

# **Heritage Advisory Services, Inc.**

5 Great Valley Parkway  
Suite 334  
Malvern, PA 19355  
(610) 889-2066

[www.heritagefincorp.com](http://www.heritagefincorp.com)

SEC File # 801-67269  
CRD# 119241

**October 2011**

This brochure provides information about the qualifications and business practices of Heritage Advisory Services, Inc. If you have any questions about the contents of this brochure, please contact us at the phone number listed above. 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. Please note, where this brochure may use the terms “registered investment adviser” and/or “registered”, registration itself does not imply a certain level of skill or training. Additional information about the firm is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## Item 2: Material Changes

Due to a series of recent changes in securities regulation, investment advisers are now required to deliver disclosure information in this new narrative format. This brochure incorporates much of the same information previously provided within the Form ADV Part II but with expanded disclosures designed to provide further information about the firm, its practices, and its personnel. Material updates to the information contained within this brochure will be provided to clients on an immediate basis. This section is designed to reflect such changes in summary form. Questions regarding the new brochure and/or the information contained herein may be directed to the firm and its representatives. Additional information about the firm and its representatives is also available on the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 4: Investment Advisory Business

Established in 2000 by firm President and Chief Executive Officer Brian K. Lureen, Heritage Advisory Services, Inc. ("Heritage") provides several investment advisory services to clients both on a discretionary and nondiscretionary basis. Heritage provides investment supervisory services to individuals, pension and profit sharing plan participants, trusts, accredited investors and high net worth investors. The firm's investment management strategy is implemented in conjunction with the client's investment objectives, risk tolerance level, liquidity needs, tax and/or legal implications and other concerns where applicable.

### Investment Management Services

Heritage provides discretionary investment management services to sub-accounts within pooled investments, Variable Annuity and Variable Universal Life products, as well as separately managed equity portfolios. The firm conducts a series of data gathering interviews in an effort to understand each client's financial circumstance and ultimately, their financial goals. As a result, Heritage develops a client's personal investment policy. This policy dictates how the firm manages the respective client portfolio using the available investment vehicles within each account as well as other financial instruments that Heritage deems appropriate. Clients are typically placed in one of the following investment strategies:

- Balanced
- Conservative
- Growth
- Aggressive Growth.

The firm provides this service to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations.

Heritage may recommend the use of short term trading (securities sold within 30 days), short sales or margin transactions, where the firm deems it appropriate. These specific investment strategies involve additional degrees of risk, therefore they will only be recommended to clients who maintain a higher risk tolerance.

The foregoing services are provided pursuant to a written advisory agreement setting forth the terms and conditions of services.

### Financial Planning/Consulting

Heritage also offers Financial Planning to clients. This commences with a set of one-on-one consultations with the intent to thoroughly understand a client's total financial situation. The process culminates with a presentation of a written plan detailing steps to take to achieve the stated financial goals and objectives.

Within this service, there are five sub-categories of financial plans all dependant on the depth and sophistication of the plan. They are as follows:

- The Basic Plan,
- The Comprehensive Plan,
- The Complex Plan,
- The Combination Business Entity-Individual Plan, and
- The Family Wealth Counseling Plan.

In general, these financial plans will address any or all of the following areas of concern:

- **PERSONAL:** Family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** Income tax and spending analysis and planning for past, current and future years. Heritage will illustrate the impact of various investments on a client's current income tax and future tax liability.
- **DEATH & DISABILITY:** Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- **RETIREMENT:** Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- **INVESTMENTS:** Analysis of investment alternatives and their effect on a client's portfolio.
- 

The firm conducts a series of data gathering interviews in an effort to understand each client's financial situation. Clients will complete an Investor Profile Questionnaire which identifies the client's complete financial status, attitudes towards risk, liquidity needs and goals and objectives. Based on the results of the questionnaire, a comprehensive written financial plan will be prepared and presented to the client.

Should a client choose to implement the recommendations contained in the plan, Heritage suggests the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

Additionally, Heritage provides advice on non-securities matters. Typically, this is in connection with the rendering of advice on real estate planning, insurance, and/or annuities.

### **Money Manager Search and Monitoring**

Heritage may recommend an independent investment manager(s) whose management style may be appropriate for the client based on their individual circumstances and needs. The firm will conduct a search in an effort to identify an independent portfolio manager who is appropriate for that client. Factors considered in making this determination include:

- the size of the account,
- the client's risk tolerance,
- the client's investment strategy and
- the investment philosophy of the independent adviser

Clients will receive a copy of the selected independent adviser's Form ADV Part 2 disclosure document for a full description of the services offered and the respective fee. Heritage will maintain the relationship with the client and meet on a regular basis to review the account.

If the firm believes that a particular independent adviser is performing inadequately, or if it believes that a different manager is more suitable for a client's particular needs, Heritage may recommend that the client contract with a different adviser. Under this scenario, the firm will assist the client in selecting a new adviser and continue to monitor that adviser's performance. Any move to a new manager is solely at the discretion of the client.

### **Assets Under Management:**

As of the date of this filing, Heritage manages \$29,388,109 in 116 discretionary accounts.

## **Item 5: Fees and Compensation**

### **Investment Management Services:**

The annual fee for investment supervisory services will be charged as a percentage of assets under management, according to the schedule below:

<b>Assets Under Management (\$)</b>	<b>Annual Fee (%)</b>
Under \$99,999.00	1.50%
\$100,000.00 - \$499,999.00	1.25%
\$500,000.00 - \$999,999.00	1.00%
\$1,000,000.00 - \$2,499,999.00	0.75%
Over \$2,500,000.00	0.50%

All fees remain negotiable.

Clients will be invoiced in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter. Fees will be directly debited from client accounts.

All fees paid to Heritage for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds/variable annuities/variable life to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of Heritage. In that case, the client would not receive the services provided by Heritage which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Heritage to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

### **Financial Planning/Consulting:**

#### **Fixed Fees:**

A fixed fee may be charged depending on the nature and complexity of each client's circumstances. The typical range of fixed fees for each type of plan purchased by the client will be as follows:

- The Basic Plan: \$1,500 - \$3,000
- The Comprehensive Plan: \$3,000 - \$5,000
- The Complex Plan: \$5,000 - \$10,000
- The Combination Business Entity-Individual Plan \$5,000 - \$15,000
- The Family Wealth Counseling Plan \$7,500 - \$25,000

For all plans, 50% of the fee is due upon signing the financial planning agreement, with the balance due upon presentation of the plan to the client.

**Hourly Fees:**

Services may also be charged on an hourly basis of \$300 per hour. An estimate for total hours will be determined at the start of the advisory relationship. Once again, 50% of the estimated fee is due upon signing the advisory agreement, with the balance (based on actual hours) due upon presentation of the plan to the client.

Heritage will also offer, at the client's request, to update the client's financial plan. The fee for this update service will be approximately one-half of the fee that Heritage charged the client for the initial financial plan.

Typically, the financial plan will be presented to the client within 60 days of the contract date, provided that all information needed to prepare the financial plan has been promptly provided by the client. A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement. All client agreements remain non-transferable unless consented-to in writing by the client and Heritage.

**Money Manager Search and Monitoring:**

Contractually, Heritage will be paid by the independent adviser for whom it solicits, based on a percentage of the client's managed assets (ranging from 0.2% to 1.5%), which is included in the independent investment adviser's annual management fee, depending on the size of the account.

Heritage is aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940 as well as under the Pennsylvania Securities Act of 1972. As such, appropriate disclosure shall be made and all applicable Federal and State laws will be observed. The management fee is disclosed in the independent investment adviser's disclosure documents (Part 2 of Form ADV or other disclosure document in lieu of Part 2).

**Item 6: Performance-Based Fees and Side by Side Management**

As the firm's advisory services do not incorporate performance fees or the offering of any additional investment management services, side-by-side management does not apply to those services rendered by the firm.

**Item 7: Types of Clients**

Heritage provides investment advisory services to individuals, pension and profit sharing plan participants, trusts, accredited investors and high net worth investors. The firm has not implemented a minimum account value requirement at this time. However, an Investment Advisor Representative reserves the right to adopt minimums in line with his/her business model. Clients are encouraged to review all disclosure and prospectus material prior to investing.

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

Heritage's primary approach to asset management utilizes a tactical allocation strategy which has been designed to reduce risk and increase performance. The firm first looks at the overall current performance and trends of the market place by charting major indices, such as the Dow, S&P 500 and NASDAQ. Heritage will also rely on Bollinger Bands and MACD (Moving Average Convergence-Divergence) indicators.

The stock due diligence process is based on screening over 1800 stocks. The firm applies Value Line Investment Research's assessment in three areas:

- the stock's relative market performance in the year ahead
- the stock's relative measure, ranging from A++ to C
- the stock's historic tendency to show persistent growth compared with the average stock

This process narrows the number of stocks to approximately 40-70 candidates. The firm analyzes 9 key financial ratios of each of the companies to come up with its final investing universe.

In order to accomplish its objective, Heritage primarily invests in exchange-listed equity and fixed income securities, OTC securities, options, CD's, variable life insurance, variable annuities and mutual fund shares over the long term.

Heritage's main sources of research information include ValueLine, Morningstar, online financial information resources, financial newspapers and magazines, annual reports, prospectuses, filings with the SEC, company press releases, and other third-party prepared research materials.

**Variable Annuities**

The firm believes that there are important decisions that need to be made as it pertains to investing in the universe of funds in a variable annuity. This begins with determining the appropriate asset allocation based on the client's investment style. Heritage uses the following 4 portfolio models:

- Balanced – the objective is to minimize capital fluctuations while attempting to deliver a rate of return in excess of inflation as measured by the consumer price index (C.P.I.).
- Conservative Growth – the objective is two-fold, preserve capital and to obtain capital growth.
- Growth – this objective provides a reasonable high rate of growth without the full degree of risk usually found in the stock market.
- Aggressive Growth – Capital growth is the objective; the investor must accept a higher degree of risk in the stock market.

Heritage screens the available funds in each variable annuity to attain the optimum portfolio for each model.

### **Third Party Managers**

Heritage advocates an active/passive investment strategy utilizing multiple managers and a diversified balanced investment approach based on the principles of Modern Portfolio Theory.

### **Risk of Loss:**

Investing in securities involves a certain amount of risk of loss that clients should be prepared to bear. Where short-term trading methods are employed, the cost of more frequent trades can often incur more expense than that of a more conservative or long-term purchase approach. Questions regarding these risks and/or increased costs may be directed to the firm and its representatives.

## **Item 9: Disciplinary Information**

Rule 206(4)-4 of the Investment Advisers Act of 1940 requires investment advisers to provide clients with disclosure as to any legal or disciplinary activities deemed material to the client's evaluation of the adviser. Please note, neither the firm nor its personnel have any disciplinary, regulatory, criminal, civil, or otherwise reportable history to disclose at this time.

## **Item 10: Other Financial Industry Activities and Affiliations**

Brian K. Lureen is the sole shareholder and owner of Heritage Fincorp, Inc. ("HFC"). This entity owns Heritage Advisory Services, Inc. and Heritage Financial Systems, Inc. ("HFSI"), a FINRA-registered broker-dealer and state licensed insurance agency. HFC is also the sole owner of Heritage Wealth Management Services, Inc. ("HWMS"). From time to time, Heritage financial planning clients wish to implement the estate planning portion through the firm. HWMS was set up to act as a conduit between the clients and independent estate planning attorneys. Services include negotiating pricing and ensuring the proper documents were drafted.

Mr. Lureen is a registered representative of HFSI and an independent insurance agent. In his separate capacity as a registered representative of HFSI or as an insurance agent, Mr. Lureen will be able to implement recommended securities or insurance transactions for advisory clients for separate and typical compensation. However, clients are not under any obligation to engage Mr. Lureen for such transactions. The implementation of any or all recommendations is solely at the discretion of the client.

While Heritage endeavors at all times to put the interests of its clients first as part of their fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of the individual making the recommendation.

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

Heritage and/or its representatives may purchase or sell investments for their personal accounts that they have similarly recommended to clients. Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, Heritage has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the firm. The Code of Ethics describes the firm's fiduciary duties and obligations to clients, and sets forth the firm's practice of supervising the personal securities transactions of employees who maintain access to client information.

Heritage collects and maintains records of securities holdings and transactions made by employees. The firm reviews the personal trading practices of its employees to identify and resolve any potential or realized conflicts of interest. A copy of the firm's Code of Ethics will be made available to any client/prospective client upon request.

## **Item 12: Brokerage Practices**

### **Investment Management Services:**

As it pertains to the cash value portion of a client's Variable Annuity/Variable Universal Life policy, all trades placed by Heritage must be placed with the insurance company that issued the policy. As such, clients are required to direct Heritage to place trades with the applicable insurance company.

Heritage will recommend that client maintain accounts at the firm's affiliated broker-dealer, HFSI. HFSI is required to supervise the securities trading activities of its representatives. Therefore, if Mr. Lureen is utilized to implement recommendations from Heritage, clients are required to direct Heritage to place any and all trades through HFSI. In directing the use of HFSI, it should be understood that Heritage will not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to other clients. Heritage will not block trades due to low anticipated volume in stock and bond transactions.

If Heritage is directed by a client to direct trades to a specific broker dealer other than the custodian typically used by the firm for trade execution, it must be noted that the firm's ability to negotiate commissions (where applicable), obtain volume discounts, or otherwise obtain best execution may not be as favorable as might otherwise be obtained.

All accounts are managed separately. Heritage does not employ any blocking or bunching techniques in the management of accounts. In addition, the firm does not receive any research, products, client referrals, or other services from a broker-dealer or third party in connection with client-based securities transactions (i.e. no soft dollars).

### **Financial Planning/Consulting:**

For implementing a financial plan and/or consulting recommendations, Heritage will use its affiliate broker-dealer, HFSI to effect transactions. Any commissions or other compensation received is separate and distinct from Heritage's advisory fee. Financial

planning and/or consulting clients are not obligated to use HFSI to implement any recommended transactions. Clients should be aware that best execution and lower commissions may not necessarily be achieved if recommended transactions are placed.

### **Money Manager Search and Monitoring**

Clients of Heritage may direct the independent investment adviser to whom Heritage has referred them to place brokerage trades through HFSI. The selection of a directed broker is not part of the advisory services provided by Heritage. The selection of a directed broker (if any) is entirely a matter for the client's discretion. No client is obligated to direct any recommended adviser to use HFSI. Clients should refer to the disclosure document of the selected adviser for information on that firm's brokerage recommendations.

If clients opt to direct the independent adviser to place trades through HFSI, they should realize that the independent adviser will not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to other clients. These clients should also realize that by directing brokerage to HFSI, that the independent adviser may not be able to aggregate transactions with other advisory client transactions.

## **Item 13: Review of Accounts**

### **Investment Supervisory Services and Money Manager Search and Monitoring:**

While the underlying securities in client accounts are continuously monitored, they will be formally reviewed at least quarterly by Brian Lureen. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

### **Financial Planning/Consulting**

Client Plans will be reviewed as contracted for at the inception of the advisory relationship.

## **Item 14: Client Referrals and Other Compensation**

Heritage does not compensate, either directly or indirectly, another person or an entity for client referrals.

## **Item 15: Custody**

Heritage does not maintain or accept custody of client funds or securities. Clients may authorize the deduction of fees from accounts held with a qualified custodian.

## **Item 16: Investment Discretion**

### **Investment Supervisory Services**

In accordance with the written agreement, Heritage typically maintains discretionary authority over the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent or approval from clients. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by the firm. Clients may change/amend these limitations as required. Any amendments to the written agreement must be submitted in writing.

### **Financial Planning/Consulting**

Upon receipt of a written plan, Clients are under no obligation to implement the recommendations. However, if they do, this will be at the sole discretion of the client.

## **Item 17: Voting Client Securities**

Heritage will not vote, nor advise clients how to vote, proxies for securities held in client accounts. The client maintains the authority and responsibility for the voting of these proxies. The firm and its clients agree to this by contract. Clients will receive their proxies or other solicitations directly from the transfer agent, qualified custodian, or broker-dealer where applicable.

## **Item 18: Financial Information**

Under Rule 206(4)-4 of the Investment Advisers Act of 1940, investment advisers are required to disclose certain financial information about their business practices that might serve as material to the client's decision in choosing an investment adviser. As of the date of this filing, Heritage does not maintain any financial hardships or other conditions that might impair its ability to meet its contractual obligations to clients.

## **Item 19: Requirements for State Registered Advisers**

Although the firm is currently registered with the SEC, further information about the firm may be helpful to clients. Heritage is currently managed by a team of financial professionals. Their expertise, qualifications, and disciplinary history (if any) may be found by reviewing the attached Part 2B: Brochure Supplements. Where the firm maintains an affiliated relationship with a FINRA registered broker-dealer, this arrangement allows the firm to provide a host of services that might not otherwise be available. However, this arrangement also allows certain personnel (those registered with both firms) to collect commission-based income in addition to any advisory fees paid by clients. Accordingly, each client is encouraged to review this brochure carefully for a full understanding of the services offered and the costs therein. Questions regarding same may be addressed directly with the firm.



**FORM ADV Uniform Application for Investment Adviser Registration**  
**Part 2B: Brochure Supplements**  
**Investment Adviser Representatives and/or Supervised Persons: Supplemental information**  
**Item 1: Cover Page**

**Brian K. Lureen,  
President/Chief Executive Officer/  
Investment Adviser Representative  
CRD#1613204**

**Matthew J. Hannan  
Investment Adviser Representative  
CRD#4852358**

**David J. Levine  
Investment Adviser Representative  
CRD#2323002**

**Phillip A. Rawlings  
Investment Adviser Representative  
CRD#5125212**

**James M. Whitson  
Investment Adviser Representative  
CRD#1353438**

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**SEC File # 801-67269  
Firm CRD#: 119241**

**October 2011**

This brochure provides information about the qualifications and business practices of the above mentioned individuals as representatives of Heritage Advisory Services, Inc. This information is provided as a supplement to the Form ADV Part 2A which has been provided for your review. Should you have any questions about this supplement, or if you have not received the Form ADV Part 2A please contact the firm immediately. The information in this brochure supplement has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Please note, where this brochure supplement may use the terms “registered investment adviser” and/or “registered”, registration itself does not imply a certain level of skill or training. Additional information about the firm and its representatives is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)



**Brian K. Lureen,  
President/Chief Executive Officer/  
Investment Adviser Representative  
CRD#1613204**

## **Item 2: Education and Background and Business Experience**

**Name:** Brian K. Lureen, President/Chief Executive Officer/Investment Adviser Representative

**Year Born:** 1962

**Education:** West Chester State University, B.S., Business Management, 1984

**Professional Designations:**

- CLU®, Chartered Life Underwriter, 1996
- CFP®, Certified Financial Planner, 1999\*
- ChFC®, Chartered Financial Consultant, 1997\*\*
- RFC®, Registered Financial Consultant, 1998
- AEP®, Accredited Estate Planner, 2001
- AAMS®, Accredited Asset Management Specialist, 2004

\***CFP™** - The Certified Financial Planner designation is awarded by the Certified Financial Planner Board of Standards ([www.cfp.net](http://www.cfp.net)) to those candidates that have successfully completed a rigorous course of study. The Board further requires charter holders to maintain certain ethical and professional standards of excellence.

\*\***ChFC™** – Awarded by The American College ([www.theamericancollege.edu](http://www.theamericancollege.edu)), the Chartered Financial Consultant designation is awarded to those candidates that hold at least 3 years of experience within the financial services industry and maintain the College's professional, ethical, and continuing education requirements.

**Licenses:** Series 4, 6, 7, 24, 27, 53, 63, and 65 examinations

**Business Background:**

- 04/2000 to Present, Heritage Advisory Services, Inc., President, CEO, Director
- 11/1992 to Present, Heritage Financial Systems, Inc., President, CEO, Director
- 09/2003 to Present, Heritage Wealth Management Services, Inc., President, CEO,
- 04/2006 to Present, Heritage Fincorp, Inc., President, CEO, Director
- 10/2000 to 03/2005, ePlanning Securities, Inc., Registered Representative
- 01/1998 to 09/2000, FFP Securities, Inc., Registered Principal
- 03/1995 to 01/1998, Jefferson Pilot Securities, Registered Representative
- 05/1990 to Present, Lincoln National Life Insurance, Agent

## **Item 3: Disciplinary Information**

Mr. Lureen does not have any legal, civil, criminal, regulatory, or disciplinary history to report at this time.

## **Items 4 and 5: Other Business Activities and Additional Compensation**

Mr. Lureen is a registered representative of HFSI and an independent insurance agent. In his separate capacity as a registered representative of HFSI or as an insurance agent, Mr. Lureen will be able to implement recommended securities or insurance transactions for advisory clients for separate and typical compensation. Clients of Heritage are not required to utilize Heritage for these services.

## **Item 6: Supervision**

As President and CEO, Brian K. Lureen remains responsible for the supervision of each employee of the firm. This supervision extends to reviewing their business practices and monitoring the advice given to clients. Questions related to the activities of any employee may be directed to Mr. Lureen at the phone number listed on the cover of this brochure supplement.

## **Item 7: Requirements for State Registered Advisers**

Please note that neither the firm nor any of its personnel maintain any derogatory background information. Further review of the firm and its personnel may be conducted by visiting FINRA's Brokercheck website <http://brokercheck.finra.org> and/or the SEC's Investment Adviser Public Disclosure Website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Matthew J. Hannan**  
**Investment Adviser Representative**  
**CRD#4852358**

**Item 2: Education and Background and Business Experience**

**Name:** Matthew J. Hannan, Investment Adviser Representative

**Year Born:** 1982

**Licenses:** Series 7 and 66 examinations

**Business Background:**

- 09/2011 to Present, Heritage Advisory Services, Inc., Investment Adviser Representative
- 09/2011 to Present, Heritage Financial Systems, Inc., Registered Representative
- 10/2010 to 08/2010, Nelsonreid, Inc. Registered Representative
- 05/2007 to 04/2010, Private Asset Group, Inc. Registered Representative
- 08/2004 to 05/2007, Cullum & Burks Securities, Inc., Registered Representative

**Item 3: Disciplinary Information**

Mr. Hannan does not have any legal, civil, criminal, regulatory, or disciplinary history to report at this time.

**Items 4 and 5: Other Business Activities and Additional Compensation**

Mr. Hannan is both a registered representative of HFSI and an investment adviser representative with Heritage. Mr. Hannan is also employed by JSA Insurance Services of California and licensed to sell various types of insurance. Accordingly, he is subject to both commission and fee-based compensation. Clients should note that the receipt of such commission and fee-based compensation may present a conflict of interest-particularly where brokerage, insurance, and advisory services are offered to one client. However, firm personnel (including Mr. Hannan) are prohibited from engaging in any activity that could serve to jeopardize the client or their accounts.

**Item 6: Supervision**

As President and CEO, Brian K. Lureen remains responsible for the supervision of each employee of the firm. This supervision extends to reviewing their business practices and monitoring the advice given to clients. Questions related to the activities of any employee may be directed to Mr. Lureen at the phone number listed on the cover of this brochure supplement.

**Item 7: Requirements for State Registered Advisers**

Please note that neither the firm nor any of its personnel maintain any derogatory background information. Further review of the firm and its personnel may be conducted by visiting FINRA's Brokercheck website <http://brokercheck.finra.org> and/or the SEC's Investment Adviser Public Disclosure Website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**David J. Levine**  
**Investment Adviser Representative**  
**CRD#2323002**

**Item 2: Education and Background and Business Experience**

**Name:** David J. Levine, Investment Adviser Representative

**Year Born:** 1955

**Licenses:** Series 7 and 65 examinations

**Business Background:**

- 09/2011 to Present, Heritage Advisory Services, Inc., Investment Adviser Representative
- 09/2011 to Present, Heritage Financial Systems, Inc., Registered Representative
- 08/2010 to 09/2011, Nelsonreid, Inc. Registered Representative
- 05/2010 to 08/2010, United Equity Securities, LLC. Registered Representative
- 11/2009 to 04/2010, Workman Securities Corp., Investment Adviser Representative/Registered Representative
- 01/2006 to 08/2009, CapWest Securities, Inc., Investment Adviser Representative/Registered Representative

**Item 3: Disciplinary Information**

A review of Mr. Levine's disciplinary history may be conducted by visiting FINRA's Brokercheck website <http://brokercheck.finra.org> and/or the SEC's Investment Adviser Public Disclosure Website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Items 4 and 5: Other Business Activities and Additional Compensation**

Mr. Levine is both a registered representative of HFSI and an investment adviser representative with Heritage. Accordingly, he is subject to both commission and fee-based compensation. Clients should note that the receipt of such commission and fee-based compensation may present a conflict of interest-particularly where brokerage and advisory services are offered to one client. However, firm personnel (including Mr. Levine) are prohibited from engaging in any activity that could serve to jeopardize the client or their accounts. Mr. Levine is also a wholesale marketer of renewable energy/technology investments and other services with Portland Pacific Capital. Such work is separate and distinct from his services with Heritage and HFSI.

**Item 6: Supervision**

As President and CEO, Brian K. Lureen remains responsible for the supervision of each employee of the firm. This supervision extends to reviewing their business practices and monitoring the advice given to clients. Questions related to the activities of any employee may be directed to Mr. Lureen at the phone number listed on the cover of this brochure supplement.

**Item 7: Requirements for State Registered Advisers**

Please note that neither the firm nor any of its personnel maintain any derogatory background information. Further review of the firm and its personnel may be conducted by visiting FINRA's Brokercheck website <http://brokercheck.finra.org> and/or the SEC's Investment Adviser Public Disclosure Website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Phillip A. Rawlings**  
**Investment Adviser Representative**  
**CRD#5125212**

**Item 2: Education and Background and Business Experience**

**Name:** Phillip A. Rawlings, Investment Adviser Representative

**Year Born:** 1975

**Licenses:** Series 7, 63, and 66 examinations

**Business Background:**

- 12/2009 to Present, Heritage Advisory Services, Inc., Investment Adviser Representative
- 12/2009 to Present, Heritage Financial Systems, Inc., Registered Representative
- 08/2006 to 09/2008, Western International Securities, Inc., Registered Representative
- 04/2006 to 08/2006, Edward Jones, Registered Representative

**Item 3: Disciplinary Information**

Mr. Rawlings does not have any legal, civil, criminal, regulatory, or disciplinary history to report at this time.

**Items 4 and 5: Other Business Activities and Additional Compensation**

Mr. Rawlings is a registered representative of HFSI, an investment adviser representative with Heritage, and executive vice-president of broker-dealer relations for King Consolidated, Inc., a private equity concern in Dallas, TX. Accordingly, Mr. Rawlings is subject to both commission and fee-based compensation. Clients should note that the receipt of such commission and fee-based compensation may present a conflict of interest-particularly where both brokerage and advisory services are offered to one client. However, firm personnel (including Mr. Rawlings) are prohibited from engaging in any activity that could serve to jeopardize the client or their accounts.

**Item 6: Supervision**

As President and CEO, Brian K. Lureen remains responsible for the supervision of each employee of the firm. This supervision extends to reviewing their business practices and monitoring the advice given to clients. Questions related to the activities of any employee may be directed to Mr. Lureen at the phone number listed on the cover of this brochure supplement.

**Item 7: Requirements for State Registered Advisers**

Please note that neither the firm nor any of its personnel maintain any derogatory background information. Further review of the firm and its personnel may be conducted by visiting FINRA's Brokercheck website <http://brokercheck.finra.org> and/or the SEC's Investment Adviser Public Disclosure Website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**James M. Whitson**  
**Investment Adviser Representative**  
**CRD#1353438**

**Item 2: Education and Background and Business Experience**

**Name:** James M. Whitson, Investment Adviser Representative

**Year Born:** 1950

**Licenses:** Series 7, 24, 63, and 65 examinations

**Business Background:**

- 09/2011 to Present, Heritage Advisory Services, Inc., Investment Adviser Representative
- 09/2011 to Present, Heritage Financial Systems, Inc., Registered Representative
- 08/2010 to 08/2011, NelsonReid, Inc., Registered Representative
- 02/2010 to 08/2010, United Equity Securities, LLC, Registered Representative
- 08/2008 to 01/2010, Workman Securities Corp., Registered Representative
- 06/2007 to 08/2008, Capwest Securities, Inc., Registered Representative
- 06/2007 to 07/2007, Wedbush Morgan Securities, Inc., Registered Representative
- 10/1998 to 06/2007, Brookstreet Securities Corp., Registered Representative

**Item 3: Disciplinary Information**

Mr. Whitson does not have any legal, civil, criminal, regulatory, or disciplinary history to report at this time.

**Items 4 and 5: Other Business Activities and Additional Compensation**

Mr. Whitson is a registered representative of HFSI, an investment adviser representative with Heritage, and separately licensed as an independent insurance salesperson. Accordingly, Mr. Whitson is subject to both commission and fee-based compensation. Clients should note that the receipt of such commission and fee-based compensation may present a conflict of interest-particularly where both brokerage, insurance, and advisory services are offered to one client. However, firm personnel (including Mr. Whitson) are prohibited from engaging in any activity that could serve to jeopardize the client or their accounts. Mr. Whitson serves as president of Pacific Rim Realty of Santa Barbara, Inc., an entity devoted to real estate sales. He is also treasurer of a non-profit religious center in Ojai, California.

**Item 6: Supervision**

As President and CEO, Brian K. Lureen remains responsible for the supervision of each employee of the firm. This supervision extends to reviewing their business practices and monitoring the advice given to clients. Questions related to the activities of any employee may be directed to Mr. Lureen at the phone number listed on the cover of this brochure supplement.

**Item 7: Requirements for State Registered Advisers**

Please note that neither the firm nor any of its personnel maintain any derogatory background information. Further review of the firm and its personnel may be conducted by visiting FINRA's Brokercheck website <http://brokercheck.finra.org> and/or the SEC's Investment Adviser Public Disclosure Website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).