

J2 Capital Management, Inc. Client Brochure

This brochure provides information about the qualifications and business practices of J2 Capital Management, Inc.. If you have any questions about the contents of this brochure, please contact us at (248) 641-4444 or by email at: info@j2cmonline.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about J2 Capital Management, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. J2 Capital Management, Inc.'s CRD number is: 152964.

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Registration does not imply a certain level of skill or training.

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Item 2: Material Changes

J2 Capital Management, Inc. has not yet filed an annual updating amendment. Therefore there are not material changes from an annual updating amendment to report.

Item 3: Table of Contents

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Item 4: Advisory Business

A. Description of the Advisory Firm

J2 Capital Management, Inc. was established in April 2009 and the principal owners are John Salomon, Jr. and John Benedict.

B. Types of Advisory Services

J2 Capital Management, Inc. (hereinafter "J2CM") offers the following services to advisory clients:

Investment Supervisory Services

J2CM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. J2CM creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

J2CM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. J2CM will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Variable Annuity

J2CM may perform tax free exchanges on existing variable annuity contracts that are still in the surrender charge period for a new fee based variable annuity contract. J2CM will use only fee based variable annuity contracts because of their low fees, extensive investment options, and the ability to cancel without a back end charge. For clients with existing contracts that are still in surrender, J2CM will provide asset management at no additional cost to the client until the surrender charge is worked off.

401k Management

J2CM provides asset management services for client 401k or other company retirement plans. The client will provide J2CM with the website, user name, and password in order to manage investments within the investment options provided.

Financial Planning

Financial plans and financial planning may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. These services are based on fixed fees or hourly fees and the final fee structure is documented in Exhibit II of the Financial Planning Agreement.

Subscription Service

J2CM offers the Dynamic 401k subscription service for a flat monthly fee to clients managing their own assets. These services are provided online and will offer recommendations on purchasing and selling specific securities, sectors, asset classes, or other specific groupings of securities at a stated time.

Services Limited to Specific Types of Investments

J2CM limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, REITs, insurance products and government securities. J2CM may use other securities as well to help diversify or hedge a portfolio when applicable.

C. Client Tailored Services and Client Imposed Restrictions

J2CM offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets of the client.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent J2CM from properly servicing the client account, or if the restrictions would require J2CM to deviate from its standard suite of services, J2CM reserves the right to end the relationship.

D. Wrap Fee Programs

J2CM participates in wrap fee programs; which is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. J2CM does manage the investments in the wrap fee program. J2CM does not manage those wrap fee accounts any differently than

non-wrap fee accounts. A portion of the fees relative to the wrap account program will be paid to the wrap account sponsor by J2CM.

E. Amounts Under Management

J2CM is a newly formed investment advisory firm, as such; its current assets under management are not yet reported.

J2CM has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$60,000,000.00	0.00	9/16/2010

Item 5: Fees and Compensation

A. Fee Schedule

Investment Supervisory Services Fees

Assets Under Management	J2 Tactical Multifund & R.C.I Core Models Aggressive, Moderate, Conservative	J2 Ameriflex and J2-Dynamic	Alpha(2)	Growth & Inc. Stock	J2 Aggressive Stock	J2SABA Alternatives	PriceWatch Models Aggressive, Conservative	High Yield Bond
\$0 - \$500,000	1.30%	1.50%	1.50%	1.50%	1.70%	1.70%	1.25%	1.20%
\$500,001 - \$1,000,000	1.20%	1.30%	1.30%	1.40%	1.60%	1.60%	1.15%	1.10%
Above \$1,000,001	1.10%	1.20%	1.20%	1.30%	1.50%	1.50%	1.05%	1.00%

These fees are negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid quarterly in advance, and clients may terminate their contracts with written notice.

Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract.

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Advisory fees may also be invoiced and payment will be made to J2CM via check and/or credit card.

Variable Annuity

J2CM may perform tax free exchanges on existing variable annuity contracts that are still in the surrender charge period for a new fee based variable annuity contract. J2CM will use only fee based variable annuity contracts because of their low fees, extensive investment options, and the ability to cancel without a back end charge. For clients with existing contracts that are still in surrender, J2CM will provide asset management at no additional cost to the client until the surrender charge is worked off.

401k Management Fees

401k management fees will range from 0.50% to 1.00% per year with a minimum fee of \$250 per quarter. The client will receive a quarterly invoice explaining the fee computation.

Financial Planning Fees

FIXED FEES

Depending upon the complexity of the situation and the needs of the client, the rate for creating client financial plans is between \$250 and \$3,500. The average fee for a financial plan is about \$800. Fees are paid in advance, but never more than six months in advance, with the remainder due upon presentation of the plan. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

HOURLY FEES

Depending upon the complexity of the situation and the needs of the client, the hourly fee for these services is between \$75 and \$150. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Fees are paid in advance based on the estimated number of hours required, but never more than six months in advance, with the remainder due upon presentation of the plan. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

Wrap Fees

AUM	This RIA's Split	Third Party's Split
\$1 – 500,000	1.20%	0.30%
\$500,001-\$1,000,000	0.95%	0.30%
\$1,000,001 - \$5,000,000	0.70%	0.25%
Above \$5,000,000	0.60%	0.20%

These fees are negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid quarterly in advance, and clients may terminate their contracts with written notice. Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract.

Fees are withdrawn directly from the client's accounts with client written authorization. Fees may also be invoiced and payment will be made to J2CM via check and/or credit card.

B. Payment of Fees

Payment of Investment Supervisory Fees

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Advisory fees may also be invoiced and payment will be made to J2CM via check and/or credit card. Fees are paid quarterly in advance.

Payment of Financial Planning Fees

Hourly Financial Planning fees are paid via check or credit card in advance based on the estimated number of hours required, but never more than six months in advance, with the remainder due upon presentation of the plan. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination.

Fixed Financial Planning fees are paid via check or credit card. Fees are paid in advance, but never more than six months in advance, with the remainder due upon presentation of the plan. Fees that are charged in advance will be refunded based on the prorated amount of work completed at the point of termination.

Payment of Subscription Fees

Subscription fees are paid in advance via check or credit card.

Payment of Wrap Fees

These fees are negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid quarterly in advance, and clients may terminate their contracts with written notice.

C. Clients Are Responsible For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fee etc.). Those fees are separate and distinct from the fees and expenses charged by J2CM. Please see Item 12 of this brochure regarding broker/custodian.

D. Prepayment of Fees

J2CM collects fees in advance. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be returned within fourteen days to the client via check or return to credit card.

E. Outside Compensation For the Sale of Securities to Clients

Neither J2CM nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

Item 6: Performance-Based Fees and Side-By-Side Management

J2CM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7: Types of Clients

J2CM generally provides investment advice to the following Types of Clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans

Minimum Account Size

There is an account minimum, \$250,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

Item 8: Methods of Analysis, Investment Strategies and Risk, of Investment Loss

A. Methods of Analysis and Investment Strategies

J2CM's methods of analysis include charting analysis, fundamental analysis, technical analysis, and cyclical analysis.

Charting analysis involves the use of patterns in performance charts. J2CM uses this charting technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Technical analysis involves the analysis of past market data; primarily price and volume.

Cyclical analysis involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

B. Material Risks Involved

J2CM uses Long Term/Short Term/Trading/Short Sales/Margin Transactions/Options Writing including covered options, uncovered options, or spreading strategies. J2CM utilizes investment strategies that are designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

C. Risks of Specific Securities Utilized

J2CM generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither J2CM nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither J2CM nor its representatives are registered as a FCM, CPO, or CTA.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Neither J2CM nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections

J2CM does not utilize nor select other advisors or third party managers. All assets are managed by J2CM management.

Item 11: Code of Ethics, Participation in Transactions, Personal Trading

A. Code of Ethics

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

B. Recommendations Involving Material Financial Interests

J2CM does not recommend that clients buy or sell any security in which a related person to J2CM has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of J2CM may buy or sell securities for themselves that they also recommend to clients. J2CM will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of J2CM may buy or sell securities for themselves at or around the same time as clients. J2CM will not trade non-mutual fund or non-ETF securities five days prior to or five days after trading the same security for clients.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

J2CM participates in the TD AMERITRADE Institutional program. TD AMERITRADE Institutional is a division of TD AMERITRADE, Inc. ("TD AMERITRADE") member FINRA/SIPC. TD AMERITRADE is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD AMERITRADE offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. J2CM receives some benefits from TD AMERITRADE through its participation in the program. (Please see the disclosure under Item 13.A. below.)

J2CM considers a number of factors in selecting and/or recommending brokers and custodians for its Clients' accounts, including, but not limited to, execution capability, experience and financial stability, reputation and the quality of services provided. In selecting TD AMERITRADE, Inc. as the broker and custodian for certain of its current and future Client accounts, J2CM also considers its agreement with TD AMERITRADE, Inc.'s affiliate, Amerivest Investment Management, LLC, an investment adviser registered with the SEC ("Amerivest"), (the "Agreement").

Under the Agreement, Amerivest provides an internet asset allocation service ("Service") as a sub-advisor to Adviser. J2CM uses the Service as a tool in making investment decisions for its clients that have established TD AMERITRADE ASA Accounts ("ASA Accounts"). The Service provides asset allocation recommendations, generally in the form of Exchange Traded Funds ("ETFs") that are based upon the

application of Amerivest's computer-based models to specific categories of information that Adviser provides to Amerivest regarding the Client. This information may not include all of the Client's individual financial circumstances that J2CM considers when making investment decisions for the Client and the Service recommendations may not be consistent with the Client's financial situation or goals, including those which may have been provided to TD AMERITRADE, Inc. with respect to its accounts at TD AMERITRADE, Inc. J2CM makes the final investment decisions and suitability determinations with respect to investments for its Clients' accounts and neither Amerivest nor TD AMERITRADE, Inc. assumes any responsibility for J2CM's investment decisions or the suitability of the investments for J2CM's Clients.

TD AMERITRADE, Inc. will not charge commissions on transactions in ETFs in J2CM's Client's ASA Accounts, including transactions to liquidate positions transferred into such accounts.

J2CM pays Amerivest an annual sub-advisory fee, payable quarterly, for this Service. The fee is based on the amount of Client assets that J2CM places or commits to place in the Service, net of withdrawals. Client assets that are "plan assets" of plans subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or of a plan as defined in Section 4975 of the Internal Revenue Code will be excluded from the determination of the level of Client assets in the Service for the purpose of the fee computation.

The basic fee to J2CM for the Service is 30 basis points per year for each client account. There is a \$25,000 minimum asset requirement per Client account. The basic fees are reduced when J2CM places or commits to place more Client assets in the Service. The basic fee is reduced for all Client accounts when J2CM places or commits to place \$1 million or more of Client assets in the Service and is reduced further when J2CM places or commits to place \$5 million or more of Client assets in the Service. If J2CM places or commits to place \$1 million to \$4,999,999.99 of Client assets in the Service, J2CM will have the annual fee reduced to 25 basis points. If J2CM commits to place such amount but in fact does not within ninety (90) days, J2CM will be charged at the basic rate. Similarly, if J2CM places or commits to place \$5 million or more of client assets in the Service, J2CM will have the annual fee reduced to 20 basis points. If J2CM commits to place such amount but in fact does not within ninety (90) days, J2CM will be charged at the rate applicable to \$1 million or more if that level is reached or, if not, at the basic rate. The actual amount J2CM pays will be based on the market value of client assets in the Service on the last day of each calendar quarter multiplied by one fourth of the applicable fees. However, the annual fee for account values of less than \$20,000 will be the lesser of \$100 or 2.95% (295 basis points), assessed quarterly at a rate of the lesser of \$25 or 73.75 basis points.

J2CM determines the amount of the investment management fees it charges to Clients. J2CM may include the amount of fees it pays to Amerivest for the Service in the fees it charges and may or may not pass on to Clients any fee reduction J2CM receives in connection with the Service. Although J2CM currently believes that the TD AMERITRADE, Inc. custody and brokerage services and the Amerivest sub-advisory

Service are competitive in the marketplace for similar services offered by other broker-dealers, custodians and advisers, the Agreement with Amerivest and the fee structure for it as described herein for the Amerivest Service may effect J2CM's independent judgment in selecting or maintaining TD AMERITRADE, Inc. as the broker or custodian for client accounts and Amerivest as sub-advisor.

As disclosed under Item 12.B. above, J2CM participates in TD AMERITRADE's institutional customer program and J2CM may [require clients to maintain accounts with TD AMERITRADE/recommend TD AMERITRADE to clients] There is no direct link between J2CM's participation in the program and the investment advice it gives to its Clients, although J2CM receives economic benefits through its participation in the program that are typically not available to TD AMERITRADE retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving J2CM participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to J2CM by third party vendors.

TD AMERITRADE may also have paid for business consulting and professional services received by Registrant's related persons] [and may also pay or reimburse expenses (including travel, lodging, meals [and entertainment] expenses) for Registrant's personnel to attend conferences or meetings relating to the program or to TD AMERITRADE's advisor custody and brokerage services generally.]. Some of the products and services made available by TD AMERITRADE through the program may benefit J2CM but may not benefit its Client accounts. These products or services may assist J2CM in managing and administering Client accounts, including accounts not maintained at TD AMERITRADE.

Other services made available by TD AMERITRADE are intended to help J2CM manage and further develop its business enterprise. The benefits received by J2CM or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD AMERITRADE. As part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by J2CM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the J2CM's choice of TD AMERITRADE for custody and brokerage services.

1. Research and Other Soft-Dollar Benefits

J2CM receives no research, product, or service other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits").

2. Brokerage for Client Referrals

J2CM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. Clients Directing Which Broker/Dealer/Custodian to Use

J2CM allows clients to direct brokerage. J2CM may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients money because without the ability to direct brokerage J2CM may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices.

B. Aggregating (Block) Trading for Multiple Client Accounts

J2CM frequently uses block-trading for non-mutual funds to get best executions for their clients.

Item 13: Reviews of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Each account is assigned to a strategy or multiple strategies. The strategies are monitored on a continuous basis by John Benedict, John Salomon Jr., or William Berlin to ensure that each strategy is compliant with the investment policy assigned to that strategy. John Benedict is the lead portfolio strategist and is primarily responsible for trading the accounts.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by John Benedict, John Salomon Jr., or William Berlin.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Clients will receive a monthly statement from the custodian. Performance reports will be electronically delivered each quarter (and available upon request) along with the

quarterly billing invoice. Client's that prefer regular mail delivery will be switched to regular mail delivery. In addition, clients will have the ability to run their own performance reports for interim periods through their account log in.

Clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

J2CM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to J2CM clients.

B. Compensation to Non –Advisory Personnel for Client Referrals

J2CM does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

Item 15: Custody

Custody of clients accounts may be held at the client's choice of custodian. Depending upon client needs, J2CM may recommend, TD Ameritrade Institutional, a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. Clients will receive account statements from the custodian and should carefully review those statements.

Item 16: Investment Discretion

For those client accounts where J2CM provides ongoing money management or investment advice with ongoing supervision, J2CM maintains limited power of authority over client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold. All buying and selling of securities is explained to clients in detail before an advisory relationship has commenced.

Item 17: Voting Client Securities (Proxy Voting)

J2CM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18: Financial Information

A. Balance Sheet

J2CM does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither J2CM nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

Neither J2CM nor its management have been the subject of a bankruptcy petition in the last ten years.