ann Ceparano	<b>29</b>
<b>-</b>	Brochure Supplement - Joseph D. Coffey, Ph.D.	<b>32</b>
<b>-</b>	Brochure Supplement – Linda Horne	<b>33</b>
<b>-</b>	Brochure Supplement – Sara ("Sally") Long	<b>34</b>
<b>-</b>	Brochure Supplement – Ron A. Rhoades	<b>30</b>
<b>-</b>	Brochure Supplement – Eric Sobocinski	<b>35</b>
<b>-</b>	Brochure Supplement – Michael J. Tringali	<b>31</b>

As of Sept. 4, 2009

JOSEPH CAPITAL MANAGEMENT, LLC

SEC FILE NUMBER: 801-60647

FORM ADV, PART II DISCLOSURE DOCUMENT ("BROCHURE")

OMB APPROVAL  
OMB Number: 3235-0049  
Expires: July 31, 2008

**FORM ADV, Part II**  
**Uniform Application for Investment Adviser Registration**

Name of Investment Adviser: **Joseph Capital Management, LLC**

Address: **2450 N. Citrus Hills Blvd.  
Hernando, FL 34442-5348**

Telephone numbers: **Local: (352) 746-4460  
Toll-Free: 1-866-746-4460**

1 A. Advisory Services and Fees. For each type of service provided, state the approximate % of total advisory billings from that service.

**Joseph Capital Management, LLC (JCM):**

- |  |     |
|--|-----|
| 1. Provides investment supervisory services . . . . .  | 87% |
| 2. Manages investment advisory accounts not involving investment supervisory services . . . . .  | 8%  |
| 3. Furnishes investment advice through consultations not included in either service described above . . .  | 2%  |
| 4. Issues periodicals about securities by subscription . . . . .   | 0%  |
| 5. Issues special reports about securities not included in any service described above. . . . .  | 0%  |
| 6. Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities . . . . . | 0%  |
| 7. On more than an occasional basis, furnishes advice to clients on matters not involving securities . . .   | 3%  |
| 8. Provides a timing service . . . . .   | 0%  |
| 9. Furnishes advice about securities in any manner not described above . . . . .   | 0%  |

The narrative portion of this Form ADV, Part II (set forth previously) describes, for each services indicated to be provided above, the services provided, JCM's basic fee schedule, how fees are charged, whether JCM's fees are negotiable, when compensation is payable, and, if compensation is payable before services are provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date.

1.B. Does JCM call any of the services it checked above financial planning or some similar term? . . . . . Yes.

1.C. JCM offers investment advisory services for: (check all that apply)

- |   |  |
|---|--|
| ✓ | 1. A percentage of assets under management   |
| ✓ | 2. Hourly charges  |
| ✓ | 3. Fixed fees (not including subscription fees)  |
| — | 4. Subscription fees   |
| — | 5. Commissions   |
| ✓ | 6. Other (JCM on occasion sells books and/or white papers to the public which have been authored by its Directors) |

2. *Types of clients - JCM generally provides investment advice to: (check those that apply)*

- ☒ A. Individuals
- ☐ B. Banks or thrift institutions
- ☐ C. Investment companies
- ☒ D. Pension and profit sharing plans
- ☒ E. Trusts, estates, or charitable organizations
- ☒ F. Corporations or business entities other than those listed above
- ☐ G. Other

1. *Types of Investments. JCM offers advice on the following: (check those that apply)*

- ☒ A. Equity Securities
  - ☒ 1. Exchange-listed securities
  - ☒ 2. Securities traded over-the counter
  - ☒ 3. Foreign issuers
- ☒ B. Warrants
- ☒ C. Corporate debt securities (other than commercial paper)
- ☒ D. Commercial paper
- ☒ E. Certificates of deposit
- ☒ F. Municipal securities
- ☒ G. Investment company securities
  - ☒ 1. Variable life insurance
  - ☒ 2. Variable annuities
  - ☒ 3. Mutual fund shares
- ☒ H. United States government securities
- ☒ I. Options contracts on:
  - ☒ 1. Securities
  - ☐ 2. Commodities
- ☐ J. Futures contracts on:
  - 1. Tangibles
  - 2. Intangibles
- ☒ K. Interests in partnerships investing in:
  - ☒ 1. Real estate
  - ☒ 2. Oil and gas interests
  - ☒ 3. Other
- ☒ L. Other

#### 4. Methods of Analysis, Sources of Information, and Investment Strategies

A. JCM's security analysis methods include: (check those that apply)

- ☐ 1. Charting
- ☒ 2. Fundamental
- ☐ 3. Technical
- ☐ 4. Cyclical
- ☒ 5. Other (explain on Schedule F)

B. The main sources of information JCM uses include: (check those that apply):

- ☒ 1. Financial newspapers and magazines
- ☐ 2. Inspections of corporate activities
- ☒ 3. Research reports prepared by others
- ☒ 4. Corporate rating services
- ☐ 5. Timing services
- ☒ 6. Annual reports, prospectuses, filings with the Securities and Exchange Commission
- ☒ 7. Company press releases
- ☒ 8. Other (explain on Schedule F)

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- ☒ 1. Long term purchases (securities held at least a year)
- ☒ 2. Short term purchases (securities sold within a year)
- ☒ 3. Trading (securities sold within 30 days)
- ☒ 4. Short sales
- ☒ 5. Margin transactions
- ☒ 6. Option writing, including covered options, uncovered options or spreading strategies
- ☒ 7. Other (explain on Schedule F)

1. **Education and Business Standards.** Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? .... **Yes.**

**See description in narrative portion of this ADV, Part II.**

2. **Education and Business Background.** For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the: name, year of birth, formal education after high school, and business background for the preceding five years.

**See description in narrative portion of this ADV, Part II.**



**7. Other Business Activities.** (check those that apply)

- ☐ A. JCM is actively engaged in a business other than giving investment advice.
- ☐ B. JCM sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.) **JCM's principals are engaged in some other business activities, which are described in the narrative portion of this ADV, Part II.**

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- ☐ C. Applicant has arrangements that are material to its advisory business or its clients With a related person who is a:
- |  |  |
|--|--|
| <input type="checkbox"/> (1) broker-dealer   | <input checked="" type="checkbox"/> (7) accounting firm                            |
| <input type="checkbox"/> (2) investment company  | <input checked="" type="checkbox"/> (8) law firm                                   |
| <input type="checkbox"/> (3) other investment adviser  | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input checked="" type="checkbox"/> (11) real estate broker or dealer              |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the Relationship and the arrangements.)

**See description in narrative portion of this ADV, Part II.**

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? ..... **No**
- (If yes, describe on Schedule F the partnerships and what they invest in.)

**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.) **See description in narrative portion of this ADV, Part II.**

**10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services and impose a minimum dollar value of assets or other conditions for starting or maintaining an account? ..... **Yes**  
(If yes, describe on Schedule F.) **See description in narrative portion of this ADV, Part II.**

**11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services: Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

**Reviews. Clients' investment portfolios are reviewed under the following adopted policies and procedures:**

Periodic Portfolio Reviews. The number of times we review a client's investment portfolio is generally determined by the amount of assets we manage for each client. See each program's service description for an indication of the frequency of review, which is generally either semi-annually, quarterly, or monthly.

Additional Reviews Upon Request. Clients may request additional analysis of their portfolios at any time, such as when cash needs arise, or when additional cash or securities are added to a client's investment portfolio. We shall respond to such requests within a reasonable period of time, subject to the restriction that we are unable to respond to specific requests on days when there is a major market change (see description, immediately below).

Procedures Upon Major Market Change. Upon a major fall in the valuation of the equities (stock) markets, or a specific asset class, an opportunity may be presented for rebalancing of a client's investment portfolio. In such event our resources may be limited given the number of relationships with our clients. In connection therewith, on days when all accounts are reviewed for purposes of rebalancing, we seek to undertake rebalancing efforts for clients, ranked in order of assets under advisement (from highest to lowest) for those accounts for which we have discretion to undertake rebalancing. Only those accounts for which we have discretion are rebalanced on such days.

**Reviewers** include Linda Horne, who does the majority of initial reviews, and who serves as Private Wealth Advisor with the firm, and Sally Long, Senior Private Wealth Advisor. John J. Ceparano, Ron A. Rhoades, and Michael J. Tringali, all of whom are Directors of the firm, also undertake reviews, and are assisted by Financial Services Coordinators. Reviewers jointly review some accounts, while other accounts are reviewed by a single reviewer, as necessary and appropriate. In most instances accounts are usually not assigned to any one reviewer, but rather reviews are undertaken by Linda Horne or as the Director's schedules permit and utilizing a team approach.

*B. Describe below the nature and frequency of regular reports to clients on their accounts.*

Reports vary by client and are usually either semi-annual, quarterly or monthly. Reports usually contain a consolidated view of the client's accounts, a "Portfolio Rebalancing" analysis, and for most clients a performance summary for the portfolio over various time periods. Unrealized capital gains and loss reports and realized capital gains and loss reports may also be provided at various times (such as following the end of a year).

Joseph Capital Management, LLC possesses an **online account aggregation service** for daily viewing, in a centralized location, via the web, of investment advisory clients' consolidated account information (including as desired by a consolidated portfolio summary and a comparison of targeted versus actual percentages in each asset class, and other reports upon request). Investment advisory clients who possess web access will be provided this additional service, as desired by the client.

**12. Investment or Brokerage Discretion.**

*A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:*

- |  |     |
|--|-----|
| (1) securities to be bought or sold? .....               | Yes |
| (2) amount of the securities to be bought or sold? ..... | Yes |
| (3) broker or dealer to be used? .....                   | No  |
| (4) commission rates paid? .....                         | No  |

*B. Does applicant or a related person suggest brokers to clients? .....* Yes

*For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:*

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**See description in narrative portion of this ADV, Part II.**

**13. Additional Compensation.**

*Does the applicant or a related person have any arrangements, oral or in writing, where it:*

*A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... Yes*

*B. directly or indirectly compensates any person for client referrals? ..... Yes*

(For each yes, describe the arrangements on Schedule F.)

**See description in narrative portion of this ADV, Part II.**

**14. Balance Sheet.** *Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:*

- *has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or*
- *requires prepayment of more than \$500 in fees per client and 6 or more months in advance*

Has applicant provided a Schedule G balance sheet? ..... **No, not required**

**END OF FORM ADV, PART II.**