

**Part 2A of Form ADV: Firm Brochure**

Item 1 Cover Page

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**Updated as of March 2, 2011**

**This brochure provides information about the qualifications and business practices of Williams Associates. If you have any questions about the contents of this brochure, please contact us at (301) 294-7804 or by email at [wa@wmsadvisors.com](mailto:wa@wmsadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Williams Associates is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Item 2 Material Changes

The firm's last Form ADV update is dated May 27, 2010. Material changes since that date include:

- Account minimum – implementation of \$25,000 minimums at the client household level
- Account minimum – implementation of \$15,000 minimums for individual 529 plans

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David R. Williams, CPA, CFP® has been a practicing accountant since 1974 and has been the sole owner and principal of Williams Associates from 1990 to present.

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold the CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Williams Associates offers the following services:

- Investment advice through consultations – includes advice on areas such as company sponsored retirement plans, tax favored investment strategies, retirement projections and goal planning
- Advice to clients on matters not involving securities – may include areas such as business management operations, business continuation, cash flow analysis, major purchase analysis, tax planning, and related strategies
- Financial planning – includes retirement projections, college projections, insurance analysis, mortgage rate analysis, and debt reduction strategies

- Portfolio monitoring and management – risk assessment, asset allocation and rebalancing

The types of investments offered include:

- Equity securities including exchange-listed securities and securities traded over-the-counter (stocks)
- Corporate debt securities (other than commercial paper) (bonds)
- Certificates of Deposit (CDs)
- Municipal securities
- Investment company securities including variable life insurance, variable annuities, mutual fund shares
- United States government securities
- Options contracts on securities
- Futures contracts on tangibles and intangibles
- Partnerships investing in real estate and oil and gas interests

The types of investment strategies used to implement any investment advice given to clients may include:

- Structured Investing – includes: investing in large numbers of stocks in selected asset classes resulting in portfolios with thousands of stocks, emphasizing small and value companies, diversifying globally, investing in high-quality, short-term fixed income, and periodic rebalancing to maintain selected asset class ranges
- Long term purchases of stocks, bonds, and mutual funds (securities held at least one year)
- Short term purchases of stocks, bonds, and mutual funds (securities held less than one year)
- Trading of stocks, bonds, mutual funds (securities sold within 30 days)
- Short sales (for an additional cost, trading stocks that are not held)
- Margin transactions (borrowing against securities positions currently held in client accounts)
- Option writing, including covered options, uncovered options or spreading strategies

Williams Associates uses several data gathering tools to collect information on all clients. In addition to extensive dialog with each client, these tools include, but may not be limited to, a Financial Planning Organizer and Risk Profile Questionnaire. Our tools assist the firm in tailoring advisory services to a client's individual needs. Some clients may not be comfortable investing in certain industries or holding a specific security or type of security. Other clients may wish to plan for a specific need or goal. Regardless of the need, the firm will work within the parameters established by the client.

As of December 31, 2010, Williams Associates has a total of approximately \$38.9 million in assets under management. The type of revenue is broken down below:

- Fee based accounts, with portfolio management services offered by a third party asset manager
- Managed accounts where Williams Associates acts as portfolio manager
- Commission based

100% of the assets under management are managed on a non-discretionary basis.

Williams Associates does not utilize a Wrap Fee Program however; we do offer three different levels of service known as the WealthTrak Platform. Services provided are based on total assets under management per client household. The three WealthTrak Platform levels are defined below:

|   | LEVEL 1<br>\$500k and Up | LEVEL 2<br>\$100-500k | LEVEL 3<br>\$25k - \$100k |
|---|--------------------------|-----------------------|---------------------------|
| <b>Portfolio Management:</b>  |                          |                       |                           |
| Portfolio Creation/Maintenance  | x                        | x                     | x                         |
| Quarterly Portfolio Review/Analysis   | x                        | x                     |                           |
| Annual Portfolio Review/Analysis  | x                        | x                     | x                         |
| Annual Review of Investment Policy Statement  | x                        | x                     | x                         |
| Periodic Rebalancing (as needed)  | x                        | x                     | x                         |
| Automatic Quarterly Fee Deduction   | x                        | x                     | x                         |
| <b>Reporting:</b>   |                          |                       |                           |
| Quarterly Household Statements  | x                        | x                     |                           |
| Annual Household Aggregate & Analysis (includes outside accounts as provided)   | x                        | x                     |                           |
| Monthly Brokerage Statements  | x                        | x                     | x                         |
| <b>Communications:</b>  |                          |                       |                           |
| Quarterly Newsletter  | x                        | x                     | x                         |
| Quarterly Meeting - in person or conference call  | x                        | x                     |                           |
| Annual Meeting - in person or conference call   | x                        | x                     | x                         |
| Quarter-In-Review Economic Newsletter   | x                        | x                     |                           |
| Annual Conference Call Interview w/ Portfolio Manager   | x                        |                       |                           |
| <b>Financial Planning:</b>  |                          |                       |                           |
| Annual Retirement Projection (including Goals Analysis)   | x                        |                       |                           |
| Annual Insurance Review - Disability, Life, and Long-Term Care  | x                        |                       |                           |
| Annual Estate Summary Update (Net Worth Recap)  | x                        |                       |                           |
| <b>Tax Planning:</b>  |                          |                       |                           |
| Year End Tax Loss Harvesting  | x                        | x                     |                           |
| Tax Efficient Portfolio Modeling (as required)  | x                        | x                     |                           |
| <b>Education:</b>   |                          |                       |                           |
| Periodic Client Education Workshops (webinars, conf calls, client events)   | x                        |                       |                           |
| <p><i>All services are available to all clients; however, outside of service tier, hourly advisory fees will be assessed for services not included in the service tier.</i></p> |                          |                       |                           |

## Item 5 Fees and Compensation

Williams Associates generates revenue by several compensation methods. These options include:

1. Percentage of assets under management
2. Hourly charges for financial planning engagements
3. Commissions – primarily for alternative investments, payable to David R. Williams

### **Percentage of assets under management:**

For clients on our WealthTrak platform, fees are deducted directly from the clients' brokerage accounts. Fees are billed quarterly in advance based on the value of the clients' account balances as of the final day of the previous calendar quarter. Fees cover all services listed in the WealthTrak model appropriate for each client. Billing occurs traditionally by the 15<sup>th</sup> of the month following the end of the calendar quarter. Our fee schedule is detailed below and only on rare occasions is this fee schedule negotiable.

#### Household Value:

|                           |       |
|---------------------------|-------|
| \$0 - \$49,999            | 1.85% |
| \$50,000 - \$99,999       | 1.80% |
| \$100,000 - \$499,999     | 1.00% |
| \$500,000 - \$999,999     | .95%  |
| \$1,000,000 - \$1,999,999 | .90%  |
| \$2,000,000 - \$4,999,999 | .85%  |
| \$5,000,000 And up        | .80%  |

In addition to the fees listed above, the client may be subject to additional costs associated with the management of their portfolios. These fees vary depending on the security, program expenses, and custodial fees assessed by the brokerage firm holding the client accounts. More information can be found in the Brokerage section of this brochure.

Williams Associates offers clients the opportunity to maintain margin accounts. When clients pay an asset under management fee based on assets under management versus the net value of an account (1) they will pay additional fees for securities bought on margin and (2) the advisor has a conflict of interest when securities are bought on margin because this will increase advisory fees.

Services can be terminated at any time by either party. If a client wishes to terminate their advisory relationship or Williams Associates deems it necessary to terminate an advisory relationship, fees will be adjusted pro-rata and refunded within 30 days of termination.

### **Hourly charges:**

Clients who are not part of our WealthTrak platform are able to obtain services on a per hour basis. These services may include:

- Employer retirement plan analysis
- Investment analysis
- Retirement projections
- Full financial plans
- Insurance analysis
- New business analysis

- College projections and planning
- Estate planning
- Cash flow review and monitoring

Hourly rates presently range from \$65 - \$240 per hour and are not negotiable. Hourly fees are billed monthly based on time expended with payment expected upon receipt of the invoice. Interest at the rate of 6% per annum is assessed on balances outstanding for over 30 days.

Williams Associates requires a \$500 advance retainer for hourly engagements.

#### **Commissions:**

David R. Williams is a registered representative with H. Beck, Inc. a registered broker/dealer. Through this affiliation, clients also have the option to maintain a traditional, commission based brokerage account or accounts with David R. Williams. These accounts may hold stocks, bonds, ETFs or mutual funds and revenue is generated when trades are placed within the account.

David R. Williams may recommend that the trades be affected through H. Beck, Inc. These services are offered on a best execution basis and a client is under no obligation to implement trades through the registered representatives of H. Beck. If the client chooses to implement through H. Beck, Inc., a commission may be earned by the registered representative in addition to the fees already paid to the representative. All FINRA, SEC and other regulatory agencies disclosure requirements and policies are observed for all transactions. Commission rates may be found at other broker/dealers that may be higher or lower than those charged at H. Beck, Inc.

#### **Conflicts of Interest**

A commission-based account creates a conflict of interest as generating commission requires trading within an account and trading in a client account may or may not be in the best interest of the client. In addition, when acting as a registered representative, David R. Williams will receive 12b-1 fees, in addition to commissions, for the sale of investment company products.

Williams Associates has established and follows strict guidelines when recommending trades in client accounts. We analyze the overall portfolio, compare it to the asset allocation model deemed appropriate for that client and only recommend trades when the allocation has shifted and maintains a variance of more than a specific, pre-determined % for that client in any asset class or the investment selection no longer fits our criteria for suitable investments.

Williams Associates does not charge advisory fees on commission-based accounts and does not mark up commissions on trades.

See Item 8, Methods of Analysis, Investment Strategies and Risk of Loss for further information.

See Item 12, Brokerage Practices for more information on commission charges.

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

Williams Associates does not accept performance based fees and does not practice Side-By-Side Management.

Item 7      Types of *Clients*

Williams Associates offers investment advice to the following types of clients:

- Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

The firm maintains a minimum investment level by household of \$25,000 for all clients except for 529 plan clients where the investment minimum is \$15,000.



**Methods of Analysis:**

Williams Associates bases investment selection and recommendations on fundamental and technical analysis. The tools used within the firm include the following:

- Morningstar
- Financial newspapers and magazines
- Research materials prepared by others
- Corporate rating services
- Annual reports, prospectuses, filings with the Securities and Exchange Commission
- Company press releases

**Investment Strategies:**

The firm's core portfolio strategy method includes investing in the entire stock market primarily through the use of ETFs and index mutual funds. Portfolios are supplemented with other investments when appropriate. These may include Private Real Estate Investment Trusts (REITs), stocks, bonds, non-index mutual funds, commodities funds, futures contracts, variable annuities, fixed annuities, cash/cash equivalents, CDs, and oil and gas programs. This list may not be all-inclusive and the firm reserves the right to suggest other investment options.

Portfolio rebalancing occurs when the asset classes have a variance of more than a specific, pre-determined % in either direction as defined by the core portfolio strategy models.

For clients with accounts that do not fit the core portfolio strategy method, the firm uses mutual funds, stocks, bonds, and ETFs, balancing an account in an allocation that is consistent with the client's overall risk tolerance levels, as determined by the Risk Profile Questionnaire. These accounts are reviewed monthly, quarterly, semi-annually, or annually based on the client's service model.

The review process on portfolios that do not fit the core portfolio strategy include a review of the following factors:

- Overall risk
- Manager tenure
- Asset class and sector exposure
- Expense ratios
- Alpha (manager value compared to all funds within that class of security)
- Beta (turnover of the assets in the portfolio)
- Stock overlap

**Risk of Loss:**

Investments in securities involve risk of loss that clients should be prepared to bear. Each client is given a risk assessment and recommendations are based on the risk tolerance levels determined by answers provided in the assessment. By diversifying client portfolios, the firm attempts to reduce risk with asset allocation. The firm discusses the associated risks with all clients and strives to help the client understand that a portfolio may lose value.

Stock investing involves risk including loss of principal. Securities of small companies are often less liquid than those of large companies. As a result, small company stocks may fluctuate more in price. International and emerging market investing involves special risks such as currency fluctuation and political instability, and may not be suitable for all investors. Bonds (fixed income) are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise, issuer's creditworthiness declines, and are subject to availability and changes in price. Past performance does not guarantee future results and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Some

investments recommended by the firm may be illiquid. When an investment is deemed to be illiquid, special attention is given to the long-term nature of such a product. Illiquid investments may not be suitable for all clients and will not be recommended to clients who do not qualify. Diversification does not assure a profit or guarantee against loss in a declining market.

Item 9      Disciplinary Information

The firm has not been subject to any form of disciplinary action.

David R. Williams, CPA, CFP® is a Registered Principal of H. Beck, Inc. H. Beck, Inc. is a registered broker/dealer and is located at 11140 Rockville Pike, 4<sup>th</sup> Floor; Rockville, MD 20852.

**H. Beck, Inc.**

The firm has entered into an agreement with H. Beck, Inc., an SEC registered investment advisory firm, to provide services on behalf of H. Beck, Inc. in which the firm may refer their clients to a third-party registered investment advisory (“Service Provider”) for the receipt of investment advisory services. In such a case, the firm will receive a portion of the fees received by H. Beck, Inc. from the Service Provider, as will be disclosed at the time clients enter into an agreement for these services.

For clients who wish to hold commission-based securities, accounts will be established with H. Beck, Inc. utilizing Pershing, LLC as custodian. H. Beck, Inc. provides the Firm with access to the various stock exchanges as Williams Associates does not have the ability to trade directly on any stock exchange. See Section 12, Brokerage Practices for costs and compensation associated with commission based securities.

**Loring Ward Financial, Inc.**

Williams Associates retains 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 the client or are indirectly paid by Williams Associates. LWIF is an investment advisor registered with the Securities and Exchange Commission.

LWIF may also sponsor educational seminars for the benefit of Williams Associates and its clients. Such educational seminars provide Williams Associates 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.

Williams Associates may recommend, where appropriate, that the client invest in shares of the SA Funds – Investment Trust (the “SA Funds”), a family of nine asset class mutual funds advised, managed and administrated 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.

Williams Associates 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 firms such as Pershing LLC or Charles Schwab, Inc., on a fully-disclosed basis. Williams Associates or client 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.

Investment Advisor Representatives of Williams Associates are also registered representatives of H. Beck, Inc. LWIF may pay up to an additional ten basis points from the administration fees it collects from Williams Associates or the investor to H. Beck, Inc. to compensate H. Beck, Inc. for compliance oversight of its registered representatives.

Advisory clients with available assets totaling \$100,000 or more will be referred to Loring Ward Financial, Inc. utilizing Schwab Institutional as custodian. Williams Associates will be compensated with fees ranging from .80% to 1% on a quarterly basis for accounts placed with Loring Ward Financial, Inc.

**Schwab Institutional**

Williams Associates may recommend/require that clients establish brokerage accounts with the Schwab Institutional® division of Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients’ assets with Schwab. Williams Associates is independently owned and operated and not affiliated with Schwab.

Schwab provides Williams Associates with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. If total assets are less than \$10 million, the independent investment advisor will be subjected to quarterly fees to utilize the Schwab platform. These services are not contingent upon Williams Associates committing to Schwab any specific amount of business (assets in custody or trading commission). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Williams Associates client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to Williams Associates other products and services that benefit Williams Associates but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Williams Associates accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist Williams Associates in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Williams Associates fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help Williams Associates manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefit providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Williams Associates. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Williams Associates. Schwab Institutional may also provide other benefits such as education events or occasional business entertainment of Williams Associates personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, Williams Associates 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 it considers and not solely the nature, cost, or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Advisory clients with assets totaling \$25,000 - \$100,000, or clients with specific portfolio requirements will be referred to Schwab Institutional. Williams Associates will collect fees ranging from .50% to 1.85% based on total assets under management in these brokerage accounts.

#### **Genworth Financial, Inc.**

Williams Associates retains an independent third-party account administrator (Genworth Financial, Inc.) 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 the client or are indirectly paid by Williams Associates. Genworth Financial, Inc. is an investment advisor registered with the Securities and Exchange Commission.

Genworth Financial, Inc. may also sponsor educational seminars for the benefit of Williams Associates and its clients. Such educational seminars provide Williams Associates 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 Genworth Financial, Inc.

Genworth Financial, Inc. is a securities broker-dealer and a member of the Financial Industry Regulatory Authority

("FINRA") that introduces all transactions to its correspondent clearing firms such as Pershing LLC on a fully-disclosed basis. Williams Associates or client may incur additional brokerage commissions, ticket charges or other similar expenses that are collected by Genworth Financial, Inc. or another broker-dealer and/or custodian of record.

Investment Advisor Representatives of Williams Associates are also registered representatives of H. Beck, Inc. Genworth Financial, Inc. may pay up to an additional ten basis points from the administration fees it collects from Williams Associates or the investor to H. Beck, Inc. to compensate H. Beck, Inc. for compliance oversight of its registered representatives.

Advisory clients with assets totaling \$50,000 and above were originally referred to Genworth Financial, Inc. and Williams Associates collects a fee ranging from .75% - 1.5% for assets on this platform.

#### **Everbank**

Williams Associates has entered into an agreement with Everbank, an online banking institution to provide banking products including checking and money market accounts and CDs of varying terms. Williams Associates will receive compensation in the form of quarterly trails (currently .25% annually) on any balance placed within an Everbank account.

#### **Investigo – A Broadridge Company**

Williams Associates subscribes to Investigo – A Broadridge Company to provide data aggregation services for the purposes of report preparation. Data is provided to Investigo by way of electronic data feeds from various fund companies and custodians on a daily basis. Data made available through the program will be treated confidentially and is subject to its privacy policies.

#### **Insurance Activities**

Associated persons of Williams Associates are insurance licensed and have been appointed with several insurance carriers to act as a representative for their insurance products.

#### **Conflicts of Interest**

A conflict of interest may exist for Advisor to recommend the services of a third party manager or asset allocator who has agreed to share a portion of its management fee with the Advisor as opposed to other managers who have not agreed to pay compensation to Advisor. Williams Associates does not utilize third party managers who have not agreed to pay compensation to Advisor.

Compensation paid to Advisor may vary from various third party managers; therefore, there may also be a conflict of interest in recommending a manager who shares a larger portion of its advisory fees over another manager. Fees for such programs may be higher or lower than if client directly obtained the services of the third party manager or asset allocator or if the client obtained advisory services separately.

The Firm has an incentive to recommend investment products based on the compensation received, rather than on a client's needs.

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

**Code of Ethics**

All associated persons of Williams Associates conduct all personal securities transactions in full compliance with Williams Associates' Code of Ethics and all applicable laws and regulations including reporting requirements. Applicant and/or all associated persons will provide a copy of the firm's Code of Ethics to any client or prospective client upon request.

**Participation or Interest in Client Transactions**

Williams Associates does not participate or maintain an interest in any client transactions.

**Personal Trading**

Occasionally, Williams Associates will recommend trades in client accounts on securities that are also held within an associated person's personal brokerage account. When trades are recommended, all client transactions are entered before any personal securities transactions are entered, the client's best interests are always put first.

## Item 12 Brokerage Practices

Williams Associates may recommend that trades be affected through H. Beck, Inc. H. Beck, Inc. is an introducing broker/dealer only, and does not engage in market making and does not self-clear therefore; H. Beck, Inc. clears all brokerage transactions with Pershing, LLC and does not charge extra fees to do so. These services are offered on a best execution basis and a client is under no obligation to implement trades through the registered representatives of H. Beck, Inc. If the client chooses to implement through H. Beck, Inc., a commission may be earned by the registered representative in addition to the fees already paid to the representative. All FINRA, SEC and other regulatory agencies disclosure requirements and policies are observed for all transactions.

Commission rates may be found at other broker/dealers that may be higher or lower than those charged at H. Beck, Inc. At the present time, traditional commission based transactions are offered through Pershing, LLC as the clearing firm. Pershing charges various annual maintenance fees depending on the services required in the brokerage accounts. Pershing also charges ticket charges ranging from \$9.00 to \$19.00 for most mutual fund transactions and ticket charges on stocks, bonds, and ETFs in the .5% - 2% range, depending on the investment. A full list of Pershing brokerage fees will be provided upon request from the client and is included automatically on all new account forms.

The clearing firm currently used for all accounts on the WealthTrak platform is Charles Schwab Institutional. Charles Schwab does not charge annual maintenance fees for accounts held at the firm. Ticket charges range from \$8.95 - \$12.95 for stock transactions, and start at \$20 for mutual fund and bond transactions.

### **Commission Based Funds**

Loaded mutual funds generate up front commissions on A and B share classes and vary by investment company and on total assets under management, per client household, per investment company. Loaded mutual funds traditionally pay trails in the amount of .25% on average, also known as 12b-1 fees. C class mutual fund shares pay 1% up front and 1% annually in 12b-1 fees. Williams Associates encourages clients to use our fee-based models and typically only utilizes the commission –based method for alternative investments and when the client requests this form of compensation method.

### **Non-Commission Based Funds**

Unless a client is paying for services rendered on an hourly basis, we will not typically recommend no-load mutual funds in a client's commission-based brokerage account. No-load mutual funds do not generate compensation to the advisor. If a client wants to utilize no-load mutual funds in their portfolio but does not want to pay an hourly fee to do so, the client will be referred to a fee-based account and assessed a quarterly fee based on total assets under management.

Aggregating orders or trading in batches may reduce trading costs to investors. Williams Associates does not aggregate orders in client accounts due to the fact that each account is individually managed according to the client's risk tolerance and investment objective. Aggregating orders would require a higher trade volume for each security than the Firm's individually managed account services platform would provide for.

Item 13      Review of Accounts

Account reviews are performed periodically ranging from monthly to annually depending on the investments and the client service agreements.

Portfolio analyses are prepared as dictated by the client's review schedule. The portfolio analysis reports include information on dates of acquisition, cost basis, market values and unrealized gains and losses as of the report date. Tax data includes year-to-date earnings and gains or losses from sales or exchanges of client securities. The portfolio analysis reports may include:

- Performance Report
- Appraisal
- Realized Gain/Loss Report
- Asset Allocation Report
- Fixed Income Analysis
- Morningstar Snapshot

The firm occasionally performs non-periodic reviews for clients, as necessary. Non-periodic reviews may occur for a variety of reasons relating to changes in income, job status, retirement, and lifestyle.

Reviewers:

David R. Williams, CPA, CFP®, Principal – personally trains, mentors, and continues to supervise all Investment Advisory Representatives of his firm. Mr. Williams handles approximately 75% of all account reviews.

Cassandra M. Sakala, Investment Advisory Representative – Handles approximately 25% of the firm's account reviews with oversight by Mr. Williams.

Item 14      *Client* Referrals and Other Compensation

Williams Associates does not actively participate in a client referral program.

David R. Williams is a practicing CPA and CFP® Practitioner. In addition to the financial services already listed, Mr. Williams is actively involved in offering tax planning, tax preparation and bookkeeping services. Mr. Williams spends approximately 35% of his time on this aspect of the business.



Item 15      *Custody*

Williams Associates is deemed to have custody of client assets because the Firm directly deducts fees from client accounts. Although the Firm is deemed to have custody, the Firm will not be required to comply with the net capital, bonding, or audit requirements set forth in Regulations .15 and .17 of the Code of Maryland Regulations because: (1) the Firm has written authorization from the client to deduct advisory fees from the account held with a qualified custodian; (2) each time a fee is directly deducted from a client account, the Firm concurrently (A) sends the qualified custodian notice of the amount of the fee to be deducted from the client's account, and (B) sends the client an invoice itemizing the fee including the formula used to calculate the fee, the amount of assets under management upon which the fee is based, and the time period covered by the fee; (3) the custodian sends statements, on at least a quarterly basis, to their clients showing all disbursements for the custodian account, including the amount of the advisory fees.

Williams Associates generates performance reporting via Loring Ward and Investigo, an online account consolidation tool (more information available in Item 10, Other Financial Industry Activities and Affiliations) for clients when another performance reporting method is unavailable. Clients are strongly encouraged to compare their performance reports to the actual custodial statement.

Item 16      Investment Discretion

Williams Associates does not hold investment discretion on any investment account. All trades placed through the firm must first be approved by the client.

Item 17      Voting *Client* Securities

Williams Associates does not accept the authority to vote client securities. Proxy statements and other solicitations will be sent directly to each client from the custodian or transfer agent for voting purposes. The client can contact Williams Associates at (301) 294-7804 or by email at [wa@wmsadvisors.com](mailto:wa@wmsadvisors.com) to discuss specific information prior to registering their vote(s).

Item 18      Financial Information

Williams Associates requests retainers of no more than \$500 prior to starting any engagement and is therefore not required to submit a Balance Sheet for the firm.

Item 19 Requirements for State-Registered Advisers

Our Staff:

David R. Williams, CPA, CFP®, Principal

DOB: 7/14/52

Education: Westminster College, B.A. Accounting/Business Management

CPA Certification, August 8, 1982

Professional Associations: AICPA, APCPA, MACPA, FPA, MSA, ASA & FINRA

CFP® Certification, February 18, 2005

Mr. Williams has been a practicing accountant since 1974 and certified by the State of Maryland since 1982. He provides substantial planning and investment management services to individual and business clients. These services include portfolio evaluation, preparation of asset allocation models, risk/reward analysis and general investment advisory and brokerage services. He has been the sole owner and principal of Williams Associates from 1990 to present.

Securities registrations include:

- Series 6 – Investment Company/Variable Contracts Products Limited Representative
- Series 7 – General Securities Registered Representative
- Series 24 – General Securities Principal
- Series 51 – Municipal Fund Securities Limited Principal
- Series 63 – Uniform Securities Agent
- Series 65 – Uniform Investment Adviser
- MD Insurance Licensed

Cassandra M. Sakala - Investment Advisor Representative

DOB: 05/23/68

Education: High school diploma from the state of Maryland

Ms. Sakala has worked as Sales Assistant for Williams Associates since May, 1999 and became a licensed Sales Assistant in May, 2004. Ms. Sakala is non-producing and does not maintain her own client base.

Securities registrations include:

- Series 7 – General Securities Registered Representative
- Series 24 – General Securities Principal
- Series 66 – Uniform Combined State Law
- MD Insurance Licensed

For any associate involved in determining or giving investment advice, Williams Associates requires that the associate have at least five years of investment related experience and at a minimum a Series 7 – General Securities Registered Representative and Series 66 – Uniform Combined State Law registrations.

Other Business Activities

David R. Williams is a practicing CPA and CFP® Practitioner. Services include tax planning and preparation, cash flow management, financial planning, general accounting and bookkeeping. Mr. Williams spends approximately 35% of his time actively managing this aspect of his business.