

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

MDK Financial Group, Inc.

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This brochure provides information about the qualifications and business practices of MDK Financial Group, Inc. It is prepared pursuant to regulatory requirements. If you have any questions about the contents of this brochure, please contact us at the phone number or website listed above. 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. Additional information about MDK Financial Group, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Dated: March 22, 2011

Item 2 Material Changes

This brochure is a new document prepared in response to the 2010 amendments to SEC form ADV. It is materially different from previous MDK Financial Group, Inc. filings and includes certain new information that our previous filings did not require.

In the future, Item 2 will be used to provide clients with a summary of material changes that are made to this brochure since the last annual update.

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Item 4 Advisory Business

INTRODUCTION

MDK Financial Group, Inc. is a registered Investment Advisory firm registered with the U.S. Securities and Exchange Commission (SEC) since October 11, 2006. We are noticed filed in our home state of Texas, which means we are registered to do business in this state. We may conduct business in other states by claiming an exemption from registration. Our registration as an Investment Adviser does not imply any level of skill or training.

The oral and written communications we provide you, including this Brochure, is information you can use to evaluate us and other advisers, which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship. This Brochure provides information about our qualifications and business practices.

OWNERSHIP

MDK Financial Group, Inc. is a privately owned corporation headquartered in Bellaire, Texas. Michael D. Krost founded MDK Financial Group, Inc. on November 14, 1990 and is the sole owner of the business.

ADVISORY SERVICES OFFERED

MDK Financial Group, Inc. is an investment advisory firm providing:

- Investment Management Services on a Non-Discretionary basis
- Financial Planning Services
- Third Party Manager Referral Program
- Retirement Plan Consulting Services

INVESTMENT MANAGEMENT SERVICES

We provide portfolio management services on a non-discretionary basis. Our services are tailored to you utilizing the financial profile, which is designed to determine your objectives, risk tolerance, and current financial needs and we formulate an investment plan and financial strategy. Written recommendations are prepared based on this profile. We rely upon you for accuracy and completeness with regard to a significant amount of the initial financial profiling data. We will discuss with you the initial investment plan and agree to the financial strategy.

For 403(b) client accounts, we make available a strategy which selects, allocates, monitors, and rebalances institutionally approved mutual funds. For non-403(b) client accounts, in addition to the aforementioned strategy, we make available equities, bonds and certificates of deposits, unit investment trust, no-load mutual funds and load waived mutual funds.

If it is determined by us that adjustments need to be made to the portfolio for any reason other than portfolio rebalancing, you will be contacted for authorization. On an annual basis and/or as needed basis, we will communicate with you to reevaluate financial status, needs, objectives and other pertinent information.

We may also offer investment advice concerning investments in cable TV, equipment leasing, mortgages, other partnerships, Real Estate Investment Trusts (REITS) and Unit Investment Trusts (UITs).

Custody of Investment Management Service client accounts for both securities and funds will be maintained at Fidelity Investments, Inc., Schwab Institutional, a division of Charles Schwab & Co., Inc., Pershing, or Fiserv. Neither MDK nor its advisory agents are affiliates of Fidelity Investments, Schwab, Pershing or Fiserv.

Managed Assets Program:

The Managed Assets Program ("MAP Program") is an investment management program that provides you with access to multiple managers who provide investment advice to you on portfolios consisting of individual stocks, bonds, exchange traded and mutual funds.

You can choose a variety of investment managers across asset classes and investment styles for a complete asset allocation strategy or seek an investment manager for a single asset class. More specifically, you will generally choose from the following three options:

- The Single Asset Category Proposal allows you to select investments in a single asset class either by asset class (e.g. US Large Cap Equity) or by investment style (e.g. US Large Cap Growth Equity).
- The Asset Allocation Proposal which allows you to allocate your investments across multiple asset classes and investment styles using multiple brokerage accounts.
- The Diversified Multi-Strategy Portfolio Proposal which allows you to allocate your investments across multiple asset classes and investment styles using a single brokerage account.

We offer the Managed Assets Program (the "Program") to suitable clients who seek advice regarding the development of investment strategies and the selection and monitoring of independent money managers ("Managers") and/or mutual funds ("Funds"), together with brokerage and custodial services, for a single annual asset based advisory fee. We provide the Program through an agreement with Royal Alliance Associates, Inc. ("Royal"), the sponsor of the Program. A copy of the Wrap Fee Program Brochure of Royal Alliance will be delivered to you in connection with the recommendation of the Program you. The services available to those who select the Program are described in detail in the Wrap Fee Program Brochure.

Clients in the Program enter into an agreement with MDK Financial Group, Inc. We have a sub-adviser agreement with Royal, which sponsors the Program. Royal Alliance has a separate master agreement with each Manager in the Program. Royal also has a clearing and services agreement with Pershing, LLC ("Pershing"), who serves as broker-dealer from securities transactions directed by Managers and custodian for assets invested by you in the Program. Neither MDK nor Royal exercises investment discretion over assets allocated to Managers; rather, each Manager acts as discretionary adviser for the assets assigned to that Manager by clients in the Program. We may execute non-discretionary reallocation transactions for assets allocated to Funds. You direct Royal, as broker-dealer, to effect transactions for program assets designated by you to be invested in Funds.

We will utilize the research services provided through the Program to assist you in selection of one or more Managers from among those Managers who have been approved and have signed agreements with Royal. You will receive information concerning each recommended Manager and will have the opportunity to approve the selections. You will also receive an Investment Policy Statement identifying all Managers selected to manage your investment portfolio and the amount of fees payable to each Manager and Royal.

Quarterly performance reports will be provided to you identifying the securities held in the Account and analyzing the performance of the account for the quarter. In the event we determine that one or more Managers are not performing in accordance with the expectations or are no longer appropriate to you based on your circumstances and objectives, we will recommend that a Manager be terminated and/or replaced with another Manager. We will review the recommendation with you, and you will make the final determination whether to terminate or replace the Manager.

The Managers selected by you will typically direct all transactions in your Account through Royal or Pershing. However, Managers may trade with brokers other than Royal Alliance or Pershing in order to achieve best execution, obtain a wider variety of issues and/or to take advantage of favorable mark-ups or mark-downs. Transactions through brokers other than Royal or Pershing may result in additional commission or transaction charges to you.

In addition, you have the opportunity to place reasonable restrictions on investments held within your MAP Program account.

For further MAP Program details, please see the MAP Program Wrap Fee Brochure. We provide this brochure to you prior to or concurrent with your enrollment in WMAP. Please read it thoroughly before investing.

Vision2020 Advisor Program:

We offer the VISION2020 Advisor Program ("V2A") which provides comprehensive investment management of your assets through the application of asset allocation planning software as well as the provision of execution, clearing and custodial services through Pershing, LLC.

V2A provides risk tolerance assessment, efficient frontier plotting, fund profiling and performance data, and portfolio optimization and re-balancing tools. Utilizing these tools, and based on your responses to a risk tolerance questionnaire ("Questionnaire") and/or discussions that we have together regarding among other things, investment objective, risk tolerance, investment time horizon, account restrictions, and overall financial situation, we construct a portfolio of investments for you. This portfolio may consist of mutual funds, exchange traded funds, equities, options, debt securities, variable life, and/or variable annuity sub-accounts (certain restrictions may apply) or other investments.

Each portfolio is designed to meet your individual needs, stated goals and objectives. Additionally, you have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

Types of Investments:

Advisory Agent's offering the VISION2020 Advisor Program may provide advice and recommendations for mutual funds, variable annuities, fixed income securities and equities. The Advisory Agent will typically assist the Client in constructing their initial asset allocation and subsequent maintenance of same.

FINANCIAL PLANNING SERVICES

We provide a variety of financial planning services to you regarding the management of your financial resources, based upon an analysis of your needs. Generally, such financial planning services will involve preparing a financial program for you based on your financial circumstances and objectives. This information typically covers present and anticipated assets and liabilities, including insurance, savings, investments and anticipated retirement or other employee benefits.

Our financial planning typically includes general recommendations for a course of activity or specific actions that you should take. For example, recommendations may be made that the Clients obtain insurance or revise existing coverage, establish an individual retirement account, increase or decrease funds held in savings accounts or to invest funds in certain securities.

Other financial planning services that we may provide include ongoing financial counseling, account review, securities research and other advisory services related to investments.

Financial planning services to be provided to you will be outlined on the client agreement that you sign with us.

THIRD PARTY ADVISORY REFERRAL SERVICES

We offer our clients the services of various third party investment advisors ("Third-Party Advisory Services") for the provision of certain investment advisory programs including mutual fund wrap and separately managed account programs.

If you are interested in learning more about any of these services, please note that a complete description of the programs, services, fees and payment structure, and termination features is available via the applicable Third Party Advisory Service's disclosure brochures, investment advisory contracts, and account opening documents.

In connection with these arrangements, we will provide assistance in the selection and ongoing monitoring of a particular Third-Party Advisory Service. Factors that we consider in the selection of a particular third-party advisor may include but may not be limited to:

- i) our assessment of a particular Third-Party Advisory Service;
- ii) your risk tolerance, goals, objectives and restrictions, as well as investment experience; and,
- iii) the assets you have available for investment.

You should know that the services provided by us through the use of Third-Party Advisory Services are under certain conditions directly offered by them to you. The fees charged by Third-Party Advisory Services who offer their programs directly to you may be more or less than the combined fees charged by the Third Party Advisory Service and us for our participation in the investment programs. However, when using the services of Third-Party Advisory Services directly, you do not receive our expertise in developing an investment strategy, selecting a Third-Party Advisory Service, monitoring the performance of your account and changing a Third-Party Advisory Service provider when appropriate.

We retain an independent third-party account administrator (LWI Financial Inc. or "LWIF") that performs certain services such as account administration, portfolio allocation analysis, asset-class investment strategy, back-office fulfillment, report and statement production, and fee debiting. Such services are paid directly through advisory fees billed to you or are indirectly paid by us. LWIF is an investment adviser registered with the Securities and Exchange Commission.

We may recommend, where appropriate, that clients invest in shares of the SA Funds - Investment Trust (the "SA Funds"), a family of nine asset class mutual funds advised, managed and administered by LWIF. Fees are not charged directly upon investments in the SA Funds. LWIF receives certain fees and expenses directly from the SA Funds for its services as disclosed in that Fund's prospectus.

MDK may execute transactions through a broker-dealer, Loring Ward Securities Inc. ("LWSI"), that is affiliated and under common ownership with LWIF. LWSI is a securities broker-dealer, member of FINRA/SIPC that introduces all transactions to its correspondent clearing firm, Fidelity, on a fully-disclosed basis. MDK or you may incur additional brokerage commissions, ticket charges or other similar expenses that are collected by LWSI, or another broker-dealer and/or custodian of record.

RETIREMENT PLAN CONSULTING SERVICES

We offer retirement consulting services to employee benefit plans and their fiduciaries. The services are designed to assist the plan sponsor (the "Company") in meeting their management and fiduciary obligations to the plan under ERISA. Retirement consulting services will consist of general or specific advice, and may include any one or all of the following:

1. Strategic Planning and Investment Policy Development/Review.
2. Plan Review.
3. Plan Fee and Cost Review.
4. Acting As Third Party Service Provider Liaison.
5. Assessment of Plan Investments and Investment Options.
6. Plan Participant Education and Communication.

The Company may also engage us to provide the following additional services, for separate compensation:

1. Review of Executive Benefits.
2. Assist With Plan Conversion.
3. Merger and Acquisition Assistance.
4. Assist With Corrective Actions to Comply With Applicable Regulations.
5. Coordination with Other Advisers.

We will determine with the Company in advance the scope of services to be performed and the fees for all requested services. Prior to engaging us to provide pension consulting services, the Company will be required to enter into a written agreement with us setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the relevant fees and fee paying arrangements. The services outlined above that we provide are explained in more detail in the written agreement.

When we perform our agreed upon services, we will not be required to verify the accuracy or consistency of any information received from the Company.

We will serve in a fiduciary capacity with respect to some of the services that we provide which will be further explained in the written agreement we sign with the Company. The Company is always free to seek independent advice about the appropriateness of any recommendations made by us.

ASSETS UNDER MANAGEMENT

As of December 31, 2010 MDK Financial Group, Inc. has approximately \$89,000,000 of non-discretionary assets under management and no discretionary assets under management.

Item 5 Fees and Compensation

INVESTMENT MANAGEMENT PROGRAM FEE SCHEDULE:

Establishment Fee:

At the onset of each investment management relationship, we retain the discretion to charge a one-time fixed fee ranging from \$250 - \$1000 determined by the complexity and scope of your financial profile. The advisory agent assigned to your account will fully discuss and disclose the amount of the establishment fee at the time of the signing of the investment management agreement. The establishment fee if imposed is due and payable upon presentation of the financial profile.

We do not participate in performance based fees. We do charge an hourly fee of \$250.00 per hour for financial planning services. We also charge an asset based fee for investment management services, as per fee schedule below.

Investment Management Fee:

We are compensated for the ongoing quarterly management of the client's account through a quarterly fee based on an annually percentage of the assets managed by us, charged at the end of each quarter. The fee will be based on the value of the account on the last calendar day of the preceding quarter. The Fee is accessed from the date of account establishment. Fees charged by us are negotiable. There is no minimum account size for opening an investment managed account with us.

The range of Investment Management Fees is as follows:

Total Account Value	Minimum Account Fee	Maximum Account Fee
\$0 - \$250,000	1.00%	1.50%
\$250,001 - \$500,000	1.00%	1.25%
\$500,001 - \$1,000,000	0.75%	1.00%
\$1,000,001 - \$2,000,000	0.50%	1.00%
\$2,000,001 - \$4,000,000	0.50%	0.80%
Over \$4,000,001	negotiable	negotiable

Portfolio Management fees will be billed in one of two ways.

- (1) Fees will be directly deducted from your account at the custodian quarterly in advance from your accounts within thirty (30) days following the end of the quarter. We will send the qualified custodian written notice of the amount of the fee to be deducted from your account.

We and/or the custodian shall provide written notice/invoice documentation reasonably supporting the determination of the investment advisor fees. The Custodian will send to you a quarterly Account statement that shows the amount of our advisory fee, the value of your assets upon which the fee was based, and the specific manner in which the fee was calculated. We will verify that the Custodian sends Account statements on a quarterly basis.

You should compare invoices for advisory fees to the corresponding custodian statement. Statements should be received from the custodian no less than quarterly. If statements are not received, contact us immediately.

- (2) Fees will be directly invoiced on a quarterly basis within (30) days following the end of the quarter. (For clients wishing to be billed must have approval and arrangements being made in advance).

Termination:

Your account may be terminated at any time by providing us with 30 days written notice. Any unearned fees will be refunded to upon account termination. The unearned fees will be calculated on a prorated basis and reimbursed to the client based on the termination date. The earned fees will be calculated on a prorated basis and paid by the client based on the termination date. Any earned fees not paid upon

termination will be paid by you upon presentation of a fee bill.

Managed Assets Program Fee Schedule:

We offer the MAP Program as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account").

You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by the custodian.

Additional, ancillary MAP fees may apply. Please see the MAP Wrap Fee Program Brochure for further details.

Our MAP account fee schedule is as follows:

Equity Managers		Fixed Income Managers	
Total Account Value	Fee	Total Account Value	Fee
\$0-\$500,000	1.00%	\$0-\$500,000	1.25%
\$500,000-\$1,000,000	1.05%	\$500,000-\$1,000,000	1.30%
\$1,000,001-\$2,000,000	1.10%	\$1,000,001-\$2,000,000	1.35%
\$2,000,001-\$3,000,000	1.15%	\$2,000,001-\$3,000,000	1.40%
\$3,000,001-\$4,000,000	1.20%	\$3,000,001-\$4,000,000	1.45%
\$4,000,001-\$5,000,000	1.22%	\$4,000,001-\$5,000,000	1.50%
Over \$5,000,000	1.25%	Over \$5,000,000	1.55%

SCHEDULE OF ACCOUNT FEES (all except Diversified Multi Strategy Portfolios)

Equity Accounts

Total Account Value	Minimum Account Fee	Maximum Account Fee
\$100,000 - \$499,999.99	1.00%	2.75%
\$500,000 - \$999,999.99	0.95%	2.70%
\$1,000,000 - \$1,999,999.99	0.90%	2.65%
\$2,000,000 - \$2,999,999.99	0.85%	2.60%
\$3,000,000 - \$3,999,999.99	0.80%	2.55%
\$4,000,000 - \$4,999,999.99	0.78%	2.53%
Over \$5,000,000	0.75%	2.50%

Fixed Income Accounts

Total Account Value	Minimum Account Fee	Maximum Account Fee
\$100,000 - \$499,999.99	0.75%	2.00%
\$500,000 - \$999,999.99	0.70%	1.95%
\$1,000,000 - \$1,999,999.99	0.65%	1.90%
\$2,000,000 - \$2,999,999.99	0.60%	1.85%
\$3,000,000 - \$3,999,999.99	0.55%	1.80%
\$4,000,000 - \$4,999,999.99	0.50%	1.75%
Over \$5,000,000	0.45%	1.70%

Diversified Multi Strategy Portfolios Fee Schedule

Separately Managed Accounts(SMA)

Total Account Value	Minimum Account Fee	Maximum Account Fee
\$100,000 - \$499,999.99	1.10%	2.90%
\$500,000 - \$999,999.99	1.05%	2.85%
\$1,000,000 - \$1,999,999.99	1.00%	2.80%
\$2,000,000 - \$4,999,999.99	0.95%	2.75%
\$5,000,000 - \$7,499,999.99	0.90%	2.70%
\$7,500,000 - \$9,999,999.99	0.85%	2.65%
Over \$10,000,000	0.80%	2.60%

Exchange Traded Funds(ETF)

Total Account Value	Minimum Account Fee	Maximum Account Fee
\$100,000 - \$499,999.99	0.55%	2.00%
\$500,000 - \$999,999.99	0.50%	1.95%
\$1,000,000 - \$1,999,999.99	0.45%	1.90%
\$2,000,000 - \$4,999,999.99	0.40%	1.85%
\$5,000,000 - \$7,499,999.99	0.40%	1.80%
\$7,500,000 - \$9,999,999.99	0.40%	1.75%
Over \$10,000,000	0.35%	1.70%

For Tax Managed Sell Option- add 0.10% to the stated fee (includes both SMA's and ETF's)

The client will pay a single fee to, MDK typically ranging from 2% to 2.80% of the value of assets in the Account, subject to negotiation. This fee will cover fees payable to us, Royal, each Manager's fees, and Pershing's brokerage and custody fees for the Account. Program fees are subject to negotiation. Fees are paid quarterly, in advance, based on the value of the client's account on the last day of the previous quarter. A specific fee will be offered to each client based on the size of the client's account and the fees charged by the Manager(s) selected by the Client. We offer the Program on a wrap fee basis only. Clients of MDK will pay no more for the Program than clients who participate in the Program directly as clients of Royal Alliance Associates, Inc ("Royal").

Brokerage fees of brokers other than Royal or Pershing, mark-ups and mark-downs (if any), Securities and Exchange Commission fees and exchange fees, transfer taxes, odd lot differentials, mutual fund short-term redemption fees, margin interest and electronic funds or wire transfer fees, are not included in the Program wrap fee, and will be paid by the you.

The Custodian of the Client's Account will debit the Account for payment of all fees owed to MDK, Royal, Pershing, the selected Managers and any other brokers utilized by the Managers to conduct trading in the Account. You will receive a bill showing the amount of each fee, the value of the assets on which the fee is based, and the specific manner in which the fee is calculated. You will also receive a quarterly statement indicating all amounts disbursed from the Account, including the amount of the fees paid to each service provider from the Account.

In evaluating a wrap fee arrangement, you should recognize that we do not negotiate brokerage commissions for the execution of transactions in a client's account. Transactions are effected "net" (that is, without commission), and a portion of the wrap fee is generally considered as being in lieu of commissions. When consistent with best execution, trades are to be executed with the broker-dealer participating in the wrap fee program. Depending upon the level of the wrap fee, the amount of portfolio activity in the your account, the value of custodial and other services provided under the Program, and

other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

The services provided by Managers are under certain conditions available directly to investors from those Managers. The fees charged by Managers to you who contract directly for their services may be more or less than the combined fees charged by us and Royal for the Program. However, Clients using the services of Managers would not receive our assistance in developing an investment strategy, selecting Managers, monitoring performance of the Account and making changes as necessary in Managers.

Portions of a Client's Account may be invested in Funds, which may include money market funds as "sweep" vehicles for funds that are not invested at the end of a day's trading. Mutual funds and money market funds charge fees and expenses are described in each Fund's prospectus, and will generally include a management fee, other fund expenses, and a possible distribution fee. These fees and expenses are in addition to the fees charged by MDK and Royal. Accordingly, you should review both the fees charged by any funds in which your assets are invested and the fees charged for the Program to fully understand the total amount of fees to be paid by you and to thereby evaluate the advisory services being provided.

Advisory agents of MDK are registered representatives of Royal Alliance Associates, Inc., the sponsor of the Managed Assets Program. MDK may receive higher fees as a result of recommending the Managed Assets Program to clients than other programs or services which are offered by MDK.

The complete schedule of Program fees is set forth in the Program Brochure created by Royal and provided by the Adviser to its clients prior to or concurrent with their engagement in the Program.

Termination:

Each client signing and MDK Managed Assets Program Agreement will have a period of five (5) business days from the date of signing the Agreement to unconditionally rescind the Agreement and receive a full refund of all fees paid at signing. The Agreement may thereafter be terminated by MDK or the client upon thirty (30) day's prior written notice. Upon termination of the Agreement, the client will receive a prorated refund of any unearned fees for the quarter.

Vision2020 Advisor Program Fee Schedule:

We also offer our clients the VISION2020 Advisor Program (the "Program"), which is sponsored by Royal Alliance Associates, Inc. ("Royal"), a separate registered IA and Broker Dealer.

Royal sponsors the VISION2020 Advisor Program ("V2A" or "Program") which provides us with advisory tools and services, which we offer to our advisory clients ("Clients") on a discretionary or non-discretionary basis. The purchase and sale of securities in discretionary accounts do not require advanced Client approval. In a non-discretionary account, we will only purchase or sell securities that have been approved by you in advance. The nature of such relationships is set forth in each client service agreement ("Agreement").

We work with Clients to identify your investment goals and objectives as well as risk tolerance in order to create an initial portfolio allocation designed to complement your financial situation and personal circumstances. We create a portfolio, consisting of various securities that may include stocks, bonds, options, exchange-traded funds, or mutual funds. The Investment strategies utilized in V2A depend upon your individual investment objectives and goals as provided to us. Model portfolios, option trading and/or margin may be employed as part of the chosen strategy. Portfolios are constructed along basic investment objective categories. However, you have the opportunity to place reasonable restrictions on the type of investments to be held in the portfolio. We may periodically rebalance your account to maintain the initially agreed upon asset allocation. However, no changes are made to the agreed-upon asset allocation in nondiscretionary accounts without your prior review and consent.

The Program is offered alternatively as an Account with separate advisory fees and transaction charges

("Non-Wrap Fee") or as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions ("Wrap Fee"). In both Wrap Fee and Non-Wrap fee accounts, you pay a quarterly Account Fee (Advisory and Administrative Fees), in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Account Fees are negotiable. In computing the market value of assets, mutual fund shares will be calculated at their respective net asset values as of the valuation date in accordance with each mutual fund prospectus. With respect to your account(s) that utilize margin, the "net worth" or "net equity" value of the account, not the long or short market value, shall be used to determine your advisory fee. With respect to your accounts that purchase or sell option contracts, the positive or negative value of the option will be included in the net equity value of the account for purposes of determining your advisory fee. You should be aware that option contracts are a "wasting" asset, in that they have value only through the date on which they expire. If call option contracts are sold in conjunction with securities held in your account, (often referred to as "covered call options") the cash received on the sale of the option may have the effect of temporarily increasing the net equity value of your account, and thus increasing the amount of your advisory fee. In the event that additions to, or withdrawals from, the account are made during any given quarter, the applicable fee will be adjusted on a pro-rata basis to the account from which the charge was debited, based on the market value of the assets at such time to reflect the addition or withdrawal.

Wrap Fee Option: If you select Wrap Fee Option A or B, you will pay a single, all inclusive Account Fee (Advisory and Administrative Fees) according to the following schedule:

Non-Wrap Fee Option: If you select the Non-Wrap Fee option, you will pay separate transaction charges in addition to the account fee (Advisory and Administrative Fees).

You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. You will receive a full account fee refund in the event that you terminate your client agreement with us within five business days of signing. If you terminate after the first five days, the account fee will be credited back to you on a pro-rata basis for the unused portion of the quarter.

We offer V2A as an account where no separate transactions charges apply and a single fee is paid for all advisory services and transactions ("Wrap Account").

You will pay a quarterly account fee, in advance, based upon the market value of the assets held in your account as of the last business day of the preceding calendar quarter. Your account fees are negotiable and will be debited from your account by our custodian. You will receive a full account fee refund in the event that you terminate your client agreement with us within five business days of signing. If you terminate after the first five days, the account fee will be credited back to you on a pro-rata basis for the unused portion of the quarter.

Additional, ancillary V2A fees may apply. Please see the V2A Wrap Fee Program Brochure for further details.

Account Fee Range

Total Client Fee	Minimum and Maximum	Asset Size
1.50	.250% - 2.50%	\$50,000 - \$99,999.99
1.25	.200% - 2.30%	\$100,000 - \$249,999.99
1.20	.175% - 2.05%	\$250,000 - \$499,999.99
1.10	1.50% - 1.80%	\$500,000 - 749,999.99
1.00	.125% - 1.55%	\$750,000 - \$1,249,999.99
0.90	.100% - 1.30%	\$1,250,000 - \$1,999,999.99
0.80	.075% - 1.05%	\$2,000,000 - \$4,999,999.99
0.65	.050% - 1.05%	\$5,000,000 - \$24,999,999.99
0.50	.025% - 0.80%	Over 25,000,000

Transaction Charges:

Qualified & Non - Qualified Accounts

Exchange Listed Equities (purchases & sales)	\$30.00
OTC Equities (purchases & sales)	\$30.00
Options (purchases & sales)	\$35.00
Listed Bonds (purchases & sales)	\$50.00
Bonds (Corp., Treasury, Municipal & Money Market) & CD's (purchases & sales)	\$50.00
UIT'S (purchases & sales)	\$50.00

Focus Elite Load Mutual Funds @ NAV (Qualified & Non - Qualified Accounts)

Purchases & Redemptions	\$25.00
Dollar Cost Averaging	\$0.00
Systematic Redemption	\$0.00
Internal Exchanges	\$0.00

Non - Focus Elite Load Mutual Funds @ NAV (Qualified & Non - Qualified Accounts)

Purchases & Redemptions	\$25.00
Dollar Cost Averaging	\$1.50
Systematic Redemption	\$1.50
Internal Exchanges	\$5.00

No Transaction Fee ("NTF") No-Load Mutual Funds

Qualified Accounts

Purchases (initial) of \$500 or more	\$ 0.00
Purchases (initial) Less Than \$500	\$ 25.00
Purchases (subsequent) of \$500 or more	\$ 0.00
Purchases (subsequent) Less than \$500	\$ 25.00
Redemptions held 6 months or longer	\$ 0.00
Redemptions held less than 6 months	\$ 25.00
Systematic Redemptions of \$100 or more	\$ 0.00
Systematic Redemptions less than \$100	\$ 25.00

Non - Qualified Accounts

Purchases (initial) of \$2,500 or more	\$ 0.00
Purchases (initial) Less Than \$2,500	\$ 25.00
Purchases (subsequent) of \$500 or more	\$ 0.00
Purchases (subsequent) Less than \$500	\$ 25.00
Redemptions held 6 months or longer	\$ 0.00
Redemptions held less than 6 months	\$ 25.00
Systematic Redemptions of \$100 or more	\$ 0.00
Systematic Redemptions less than \$100	\$ 25.00

No-Load Mutual Funds (Qualified & Non Qualified Accounts)

Purchases (initial & subsequent)	\$ 25.00
Redemptions (initial & subsequent)	\$ 25.00

For further details on the Program, including costs please refer to the VISION2020 Advisor Wrap Fee Brochure.

Variable Annuity Sub-Account Advisory Services:

Utilizing the VISION2020 Advisor Program sponsored by Royal, our firm and its agents will provide to you variable Annuity Sub-Account services. We will obtain the necessary financial data from you to assist you in determining suitability for investment in Program. The information provided by you will include a brief description of the investment objectives, guidelines and financial objectives for the Program VA(s). We will be available to you on an on-going basis to monitor any changes in your financial circumstances or investment objectives.

Client retains Advisor to manage the Program VA(s) through one of the following mechanisms:

Non Discretionary Trading Authority- You by initialing the Addendum A to the Investment Advisory Services Agreement, appoints us on behalf of the Advisor to manage your Program VA(s) in accordance

with the investment objectives selected by you, and subject to your meeting the minimum Program Account size. We shall allocate Program VA(s) sub-accounts, as part of your initial asset allocation, which you will review and sub-accounts, as part of your initial asset allocation, which you will review and approve. We may periodically, without your prior consent, rebalance Client Program VA(s) sub-accounts to maintain the initial agreed upon asset allocation. However, we will not make changes to the initial Program VA(s) sub-account asset allocation without your prior review and approval.

Discretionary Trading Authority- You by initialing the Addendum A to Investment Advisory Services Agreement appoints us on behalf of the Advisor to manage your Program VA(s) sub-accounts on a discretionary basis in accordance with the investment objectives selected by you. We may reallocate program VA(s) subaccounts without your prior consent.

Due to the unique nature of Variable Annuities, they must be maintained directly with the Variable Annuity sponsor. Neither our agent nor the Firm creates or forwards Client Account Statements or Confirmations for Program VA(s). This responsibility remains exclusively with the Variable Annuity sponsor. All sub-account reallocations will be directed to and executed at the Variable Annuity sponsor.

The minimum Account size is \$50,000, but exceptions may be at our sole discretion depending on your circumstances. In the event that you withdrawal or partially liquidate portions which cause the values of Program VA(s) to fall below this required minimum, you understand that this Agreement may be subject to termination under the provisions of Section 8 of the Advisory Agreement. You also understand that the Account is designed as a long-term investment vehicle and those asset withdrawals or partial liquidations may impair the achievement of your investment objectives.

VA Program Compensation:

As a participant in the Program, you shall pay an Account Fee for Program VA's in the account. Program VA's are not assessed transaction fees since the reallocation of transactions are placed directly with the Variable Annuity sponsor. A portion of the Account Fees will be paid to Royal for its administrative services provided in sponsoring the Program.

In the event that our Agents received a selling commission with respect to any Program VA within two years of the date of this addendum, the Advisory Fee for the services described herein shall be offset. In order to determine the transactions subject to this fee exclusion, we and you will complete an Addendum A schedule together with attaching supporting documentation evidencing the actual date of purchase of Program VA(s) within the past two years.

You may have multiple Accounts as part of the Program. However, you must elect to have Account fees debited from on previously selected Pershing Account ("Program Billing Account"). Fees will be pro- rated only to the respective Account where such fees were debited. Client fees not debited from an Account are not subject to the pro rata refund stated in this section. Program VA(s) may not be designed as a Program Billing Account.

In addition, you may incur certain charges imposed by third parties other than the Advisor in connection with Program VA(s), including but not limited to internal Variable Annuity sponsor fees, as well as 12b-1 or other distribution Fees (trail commissions) on certain underlying sub-accounts. In addition, there may be certain deferred sales charges on previously purchased variable annuities as well as IRA and Qualified Retirement Plan fees.

ADDITIONAL TYPES OF FEES OR EXPENSES:

Mutual fund investments in the programs that we offer are no-load or load at NAV. Your mutual fund investments may be subject to early redemption fees, 12b-1 fees and mutual fund management fees as well as other mutual fund expenses. These fees are in addition to the fees and expenses referenced above. Please review the mutual fund prospectus for full details.

In addition to the per-trade transaction charges referenced above, you will also be subject to per-trade confirmation fees as disclosed on your trade confirmation (typically \$4.00 per trade) and an additional fee

of \$1.50 for each trade confirmation that you do not elect to receive electronically. You may also be subject to an additional, per-trade transaction charge on the selling of certain securities as disclosed on your trade confirmation (generally less than \$1.00 on trades of \$50,000 or less). These fees are not shared with us but are transaction charges paid to Royal Alliance and our custodian. Please see Item 10 which explains our relationship with Royal Alliance.

There are additional fees relating to IRA and Qualified Retirement Plan accounts that you may incur such as maintenance and termination fees. You will find these fees disclosed in the account application paperwork provided to you associated with these accounts.

You will be charged an additional fee of \$1.50 for each trade confirmation that you do not elect to receive electronically. You may also be subject to an additional, per-trade transaction charge on the selling of certain securities as disclosed on your trade confirmation (generally less than \$1.00 on trades of \$50,000 or less). These fees are not shared with us but are transaction charges paid to Royal Alliance and our custodian. Please see Item 10 which explains our relationship with Royal Alliance.

There are additional fees relating to IRA and Qualified Retirement Plan accounts that you may incur such as maintenance and termination fees. You will find these fees disclosed in the account application paperwork provided to you associated with these accounts.

FINANCIAL PLANNING FEE SCHEDULE:

When you receive financial planning services you may also purchase securities or insurance products offered through Royal Alliance Associates, Inc. pursuant to the plan or consultation. Agents of our Firm may receive commissions as Registered Representatives of Royal Alliance Associates, Inc. or as insurance agents in connection with such transactions. Thus, we may have a conflict of interest when providing financial planning services to you as there may be an incentive for us to recommend specific courses of action through our financial planning services that may lead to members of our Firm receiving additional compensation.

Please be aware that you are under no obligation to purchase products or services recommended by us or agents of our Firm in connection with our providing you with financial planning services, or any advisory service that we offer.

Any unearned fees will be calculated on a prorated basis and reimbursed to you based on the termination date. The earned fees will be calculated on a prorated basis and paid to you based on the termination date.

THIRD PARTY ADVISORY SERVICES FEE SCHEDULE:

Compensation in connection with Third Party Advisory Services generally consists of five elements: i) management fees paid to Third Party Advisory Services ii) management fees paid to us as outlined below iii) transaction costs - if applicable - which may be paid to purchase and sell such securities; iv) custody fees; v) revenue sharing compensation paid to Royal Alliance Associates, Inc. ("Royal Alliance") the securities broker-dealer to which agents of our Firm are associated with; and vi) fees paid to Royal Alliance for administrative and supervisory services.

For more complete fee details, please see the applicable Third Party Advisory Service's disclosure brochures, investment advisory contracts, and account opening documents. Please see below for our fee schedule:

Model Internal Expense Ratios	
SA Models	
LW Global Defensive	1.16%
LW Global Conservative	1.09%
LW Global Balanced	1.04%
LW Global Moderate	.96%
LW Global Capital Appreciation	.87%
LW Global Equity	.80%

MDK's advisory fees are negotiable but fees charged by the Third Party Advisory Service in connection with their services may not be.

RETIREMENT PLAN CONSULTING SERVICES FEE SCHEDULE:

We will bill the Company (Employer) for Retirement Plan Consulting Services at a pre-determined hourly rate. The exact fee is negotiated in advance of services rendered and is disclosed in the executed written agreement that we sign with the Company. Fees will be billed quarterly in "in arrears". In special circumstances, other fee paying arrangements may be negotiated.

Hourly Rate:

MDK hourly fee is \$250.00 per hour for retirement plan consulting services.

Termination:

The Company may terminate the written agreement they signed with us within five days of the execution date without penalty. Thereafter, the written agreement may be terminated by us or the Company at any time upon 60 days' prior written notice. Upon termination, we will deliver a final billing statement for unbilled work performed prior to termination, and the Company will have a period of 30 days within which to deliver payment.

OTHER COMPENSATION RECEIVED:

In addition to providing advisory services, our Advisory Agents may also sell you securities products and other investment and insurance products in their capacity as registered representatives of Royal Alliance Associates, Inc., member FINRA/SIPC and as licensed insurance agents. We will receive additional compensation in connection with this activity and the amount of compensation will depend on the type of product purchased. We will have a greater financial incentive to sell certain products as opposed to others (for example, in the case of mutual funds those that have a higher 12b-1 fee than others). While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain securities products and are encouraged to ask us about any conflict presented.

Please be aware that you are under no obligation to purchase products or services recommended by us or Advisory Agents of MDK in connection with providing you with any advisory service that we offer.

ERISA and the Pension Protection Act of 2006 (PPA)

If this Agreement is entered into by a trustee or other fiduciary, including but not limited to someone meeting the definition of "fiduciary" under the Employee Retirement Income Security Act of 1974 ("ERISA") of an employee benefit plan subject to ERISA, such trustee or fiduciary represents and warrants that Client's participation in the Account is permitted by the relevant governing instrument of

such plan, and the Client is duly authorized to enter into this Agreement. Client agrees to furnish IAR or Adviser with such documents, as they shall reasonably request with respect to the foregoing. Client further agrees to notify Adviser and IAR of any event which might affect this authority or the validity of the Agreement.

Client additionally represents and warrants (i) that the governing instruments provide that an "investment adviser" as defined under ERISA may be appointed, and (ii) that the person executing and delivering this Agreement on behalf of Client is a "named fiduciary" (as defined under ERISA) who has the power under the plan to appoint an investment manager. If Client is a corporation, the party executing this Agreement on behalf of Client, represents that execution of this Agreement has been duly authorized by appropriate corporate action.

In cases an "eligible investment advice arrangement" or advisory agreement is executed with the Client as evidenced by this Agreement. Adviser will charge fees to the retirement account based on a Level Fees basis. The fees will not vary depending on the basis of the investment option elected.

In order for the investment advice to be deemed "eligible", Adviser has taken the required steps as set forth in Title VI, Section 601 Disclosures to meet the requirements of the Act.

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

We do not charge performance based fees nor do we provide side by side management services.

Item 7 Types of Clients

Client Base

Our customer base consists of individuals, business entities (companies) and pension profit sharing plans.

Conditions for Account Management

We do not have account minimum requirements for opening an account or maintaining an account.

Each Third Party Advisory Service that we offer will have their own account minimums. Their account minimums are disclosed to you through their own Form ADV Brochure and associated paperwork that will be presented to you.

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

Methods of Analysis & Investment Strategies

Retirement savings and personal investments are allocated in line with the 12 MDK recommended portfolios with the intent of accomplishing the highest probability of achieving and maintaining financial independence.

When analyzing investments that may be right for you, we use both Fundamental and Technical Analysis. Fundamental analysis is security analysis grounded in basic factors such as company earnings, balance sheet variables and management quality which are used to predict the future value of an investment. Information such as interest rates, GNP, inflation and unemployment may be used to predict the direction of the economy and therefore the stock market. Technical analysis is the practice of using statistics to determine trends in security prices and make or recommend investment decisions based on those trends. Technical analysis focuses on matters such as trade volume, demand, and volatility to help determine the market forces at work on a certain security or on the securities market as a whole.

In addition to those methods, sources and strategies listed we use a broad range of information in formulating its recommendations. We are not, however, solely dependent upon one source in including newspapers, magazines, newsletters and news services to evaluate the economic environment and the prospects for specific securities including mutual funds. In addition, we also rely upon outside consultants to provide evaluations of specific securities and the prospects of various sectors of the economy. In some cases, we may visit the corporate headquarters of investment sponsors, or the sites of investment projects to refine its understanding of sponsors, investments, and the investment environment. Additionally, we may obtain information from websites. Product information and due diligence research are provided by Royal.

Investment Strategies:

Subject to suitability requirements, we generally advise the long-term purchase of mutual funds to our clients. Long-term purchases are typically defined as the purchase of securities held for at least a year.

Methods of Analysis Risks:

Fundamental Analysis - When using Fundamental Analysis, we generally rely on, among other things, company earnings, balance sheet variables and management quality which are used to predict the future value of an investment. Data we review is generally considered reliable but we cannot guarantee nor have we verified its accuracy. In addition, the data that we review is sometimes subjective in nature and open to interpretation. Even if our data and interpretation of the data is correct, there may be other factors that determine the value of securities other than those considered in Fundamental Analysis.

Technical Analysis - When using Technical analysis we review statistics to determine trends in security prices and make our investment decisions based on those trends. This analysis may only be able to predict how an investment will perform short-term. In addition, this analysis does not take into account, the more fundamental properties of what an investment may be worth such as company performance and balance sheet variables which may play a part in determining the value of an investment.

Investment Strategy Risks:

Long-term purchases - Using a long-term purchase strategy generally assumes the Financial Markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall Financial Markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

Short-term purchases - Using a short-term purchase strategy generally assumes that we can predict how

Financial Markets will perform in the short-term which may be very difficult. There are many factors that can effect Financial Market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Short sales - A short sales strategy is profitable when the price of the security that is "sold short" declines. If you purchase a security, the maximum amount of money you can lose is the value of the investment (the price goes to \$0). If you "sell short" the same security, and the price of the security increases, your potential for loss is unlimited.

Margin - Using margin involves the use of leverage by borrowing money to purchase securities. If the price of the purchased security decreases, you risk losing significantly more money than your initial investment. Further risks are disclosed in the margin agreement you will sign before we engage your account in this activity.

Security Type Risks:

Stocks - Investing in stocks involves the assumption of risk including:

- Financial Risk: which is the risk that the companies we recommend to you may perform poorly which will effect the price of your investment.
- Market Risk: which is the risk that the Stock Market will decline, decreasing the value of the securities we recommend to you with it.
- Inflation Risk: which is the risk that the rate of price increases in the economy deteriorates the returns associated with the stock.
- Political and Governmental Risk: which is the risk that the value of your investment may change with the introduction of new laws or regulations.

Bonds - Investing in bonds involves the assumption of risk including:

- Interest Rate Risk: which is the risk that the value of the bond investments we recommend to you will fall if interest rates rise.
- Call Risk: which is the risk that your bond investment will be called or purchased back from you when conditions are favorable to the bond issuer and unfavorable to you.
- Default Risk: which is the risk that the bond issuer may be unable to pay you the contractual interest or principal on the bond in a timely manner or at all.
- Inflation Risk: which is the risk that the rate of price increases in the economy deteriorates the returns associated with the bond.

Mutual Funds - Investing in mutual funds involves the assumption of risk including:

- Manager Risk: which is the risk that an actively managed mutual fund's investment adviser will fail to execute the fund's stated investment strategy.
- Market Risk: which is the risk that the Stock Market will decline, decreasing the value of the securities contained within the mutual funds we recommend to you.
- Industry Risk: which is the risk that a group of stocks in a single industry will decline in price due to adverse developments in that industry, decreasing the value of mutual funds that are significantly invested in that industry.
- Inflation Risk: which is the risk that the rate of price increases in the economy

deteriorates the returns associated with the mutual fund.

Associated Risks:

When using Fundamental Analysis, we generally rely on, among other things, company earnings, balance sheet variables and management quality which are used to predict the future value of an investment. Data we review is generally considered reliable but we cannot guarantee nor have we verified its accuracy. In addition, the data that we review is sometimes subjective in nature and open to interpretation. Even if our data and interpretation of the data is correct, there may be other factors that determine the value of securities other than those considered in Fundamental Analysis.

When using Technical Analysis we review statistics to determine trends in security prices and make our investment decisions based on those trends. This analysis may only be able to predict how an investment will perform short-term. In addition, this analysis does not take into account, the more fundamental properties of what an investment may be worth such as company performance and balance sheet variables which may play a part in determining the value of an investment.

When pursuing our long-term purchases strategy, we are assuming the Financial Markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall Financial Markets advance. In addition, purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

We primarily recommend mutual funds to you. Investing in mutual funds involves the assumption of risk including:

- Manager Risk: which is the risk that an actively managed mutual fund's investment adviser will fail to execute the fund's stated investment strategy.
- Market Risk: which is the risk that the Stock Market will decline, decreasing the value of the securities contained within the mutual funds we recommend to you.
- Industry Risk: which is the risk that a group of stocks in a single industry will decline in price due to adverse developments in that industry, decreasing the value of mutual funds that are significantly invested in that industry.
- Inflation Risk: which is the risk that the rate of price increases in the economy deteriorates the returns associated with the mutual fund.

Listed above are some of the primary risks associated with the way we recommend investments to you, please do not hesitate to contact us to discuss these risks and others in more detail

Investing in securities involves risk of loss that you should be prepared to bear.

Item 9 Disciplinary Information

On April 19, 2006, a Management Person within MDK was the subject of a consent administrative proceeding brought by the Texas State Securities Board ("TSSB") involving certain registration and advertising restriction issues raised during a routine inspection. MDK fully cooperated and promptly complied with all requests made by the staff of the TSSB regarding these issues. MDK was not accused of any fraudulent activity but was cited for distributing to clients certain performance data by email in alleged violation of section 116.15(2)(D) and (3) of the TSSB's Rules regarding advertising restrictions. This regulatory matter was resolved without litigation. No clients of the firm suffered any losses as a result of the email correspondence and MDK has received no related customer complaints. Prior to distributing the foregoing email correspondence, MDK sought and obtained approval to disseminate the email correspondence from the Registered Advertising Principal for Royal Alliance Associates Inc. who was retained by MDK, for a fee, to provide supervisory duties which included the review of outgoing email correspondence. MDK has strengthened its procedures to ensure that all future outgoing correspondence is reviewed for compliance with the advertising restrictions contained in the TSSB's rules prior to disseminations to clients. MDK has also strengthened its procedures to ensure proper compliance with the investment advisor representative registration provisions of Section 14.a (5) (b) of the Texas Securities Act. MDK consented to the administrative order without adjudication of any finding of fact or conclusion of law and in the spirit of cooperation agreed to a reprimand and the payment of a \$10,000 fine.

Management Person:

Anyone with the power to exercise, directly or indirectly, a controlling influence over your RIA's management or policies, or to determine the general investment advice given to the clients of your firm.

Item 10 Other Financial Industry Activities and Affiliations

Financial Industry Relationships:

MDK's President and investment adviser agents (IAR) are also registered Broker Dealer representatives of Royal and insurance agents/brokers of various insurance companies. In such capacities, MDK's Advisory Agent's may receive the normal brokerage or insurance commissions and/or other compensation.

Investment adviser representatives of MDK are registered securities representatives of Royal, a registered broker-dealer, member of the Financial Industry Regulatory Authority, ('FINRA'), SIPC and a registered investment adviser. Royal is a diversified financial services company engaged in the sale of specialized investment products. Advisory Agents of MDK may recommend securities or insurance products offered by Royal, and receive normal commissions if products are purchased through them. Thus, a conflict of interest exists between the interest of the advisory representatives and you. If you purchase these products through them, they will receive normal commissions which may be in addition to customary advisory fees. As such, Advisory Agents may have an incentive to sell you commissionable products in addition to providing you with advisory services when such commissionable products may not be suitable. Alternatively, they may have an incentive to forego providing you with advisory services when appropriate, and instead recommend the purchase of commissionable investments, if they deem that the payout for recommending the purchase of these investments would be higher than providing management advice on these products for an advisory fee. Therefore, a conflict of interest may exist between their interests and your best interests.

While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain securities products and are encouraged to ask us about any conflict

presented. You are under no obligation to purchase products recommended by these advisory representatives or to purchase products either through these agents of Royal.

Under the rules and regulations of FINRA, Royal has obligations to maintain records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives in relation to certain advisory accounts for which its registered representatives provide investment advice. These obligations require Royal to coordinate with, and have the cooperation of the account custodian. In order to fulfill its obligation, Royal has established a list of custodian and brokerage firms which it has arranged to obtain the required cooperation, and which therefore may be utilized for custody of accounts directly advised either by registered representatives of Royal who are investment advisers or other investment advisory entities which are affiliated with registered representatives of Royal.

In certain instances, Royal will collect, as paying agent for MDK, the investment advisory fee remitted to MDK by the account custodian. Royal will retain a portion as a charge to the investment adviser (not the client) for the functions Royal is required to carry out by the FINRA. This fee will not increase execution or brokerage charges to the client or the fee the client has agreed to pay to the MDK pursuant to the client's advisory agreement. A portion of the fee retained by Royal may be re-allowed to other registered representatives of Royal who, as registered representatives of Royal, are responsible for the supervision of the other representatives and assist Royal with the functions described above.

Please be aware that you are under no obligation to purchase products or services recommended by us or members of our Firm in connection with providing you with any advisory service that we offer.

For those associates described above, approximately 10% of each business day is devoted to review and sales of securities and insurance.

Third Party Advisers Relationships:

We currently have third party advisory relationships with Royal Alliance Associates, Inc. and LWI Financial Inc.

You will receive a Solicitor's Disclosure Statement, pursuant to SEC Rule 206(4)-3. The Solicitor's Disclosure Statement provides, among other things, disclosure regarding the affiliation, if any, between our Firm and the third-party adviser: the terms of the solicitation agreement between our Firm and the third-party adviser, including the amount of compensation to be paid to our Firm for the solicitation; and the additional cost to you if any, as a result of the solicitation agreement.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Participation or Interest in Client Transactions / Personal Trading:

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

We may recommend you the purchase of investment products in which we or a related entity may have some financial interest, including the receipt of compensation. Certain mutual funds (and/or their related persons) in which you may invest could make payments to broker-dealers. Such payments may be distributed pursuant to a 12b-1 distribution plan or pursuant to another arrangement as compensation for distribution or administrative services and may be paid out of the fund's assets. Advisory agents of MDK in their capacity as registered representatives of Royal Alliance Associates, Inc. may receive such fees or other compensation to the extent permitted by applicable law.

MDK and/or its advisory agents are registered representatives of Royal Alliance Associates, Inc, the sponsor of the Managed Assets Program. We may receive higher fees as a result of recommending the Managed Assets Program to you than other programs or services which are offered by us.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

A fund that imposes a front-end sales load but which waives that front-end sales load for purchases made on behalf of the client's account (a 'front-end load' fund at net asset value) may bear 12b-1 distribution or service fees in excess of .25% of a client account's net assets invested in such fund (the maximum allowed for no-load funds). The 12b-1 fee, deferred sales charges and other fee arrangements will be disclosed upon your request and are typically described in the applicable fund's prospectus. Because of these compensation arrangements, a conflict of interest exists in connection with the recommendation of particular mutual fund investments for a client's account.

At times the interests of MDK or its advisory agents accounts may coincide with the interest of your accounts, however, at no time will or any advisory agent receive an added benefit or advantage over you with respect to these transactions. We will maintain a record of personal securities transactions. All rules and regulations of the Investment Adviser's Act of 1940 will be strictly enforced. We do not permit insider trading.

We may recommend securities to you or buy or sell securities for your account at or about the same time we may buy or sell the same securities in our own account. As such, there may be instances where our interests may appear to be placed ahead of yours. To mitigate this conflict, our firm policy prohibits us from receiving a better price on our order, if you and we invest in the same security on the same side of the market on the same day.

Code of Ethics:

We have adopted a Code of Ethics (the "Code") to address securities-related conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes our policies and procedures developed to protect your interests in relation to the following topics:

- The duty at all times to place your interests first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the Code and to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of your security holdings and financial circumstances are confidential; and
- The principle that independence in the investment decision-making process is paramount.

We will provide a copy of the Code to you or any prospective client upon request.

Item 12 Brokerage Practices

Our Advisory agents are also Registered Representatives of Royal Alliance Associates, Inc, a FINRA registered broker-dealer. In order to meet its FINRA supervisory obligations, Royal Alliance requires that all investment advisory activities that we conduct are processed through Royal Alliance's clearing relationships with Pershing LLC ("Pershing"). As a result, we do not have the discretion to choose the broker-dealer or commission rates to be paid. However, we do believe that Pershing's blend of execution services, commission and transaction costs as well as professionalism will allow us to seek best execution and competitive prices.

In connection with the provision of Third Party Advisory Services, our choice of custodian will be limited to those choices offered by the Third Party Advisory Service.

We may aggregate your orders with those of other clients in a bunched trade or trades when securities are purchased or sold. For each account that we include in the bunched trade, we must reasonably believe that the bunched order is consistent with our duty to seek best execution and may benefit you and each client participating in the aggregated order. The average price per share of each bunched trade is allocated to each account that participates in the bunched trade. Accounts that participate in the same bunched trade are charged transaction costs, if applicable, in accordance with their advisory contracts.

If a bunched order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation. Partial fills will be allocated in a way that does not consistently advantage or disadvantage particular client accounts and are generally filled pro-rata among participating accounts.

We may execute transactions through a broker-dealer, Loring Ward Securities Inc. ("LWSI"), that is affiliated and under common ownership with LWIF. LWSI is a securities broker-dealer and a member of the Financial Industry Regulatory Authority ("FINRA") that introduces all transactions to its correspondent clearing firm, Fidelity, on a fully-disclosed basis. MDK or you may incur additional brokerage commissions, ticket charges or other similar expenses that are collected by LWSI, or another broker-dealer and/or custodian of record.

Item 13 Review of Accounts

We generally provide investment advice, financial planning services and investment management services. Investment advisory client accounts with on-going contributions have their contributions verified monthly. Investment advisory client accounts are reviewed quarterly and/or as contracted for, however continuous daily reviews are made of all accounts. Each individual advisory agent is responsible for the review and subsequent follow-up. Michael D. Krost, advisory agent and President of MDK, reviews all recommendations and reports prepared by MDK Advisory Agent's.

Subsequently, on at least a quarterly basis, we review and analyze the suitability, performance, and other aspects of the account. Although no written report is sent to you, continuous daily reviews are made of all accounts. You will receive at minimum, quarterly statements from the custodian which provides current investment information.

Investment management clients receive statements or account and transaction confirmations from the accounts custodian. More frequently reports may be provided by us upon your request. You will additionally receive portfolio statements no less frequently than quarterly, and confirmations upon any transaction in a portfolio from the custodian of the account (usually a brokerage firm, or a mutual fund company).

Item 14 Client Referrals and Other Compensation

Client Referrals:

We do not have any arrangements to compensate another for client referrals.

Other Compensation:

As discussed previously, all our Advisory agents are Registered Representatives of Royal Alliance Associates, Inc., a registered broker dealer. This arrangement requires us to offer you advisory services and programs sponsored or approved by Royal Alliance. Royal Alliance sets limits on how much we can charge you for these advisory services. Some advisory programs have higher fee limits than others. As such, there may be an incentive for us to recommend to you advisory services or programs with higher limits. In addition, Royal Alliance may charge us certain usage fees and expenses to use their advisory programs which may decrease the amount of money we make when offering investment advice to you. Therefore, there may be an incentive to provide you with advisory programs and services that may be cheaper for us to use, but not as suitable to your needs as other advisory programs that Royal Alliance sponsors which may be more expensive for us to use.

In addition, Royal Alliance offers our Advisory agents educational, training and incentive programs for those Advisory agents that meet certain sales production goals. There may be an incentive for us to manage your account in ways that assist us in meeting these production goals even if such strategies may not always be suitable for your account.

Certain Third Party Advisory Service programs may provide our Advisory agents with the opportunity to attend training or education conferences. Such conferences include the payment or reimbursement of travel, meals and lodging expenses for attendees. Payment/reimbursement of expenses is not contingent

upon sales targets or contests, but rather on total assets managed on their respective Third Party Advisory Service platforms. We may have an incentive to recommend Third Party Advisory Service programs that provide us with the above referenced opportunities over those that do not.

Our choice of custodian may be influenced by the services that the custodians available to us provide but do not necessarily benefit your account. Such services include software and technology that assist in the management and administration of your account and a mix of services to manage and further develop our business. A conflict of interest may exist because when we evaluate whether to recommend or require that you custody your assets at Pershing, LLC, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely factors that are beneficial to you such as nature, cost or quality of custody and brokerage services.

While our security sales are reviewed for suitability by an appointed supervisor, you should be aware of the incentives we have to sell certain securities products and are encouraged to ask us about any conflict presented.

Additionally, for those that elect to purchase insurance products, our advisory agents holding insurance licenses will receive normal commissions.

LWIF may also sponsor educational seminars for the benefit of MDK and our clients. Such educational seminars provide us with access to information and ideas regarding practice development, client servicing, investment strategy, relationship management and financial planning. Attendance expenses associated with such educational seminars may be paid or reimbursed, either in whole or in part, by LWIF.

We try at all times to put the interest of you first as part of our fiduciary duty. However, you should be aware that the receipt of additional compensation creates a potential conflict of interest and may affect judgment when making these recommendations.

Item 15 Custody

Your funds and securities will be maintained with a “qualified custodian” as required under Rule 206(4)-2 under the Advisers Act and we will not take physical possession of any funds or securities. Custody of your accounts for both securities and funds will be maintained at Pershing, LLC, the designated custodian and clearing firm for Royal Alliance Associates, Inc. or another qualified designated custodian. Account statements are sent quarterly from the custodian and you should carefully review those statements.

Item 16 Investment Discretion

Our firm does not accept or have any discretionary authority to manage securities accounts held on behalf of you. We provide periodic recommendations to you and if such recommendations are approved, we will ensure that the authorized recommendations are carried out.

Item 17 Voting Client Securities

We do not have the authority to vote proxies solicited by, or with respect to, the issuers of securities held in your account. Typically, proxy materials will be forwarded to you by our custodian. We will forward proxy materials that we may receive to you. You can contact our office at 800-490-7020 for any questions about a particular solicitation.

Item 18 Financial Information

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. We do not have any financial condition that is reasonably likely to impair the ability to meet contractual commitments to you and has not been the subject of a bankruptcy proceeding.

Part 2B of Form ADV: Brochure Supplement

Item 1 Cover Page

**MDK Financial Group, Inc.
Michael D. Krost
6802 Mapleridge, Suite 203
Bellaire, TX 77401
800-490-7020**

This brochure supplement provides information about Michael D. Krost that supplements the MDK Financial Group, Inc.'s brochure. You should have received a copy of that brochure. Please contact Michael D. Krost, President, if you did not receive MDK Financial Group, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Michael D. Krost is available on the SEC's website at www.adviserinfo.sec.gov.

Dated: March 22, 2011

Item 2 Educational Background and Business Experience

Education History:

Michael David Krost, born 1955, received his Bachelor of Science ("B.S.") Degree in Accounting from University of Texas at Austin, in Austin, Texas.

Business Background:

EMPLOYER	START DATE	END DATE	POSITION
MDK Financial Group, Inc.	November, 1990	Current	President, Chief Compliance Officer, Shareholder
Royal Alliance Associates, Inc.	November, 1989	Current	Managing Executive and Registered Principal

Item 3 Disciplinary Information

Michael D. Krost does not have any disciplinary information to disclose.

A full report that reflects the professional background, business practices, and conduct of our advisory agents is available through the IARD link at www.adviserinfo.sec.gov. Should you have any technical difficulties with this link you can call 240-386-4848 for further assistance.

The information that appears on these websites is collected from individual investment adviser representatives, investment adviser firm(s), and/or securities regulator(s) as part of the securities industry's registration and licensing process.

Item 4 Other Business Activities

Michael D. Krost has a Texas Group I Insurance license. The Group I Insurance license allows her to sell health, dental, disability and traditional life insurance products. Insurance licenses are issued by all states. Each insurance department establishes the required qualifications for this license.

General Requirements:

- An individual applying for a Texas insurance license must be at least 18 years of age
- Applicants are not required to be sponsored to pursue their license
- Applicants must submit fingerprints as part of the license application
- Texas has no pre-licensing education requirement unless a 90-day temporary license is desired. To obtain a 90-day temporary license, candidates must complete 40 hours of pre-licensing education

Candidates must apply for licensure within 12 months from receiving a passing grade on the examination

Item 5 Additional Compensation

Michael D. Krost does not receive any economic benefits for providing advisory services from someone who is not a client of MDK Financial Group, Inc. that has not already been disclosed.

Item 6 Supervision

All new accounts undergo careful analysis and review as to appropriateness of assets held and asset allocation and compared to the investment objectives stated by you. After an account has been approved for a specific investment program, the Chief Compliance Officer will monitor the activities in the account to ensure that the investments purchased or sold are consistent with your investment objectives.

The Chief Compliance Officer will review the activity in each account at least quarterly to determine if the account has been managed in a manner consistent with your investment objectives and shall discuss any questionable activities in any account with you. The Chief Compliance Officer will also look for any evidence of conflicts of interest between the adviser and you.

Our Firm has established written policies and procedures that it will utilize to supervise. In addition, a Code of Ethics has been adopted, which we have agreed to follow and comply with.

The confidence and trust placed in our Firm and its employees is something we value and endeavor to protect.

Michael D. Krost is the sole Shareholder, Chief Compliance Officer and President of MDK Financial Group, Inc. Michael D. Krost can be reached at 800-490-7020 should you have any additional questions or concerns.