

# **Gilford Financial Corp**

## **Part II of Form ADV**

10/12/2009

**FORM ADV****Uniform Application for Investment Adviser Registration****Part II – Page 1**

Name of Investment Adviser: Gilford Financial Corp	
777 3rd Ave, New York City, New York 10017	Area Code: Telephone Number: (212) 888-6400

This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
This information has not been approved or verified by any governmental authority.

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(Schedule A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form  
are not required to respond unless the form displays a currently valid OMB control number.

**FORM ADV****Part II - Page 2**

Applicant: Gilford Financial Corp

SEC File Number:

Date: 10/12/09

801-68766

## Definitions for Part II

Related person - Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services - Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

1. **A. Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service.  
(See instruction below.)

## Applicant:

- |                                     |     |   |       |
|-------------------------------------|-----|---|-------|
| <input checked="" type="checkbox"/> | (1) | Provides investment supervisory services .....  | 100 % |
| <input type="checkbox"/>            | (2) | Manages investment advisory accounts not involving investment supervisory services .....  | %     |
| <input type="checkbox"/>            | (3) | Furnishes investment advice through consultations not included in either service described above .....  | %     |
| <input type="checkbox"/>            | (4) | Issues periodicals about securities by subscription .....   | %     |
| <input type="checkbox"/>            | (5) | Issues special reports about securities not included in any service described above .....   | %     |
| <input type="checkbox"/>            | (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities ..... | %     |
| <input type="checkbox"/>            | (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities .....   | %     |
| <input type="checkbox"/>            | (8) | Provides a timing service .....   | %     |
| <input type="checkbox"/>            | (9) | Furnishes advice about securities in any manner not described above .....   | %     |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

- |           |   |                                 |   |
|-----------|---|---------------------------------|---|
| <b>B.</b> | Does the applicant call any of the services it checked above financial planning or some similar term? ..... | Yes<br><input type="checkbox"/> | No<br><input checked="" type="checkbox"/> |
|-----------|---|---------------------------------|---|

**C.** Applicant offers investment advisory services for: (check all that apply):

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges                                     | <input type="checkbox"/> (5) Commissions       |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees)       | <input type="checkbox"/> (6) Other             |

**D.** For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

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

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> A. Individuals           | <input type="checkbox"/> E. Trusts, estates, or charitable organizations                    |
| <input type="checkbox"/> B. Banks or thrift institutions     | <input type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies             | <input type="checkbox"/> G. Other (describe on Schedule F)                                  |
| <input type="checkbox"/> D. Pension and profit sharing plans |   |

Answer all items. Complete amended pages in full, circle amended items and file with execution page ( page 1).

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

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> A. Equity Securities                   | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities         |  |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | <input checked="" type="checkbox"/> I. Options contracts on:               |
| <input checked="" type="checkbox"/> (3) foreign issues                     | (1) securities   |
|  | (2) commodities  |
| <input checked="" type="checkbox"/> B. Warrants                            |  |
| <input checked="" type="checkbox"/> C. Corporate debt securities           | <input type="checkbox"/> J. Futures contracts on:                          |
| (other than commercial paper)  | (1) tangibles  |
|  | <input type="checkbox"/> (2) intangibles                                   |
| <input type="checkbox"/> D. Commercial paper                               |  |
| <input type="checkbox"/> E. Certificates of deposit                        | <input type="checkbox"/> K. Interests in partnerships investing in:        |
| <input checked="" type="checkbox"/> F. Municipal securities                | (1) real estate  |
|  | <input type="checkbox"/> (2) oil and gas interests                         |
| <input type="checkbox"/> G. Investment company securities                  | <input type="checkbox"/> (3) other (explain on Schedule F)                 |
| (1) variable life insurance  |  |
| <input type="checkbox"/> (2) variable annuities                            | <input type="checkbox"/> L. Other (explain on Schedule F)                  |
| <input checked="" type="checkbox"/> (3) mutual fund shares                 |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.****A.** Applicant's security analysis methods include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Charting    | (4) <input type="checkbox"/> Cyclical                      |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |  |

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

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input checked="" type="checkbox"/> Timing services   |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities   | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases  |
| (4) <input checked="" type="checkbox"/> Corporate rating services             | (8) <input type="checkbox"/> Other (explain on Schedule F)  |

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

- |  |  |
|--|--|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions  |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input type="checkbox"/> Option writing, including covered options,<br>uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)                 |  |
| (4) <input type="checkbox"/> Short sales   | (7) <input type="checkbox"/> Other (explain on Schedule F)   |

Answer all items. Complete amended pages in full, circle amended items and file with execution page ( page 1).

**FORM ADV****Part II - Page 4**

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**5. 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 No  
☒ ☐

(If yes, describe these standards on Schedule F.)

**6. 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          | • formal education after high school               |
| • year of birth | • business background for the preceding five years |

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

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant 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.)

**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 checked="" type="checkbox"/> (1) broker-dealer  | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input 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 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.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? . . . . .

Yes No  
☐ ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

Answer all items. Complete amended pages in full, circle amended items and file with execution page ( page 1).

**FORM ADV****Part II - Page 5**

Applicant: Gilford Financial Corp

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**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.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 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 No  
☒ ☐

(If yes, describe on Schedule F.)

- 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:

- A. 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.

All transactions are to be reviewed on a daily basis by the branch manager and Compliance Department personnel. Compliance personnel also are to review accounts at least annually to discern accounts with little or no transactions.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.  
Clients will receive a trade confirmation for each transaction and monthly customer statements (Quarterly statements if there are no transactions)

**Answer all items. Complete amended pages in full, circle amended items and file with execution page ( page 1).**

**FORM ADV**  
**Part II - Page 6**

Applicant: Gilford Financial Corp

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Date: 10/12/09

**12. Investment or Brokerage Discretion.**

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

- |   | Yes                                 | No                                  |
|---|-------------------------------------|-------------------------------------|
| (1) securities to be bought or sold? .....                | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| (2) amount of the securities to be bought or sold ? ..... | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| (3) broker or dealer to be used ? .....                   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| (4) commission rates paid? .....                          | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

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

Yes No  
☐ ☒

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.

**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<br><input checked="" type="checkbox"/> | No<br><input type="checkbox"/>            |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes<br><input type="checkbox"/>            | No<br><input checked="" type="checkbox"/> |

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

**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; 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? .....	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
--	---------------------------------	---

Answer all items. Complete amended pages in full, circle amended items and file with execution page ( page 1).

**Schedule F of  
Form ADV****Continuation Sheet for Form ADV Part II**

Adviser:

Gilford Financial Corp

SEC File Number:

801-68766

Date: 10/12/09

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of Adviser exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No.:
Item of Form (identify)	Answer
	<p>Gilford Financial offers six fee-based investment advisory programs created and maintained by Wells Fargo &amp; Company. [First Clearing LLC, which clears all of Gilford Financials transactions, is an indirect majority owned subsidiary of Wells Fargo &amp; Company.] The six fee-based programs are: [1] Private Investment Management [PIM] - In this program the Gilford Financial investment advisory representative [IAR] manages client accounts on a discretionary basis; [2] Asset Advisor [AA] - In this program the IAR manages client accounts on a non-discretionary basis; [3] Custom Choice [CC] - In this program the IAR and client create a custom-tailored mutual fund portfolio selecting from over 3600 no-load or load-waived mutual funds; [4] FundSource [FS] - In this program the client and IAR provide to Wells Fargo the client's investment objective, risk tolerance and asset allocation and Wells Fargo selects mutual funds based on that information; [5] Masters Program [MP] - In this program the client and IAR select an outside investment advisor from an approved list of advisors screened by Wells Fargo; [6] Network [N] - In this program the client and IAR choose an outside advisor not on Wells Fargo's approved list.</p> <p>In each of these programs a quarterly fee is charged based on account value, instead of charging a commission on each transaction. The annualized fee percentage can be negotiated with a maximum of 3% charged on the first \$250,000 of account value for the PIM, AA, MP and N programs and 1.75% for the CC and FS programs. [Note: Maximum fee that can be charged to OK residents is 2.5% and 2% to TX residents.] The fee is charged at the beginning of each quarter. Client may terminate agreement within 5 days of signing without penalty and thereafter may terminate at will upon written notice and receive a pro-rata refund.</p> <p>Gilford Financial personnel offering the above named investment advisory services to clients must pass a qualifying examination given by industry regulators.</p> <p>Education and business experience of direct supervisors of individuals offering investment advisory services: Andrew Wyman, born 8/2/75, graduated Gettysberg College with a BA in Business Administration, hired by Gilford Securities Inc. as branch manager of the Morristown Office in November 2005, prior to which he was employed by Morgan Stanley as an account executive since 1998, servicing the last two years also as assistant branch manager; Scott Wyman, born 11/4/74, graduated Hofstra U with a BA in Psychology, employed since October 2003 as assistant branch manager of Gilford Securities' Melville Office. Prior to that Mr. Wyman worked as an investment advisor for Mellon Advisors starting in May of 2002. Stephen Curry, born 8/17/48, attended U of Denver and Colorado State U in the late 60s with studies in Biological Science and Pre-Veterinary Medicine, has been employed by Gilford Securities as a branch manager since 1996.</p> <p>Education and business experience of principal executive officers: Ralph Worthington, President and Director, born 1/30/1946, two years at U of Pennsylvania, employed as chairman and CEO of Gilford Securities Inc since 1979. Mr. Worthington is also chairman and CEO of Barrett Securities, a dormant broker dealer; Robert Maley, CFO, Treasurer and Director, born 3/12/1964, graduated LeMoyne College, BS Accounting, employed as head of Corporate Finance of Gilford Securities since 1996 and named President of Gilford Securities on August 1, 2005; Bonnie Sachs, Director and COO, born 11/6/1959, graduated St. John's U with MBA in Finance and graduated Brooklyn College, BA Economics, employed as Gilford Securities' CFO since 1989. Ms. Sachs is also CFO of Barrett Securities; Nicholas Twining, CCO [effective 09/01/09], born 02/16/81, BA in Philosophy from Washington &amp; Lee University. Mr. Twining is also the CCO of Gilford Securities and Barrett Securities.</p> <p>The principal officers of Gilford Financial Corp. are also principal officers of Gilford Securities Inc., the</p>

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Adviser:

Gilford Financial Corp

SEC File Number:

801-68766

Date: 10/12/09

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of Adviser exactly as stated in Item 1A of Part I of Form ADV:	IRS Empl. Ident. No.:
Item of Form (identify)	Answer
	<p>parent of Gilford Financial Corp. It is anticipated that the principal officers of both companies will spend less than half their time on Gilford Financial matters.</p> <p>Gilford Securities Inc., the parent company of Gilford Financial Corp., is a broker dealer.</p> <p>Gilford Financial Corp. has adopted a Code of Ethics in accordance with the provisions of the Investment Advisors Act of 1940. The Code sets forth Gilford Financial's standards of business conduct reflecting its fiduciary obligations to its clients and specifically requires its investment advisory representatives to comply with the Code as well as all applicable laws, rules and internal policies. A copy of the Code may be obtained by calling Gilford Financial Corp. at [212] 888-6400.</p> <p>Gilford Securities Inc., as a broker dealer, effects securities transactions for its clients and charges commissions on such transactions. Gilford Securities has written supervisory procedures in place that covers topics such as supervision of transactions, internal control procedures and conflicts of interest.</p> <p>Neither Gilford Financial nor Gilford Securities buys and sells securities for its own account. However, officers and employees of both companies might buy or sell securities that are recommended to advisory clients. Such transactions would be monitored by Compliance to discern any potential conflicts of interest.</p> <p>The minimum investment for each fee-based program is \$25,000 for FS and CC, \$50,000 for PIM and AA and \$100,000 for MP and N.</p> <p>In the PIM program applicant has unlimited authority within the parameters of each client's stated investment objectives and risk tolerance.</p> <p>The broker dealer used for executing all of Gilford Financial Corp. transactions is Gilford Securities Inc. because Gilford Securities is the parent of Gilford Financial. There are no commissions charged to the clients.</p> <p>Gilford Financial investment advisory representatives receive credit for mutual fund 12b-1 fees.</p>