

Item 1 – Cover Page

Stephen M. Gross, Inc.
115 River Road, Suite 1208, Building 12
Edgewater, NJ 07020
P: 201-313-0999
www.SteveGrossInc.com

March 31, 2011

This brochure provides information about the qualifications and business practices of Stephen M. Gross, Inc. If you have any questions about the contents of this Brochure, please contact us at (201) 313-0999 and/or Ada@SteveGrossInc.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 Stephen M. Gross, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Stephen M. Gross, Inc. is 122725.

Any references to Stephen M. Gross, Inc. as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.

Item 2 - MATERIAL CHANGES

This is the initial disclosure brochure. Therefore, there are no material changes to disclose.

At least annually, this section will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

Table of Contents

| | |
|--|----|
| Item 2 - MATERIAL CHANGES | 2 |
| Item 4 - ADVISORY BUSINESS | 4 |
| Asset Management Services | 4 |
| Financial Planning Services | 5 |
| General Information | 6 |
| Item 5 - FEES AND COMPENSATION | 6 |
| Asset Management Services | 6 |
| Financial Planning Services | 7 |
| Item 6 - PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT | 8 |
| Item 7 - TYPES OF CLIENTS | 8 |
| Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS | 8 |
| Item 9 - DISCIPLINARY INFORMATION | 9 |
| Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS | 9 |
| Item 11 - CODE OF ETHICS, PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING | 9 |
| Item 12 - BROKERAGE PRACTICES | 10 |
| Item 13 - REVIEW OF ACCOUNTS | 12 |
| Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION | 13 |
| Item 15 - CUSTODY | 13 |
| Item 16 - INVESTMENT DISCRETION | 14 |
| Item 17 - VOTING CLIENT SECURITIES | 14 |
| Item 18 - FINANCIAL INFORMATION | 14 |
| Item 19 - REQUIREMENTS FOR STATE REGISTERED ADVISERS | 15 |

Brochure Supplements

Item 4 - ADVISORY BUSINESS

Stephen M. Gross, Inc. (hereinafter referred to as “Adviser”) is an investment advisory firm offering a variety of advisory services customized to your individual needs.

- A. Adviser was established in September of 1991. Adviser is wholly owned by Stephen M, Gross, President.
- B. Stephen M. Gross, Inc. provides personalized fee-based investment management and financial advisory services to individuals and small businesses. We offer independent professional advice in financial, estate, and retirement planning as well.
- C. Adviser tailors the advisory services it offers to your individual needs. You may impose restrictions and/or limitations on the investing in certain securities or types of securities. Adviser will ask you to complete a data gathering questionnaire to assist Adviser with obtaining information about your financial situation and history. Additionally, Adviser will meet with you and conduct an interview and data gathering session to continue the due diligence process. The information gathered by Adviser will assist Adviser to provide you with the requested services and customize the services to your financial situation. Depending on the services you have requested, Adviser will gather various financial information and history from you including, but not limited to:
 - Retirement and financial goals
 - Investment objectives
 - Investment horizon
 - Financial needs
 - Cash flow analysis
 - Cost of living needs
 - Education needs
 - Savings tendencies
 - Other applicable financial information required by Adviser in order to provide the investment advisory services requested.
- D. Adviser does not participate in any wrap fee programs.
- E. As of December 31, 2010, we have approximately \$68 million of client assets under our discretionary management. Adviser does not have non-discretionary client assets under management.

Asset Management Services

Upon Adviser completing its analysis of your situation, Adviser will determine an asset allocation customized to your financial goals, objectives and risk tolerance

Adviser provides continuous and ongoing management of your account.

Generally, portfolios are balanced between stocks and bonds. Stock portfolios are typically structured toward large capitalization. Closed-end mutual funds may be utilized to provide diversification and are often used for smaller accounts. Bonds are typically confined to high quality U.S. Government, corporate, and foreign securities. Emphasis is placed on risk aversion and consistent returns. Personal client attention is stressed.

Unless otherwise expressly requested by you, Adviser will manage the account and will make changes to the allocation as deemed appropriate by Adviser. Adviser will determine the securities to be purchased and sold in the account and will alter the securities holdings from time to time, without prior consultation with you. Adviser may actively trade securities and hold such holdings for periods of 30 days or less or maintain positions for longer or shorter term periods. Discretionary authority will be granted by you to Adviser by execution of the Asset Management agreement.

If you elect to have your accounts managed on a nondiscretionary basis, no changes will be made to the allocation of your account without prior consultation with you and your expressed agreement.

You are advised transactions in the account, account reallocations and rebalancing may trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

Financial Planning Services

Adviser provides:

- Retirement Planning - We specialize in financial planning for retirees and prospective retirees. Our financial plans provide projections and a road map for retirement.
- Estate Planning - Our financial planning services include design and implementation of estate plans, including working with estate attorneys in creation of legal documents.
- Insurance Planning - As part of our financial planning function, we place life insurance and provide advice on other forms of insurance.
- Tax Planning - We help develop tax minimizing strategies and work with CPA's to implement these strategies.

Adviser will schedule a meeting with you and present the analysis of your situation and recommendations for steps to be taken to assist you to work toward financial goals.

Plans are based on your financial situation at the time and are based on financial information disclosed by you to Adviser. You are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. Adviser cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to review the plan and update the plan based upon changes in your financial situation, goals, or objectives or changes in the economy. Should your financial situation or investment goals or objectives change, you must notify Adviser promptly of the changes. You are advised that the

advice offered by Adviser may be limited and is not meant to be comprehensive. Therefore, you may need to seek the services of other professionals such as an insurance adviser, attorney and/or accountant.

You are not obligated to implement advice through Adviser.

General Information

You are advised the investment recommendations and advice offered by Adviser are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. You are advised that it is necessary to inform Adviser promptly with respect to any changes in your financial situation and investment goals and objectives. Failure to notify Adviser of any such changes could result in investment recommendations not meeting your needs.

Item 5 - FEES AND COMPENSATION

Asset Management Services

- A. Fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds.

You may make additions to the Account or withdrawals from the Account, provided the Account continues to meet minimum account size requirements. Additional assets deposited into the Account after it is opened will be charged a pro-rata fee based upon the number of days remaining in the calendar quarter. You may withdraw cash or assets from the account during a calendar quarter upon notice to Adviser and subject to the usual and customary securities settlement procedures. No fee adjustments will be made for partial withdrawals from the account during a calendar quarter. Therefore, there will be no refund or credit of fees based on the amount withdrawn from the account. No fee adjustments will be made for Account appreciation or depreciation.

| Account Size | Maximum Annual Fee |
|----------------------------|---------------------------|
| \$0 to \$1,000,000 | 1.00% |
| \$1,000,000 to \$2,000,000 | 0.75% |
| Above \$2,000,000 | 0.50% |

Adviser aggregates or households all of your managed accounts together to determine your quarterly fee.

Adviser may change the above fee schedule upon 30-days prior written notice to you.

- B. Advisory fees will generally be collected directly from your account, provided you have given Adviser written authorization. Adviser will provide you a fee invoice that identifies the advisory fee, the value of the account and how the fee was calculated. Additionally, you will be provided with an account statement reflecting the deduction of the advisory fee direct from the account

custodian. If the Account does not contain sufficient funds to pay advisory fees, Adviser has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse the account for advisory fees paid to Adviser, except for ERISA and IRA accounts.

- C. In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. Additionally, you may pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the Account. Such fees are not charged by Adviser and are charged by the product, broker/dealer or account custodian. Adviser does not share in any portion of such fees. Additionally, you may pay your proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. Such advisory fees are not shared with Adviser and are compensation to the fund-manager.
- D. Advisory fees will be charged in advance of each calendar quarter. The quarterly advisory fee will be based on the value of the Account on the last business day of the just completed calendar quarter. Fees for partial periods will be prorated. Therefore, the initial quarterly fee for accounts established during a quarter will be a pro-rated portion of the fee based on the number of days remaining in the calendar quarter.

Termination Provisions

You may terminate investment advisory services obtained from Adviser, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with Adviser. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, you may terminate investment advisory services upon Adviser's receipt of your written notice to terminate. Should you terminate investment advisory services during a calendar quarter, you will be issued a pro-rated refund of the advisory fee from the date of termination to the end of the calendar quarter.

Financial Planning Services

You are advised that fees for planning services are strictly for planning services. Therefore, you may pay fees and/or commissions for additional services obtained such as asset management or products purchased such as securities or insurance.

Fees are negotiable. Your fees will be dependent on several factors including time spent with Adviser, number of meetings, complexity of your situation, amount of research, services requested and staff resources.

Hourly fees are generally used for consulting services and fixed fees are generally quoted for financial planning services.

| Fee Type | Maximum Fee | Payable |
|-----------------|--------------------|---|
| Fixed Fee | \$3,000 | Payable one-half (1/2) upon execution of the advisory |

| | | |
|------------|----------------|--|
| | | agreement with Adviser and the balance due at the time of presentation of the recommendations and/or analysis, unless otherwise negotiated with you. |
| Hourly Fee | \$150 per hour | Payable at the end of each month based upon time spent by Adviser. |

Termination Provisions

You may terminate advisory services obtained from Adviser, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with Adviser. Thereafter, you may terminate advisory services upon Adviser's receipt of your written notice to termination. Hourly fees will be invoiced based on time spent by Adviser. Any refunds for the deposit for fixed fees will be determined calculated by Adviser multiplying the hourly rate of \$150 by the time invested by Adviser and subtracted from the deposit. The difference will be refunded.

Item 6 - PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT

This section is not applicable to Adviser since Adviser does not charge performance based fees.

Item 7 - TYPES OF CLIENTS

Adviser's services are geared toward individuals both high net worth (i.e. clients with a net worth of \$1,500,000) and other than high net worth individuals and pension and profit sharing plans.

Adviser generally requires a minimum amount of assets be deposited to an account for the purpose of obtaining asset management services. Adviser will generally require you to deposit a minimum of \$100,000 (cash or securities). However, under certain circumstances, Adviser may waive the minimum account size requirement and accept accounts less than \$100,000. Such circumstances may include but not be limited to additional assets will soon be deposited or you have other accounts under management with Adviser. You are advised performance may suffer due to difficulties with diversifying smaller accounts and due to risk controls potentially being compromised. Performance of smaller accounts may vary from the performance of accounts with more dollars invested due to fluctuations in the market may affect smaller accounts more and the effects of compounding may be greater in larger accounts.

Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

- A. Adviser conducts fundamental analysis. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure.
- B. You are advised investing in securities involves risk of loss, including the potential loss of principal. Therefore, your participation in any of the management programs offered by Adviser will require you to be prepared to bear the risk of loss and fluctuating performance.

Adviser does not represent, warrant or imply that the services or methods of analysis used by Adviser can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by Adviser will provide a better return than other investment strategies.

- C. As stated above in Item 5, Adviser primarily uses individual stocks and bonds. For smaller accounts, closed-end mutual funds will be utilized.

The risks with stocks and bonds are that their prices fluctuate throughout the day. Stocks can drop in value and become worthless. The risks with bonds are interest rate, inflation and credit risk. Credit risk is the risk that the bond issuer will be unable to make its payments on time or at all, effectively defaulting on the bonds.

The risks with stocks and bonds are that their prices fluctuate throughout the day. Stocks can drop in value and become worthless. The risks with stocks are market risk and company specific risk. The price of a stock can decline due to company-specific reasons as well as the health of the overall stock market. Even dividends, which many beginning investors believe are guaranteed payments by the company, can decline or be totally eliminated.

Item 9 - DISCIPLINARY INFORMATION

There is no reportable disciplinary information required for Adviser or its management persons that is material to your evaluation of Adviser, its business or its management persons.

Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Adviser is not and does not have a related person who is a: futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities. Further, Adviser is not and does not have a related person who is: broker/dealer or other similar type of broker or dealer; investment company or other pooled investment vehicle, other investment adviser or financial planner; futures commission merchant or commodity pool operator; banking or thrift institution; accountant or accounting firm; lawyer or law firm; insurance company or agency; pension consultant; real estate broker or dealer; or sponsor or syndicator of a limited partnership.

Item 11 - CODE OF ETHICS, PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code Of Ethics

- A. Adviser has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. Adviser takes seriously its compliance and regulatory obligations and

requires all staff to comply with such rules and regulations as well as Adviser's policies and procedures. Further, Adviser strives to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides you with Adviser's Privacy Policy. As such, Adviser maintains a code of ethics for its Advisory Representatives, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, Adviser's Code of Ethics establishes Adviser's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

- B. Neither Adviser nor its associated persons recommends to clients or buys or sells for client accounts any securities in which we have a material financial interest.
- C. Adviser and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, Adviser and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. Adviser and its associated persons will not put their interests before your interest. Adviser and its associated persons may not trade ahead of you or trade in such a way to obtain a better price for themselves than for you or other clients.
- D. Adviser is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

Prohibition on Use of Insider Information

Adviser has adopted policies and procedures to prevent the misuse of "insider" information (i.e. material non-public information). A copy of such policies and procedures is available to any person upon request.

Item 12 - BROKERAGE PRACTICES

Adviser participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Adviser receives some benefits from TD Ameritrade through its participation in the Program. (Please see the disclosure under Item 14. below.)

Not all investment advisers require their clients to use a particular broker-dealer or other custodian. Even though your account is maintained at TD Ameritrade, we can still use other brokers to execute trades for your account.

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us,

TD Ameritrade provides us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to TD Ameritrade retail customers. TD Ameritrade also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. TD Ameritrade's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge:

TD Ameritrade's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through TD Ameritrade include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. TD Ameritrade's services described in this paragraph generally benefit you and your account.

TD Ameritrade also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both TD Ameritrade's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at TD Ameritrade. In addition to investment research, TD Ameritrade also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts

- Assist with back-office functions, recordkeeping, and client reporting

TD Ameritrade also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

TD Ameritrade may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. TD Ameritrade may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. TD Ameritrade may also provide us with other benefits, such as occasional business entertainment of our personnel.

Adviser may aggregate ("bunch") transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share and/or other costs to clients. However, aggregated or bunched orders will not reduce the transaction costs to participating clients. Adviser conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client. Participating clients will obtain the average price per share for the security executed that day. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated on a random basis. Under certain circumstances, the amount of securities maybe increased or decreased to avoid holding odd-lot or a small number of shares for particular clients.

Item 13 - REVIEW OF ACCOUNTS

- A. If you are participating in Asset Management Services you will be invited to participate in at least an annual review or as agreed by you and Adviser. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Levels of reviews will vary depending on client needs at the time of review as well as changes in the financial status or position (tax status or otherwise), financial goals, current market conditions, performance standards, suitability changes, and age, among other things. Adviser will monitor for changes or shifts in the economy, changes to the management and structure of a mutual fund or company in which your assets are invested, and market shifts and corrections.

If you are participating in Financial Planning Services you will not receive regular reviews. Adviser recommends you have at least an annual review and update to any plans. However, the time and frequency of the reviews is solely your decision. Additionally, you will be charged review fees based on the fee schedule disclosed under the program. Other than the initial plan or analysis, there will be no other reports issued.

Stephen M. Gross, President, conducts reviews.

- B. You are advised that you must notify your Advisory Representative promptly of any changes to your financial goals, objectives or financial situation as such changes may require him review the portfolio allocation and make recommendations for changes.
- C. You will be provided statements at least quarterly direct from the account custodian. Additionally, you will receive confirmations of all transactions occurring direct from the account custodian.

Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION

- A. Adviser participates in TD Ameritrade's institutional customer program and Adviser may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Adviser's participation in the program and the investment advice it gives to its Clients, although Adviser receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Adviser by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Adviser's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Adviser but may not benefit its Client accounts. These products or services may assist Adviser in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Adviser manage and further develop its business enterprise. The benefits received by Adviser or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Adviser endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Adviser or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Adviser's choice of TD Ameritrade for custody and brokerage services.
- B. Adviser does not directly or indirectly compensate any person who is not a supervised person of Adviser for referrals. Further, Adviser does not receive an economic benefit from a non-client for providing investment advice or advisory services to you.

Item 15 - CUSTODY

With the exception of deduction of Adviser's advisory fees from your accounts, Adviser does not take custody of your funds or securities.

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct your account custodian to deduct our advisory fees directly from your account or if you grant us authority to move your money to another person's account. Your account custodian maintains actual custody of your assets. You will receive account statements directly from your account custodian at least quarterly. They will be sent to the email or postal mailing address you provided. You should carefully review those statements promptly when you receive them.

Item 16 - INVESTMENT DISCRETION

You may grant Adviser authorization to manage your account on a discretionary basis. Discretionary authority will give Adviser the authority to buy, sell, exchange and convert securities in your managed accounts. You will grant such authority to Adviser by execution of the advisory agreement. You may terminate discretionary authorization at any time upon receipt of written notice by Adviser.

Additionally, you are advised that:

- 1) You may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
- 2) Your written consent is required to establish any mutual fund, variable annuity, or brokerage
- 3) With the exception of deduction of Adviser's advisory fees from the account, if you have authorized automatic deductions, Adviser will not have the ability to withdraw your funds or securities from the account.

Item 17 - VOTING CLIENT SECURITIES

Adviser does not vote your securities. Unless you suppress proxies, securities proxies will be sent directly to you by the account custodian or transfer agent. You may contact Adviser about questions you may have an opinions on how to vote the proxies. However, the voting and how you vote the proxies is solely your decision.

Item 18 - FINANCIAL INFORMATION

- A. Adviser will not require you to prepay more than \$1,200 and six or more months in advance of receiving the advisory service.
- B. As stated above, Adviser has discretionary authority over client accounts; however that authority does not extend to the withdrawal of any client assets, with the exception of deduction of Adviser's advisory fees from your accounts. We are financially stable. There is no financial condition that is likely to impair our ability to meet our contract actual commitment to you or any other client.

C. Neither Adviser nor any of its Advisory Representatives has ever been the subject of a bankruptcy petition.

Item 19 - REQUIREMENTS FOR STATE REGISTERED ADVISERS

This section is not applicable to Adviser. Adviser is not state registered. Adviser is registered with the Securities and Exchange Commission.

BROCHURE SUPPLEMENT

Stephen M. Gross

**Stephen M. Gross, Inc.
115 River Road, Suite 1208, Building 12
Edgewater, NJ 07020
P: 201-313-0999
www.SteveGrossInc.com**

March 31, 2011

This brochure supplement provides information about Stephen M. Gross that supplements the Stephen M. Gross, Inc. brochure. You should have received a copy of that brochure. Please contact Ada Criscione, Office Manager, if you did not receive Stephen M. Gross, Inc.'s brochure or if you have any questions about the contents of this supplement.

Additional information about Stephen M. Gross is available on the SEC's website at www.adviserinfo.sec.gov.

Stephen Gross, CFP®

Educational Background and Business Experience

Year of Birth: 1943

Education:

| Name of School | Year Graduated | Degree | Major |
|------------------------|----------------|--------|-----------|
| New York University | 1964 | BA | Economics |
| University of Virginia | 1971 | MA | Economics |
| New York University | 1976 | MBA | Finance |

Certified Financial Planner Designation

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 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.

Business Background:

| Name of Employer | Type of Business | Title | Period of Employment |
|-------------------------------------|--------------------|--|----------------------|
| Stephen M. Gross, Inc. | Investment Adviser | President, Chief Compliance Officer, Advisory Representative | 10/1991 to Present |
| Cambridge Investment Research, Inc. | Broker/Dealer | Registered Representative | 07/2005 to 11/2009 |
| Walnut Street Securities, Inc. | Broker/Dealer | Registered Representative | 08/2003 to 07/2005 |

Disciplinary Information

Stephen Gross is not subject to legal or disciplinary events that are material to a client or prospective client's evaluation of him or the services offered by him.

Other Business Activities

Stephen Gross is a licensed insurance agent and offers various insurance products for which he may be paid a commission. You are not obligated to purchase insurance or securities products through Stephen. However, if you implement insurance recommendations through him, he will receive commissions. The amount of income he receives from insurance business fluctuates depending on the amount of sales. Stephen's insurance activities can range from 5 to 10% or more of his total business income. You are advised there may be other insurance products and services available through other insurance professionals at a lower cost than those products available through Stephen.

Stephen is not actively engaged in any other investment-related business or occupation. Further, he is not actively engaged in any other business or occupation for compensation. "Actively engaged" is deemed to mean the business activity represents more than 10 percent of his time and income.

Additional Compensation

Stephen Gross does not receive any economic benefit (i.e. sales awards and other prizes) for providing advisory services from a non-client.

Supervision

Supervision and oversight of the activities conducted through Stephen M. Gross, Inc. is conducted by Stephen Gross, President and Chief Compliance Officer of Stephen M. Gross, Inc. Stephen can be contacted at 201-313-0999. Stephen M. Gross, Inc. is wholly owned by Stephen Gross and all asset management and advisory services are provided by Stephen.

Requirements for State-Registered Advisers

Stephen Gross has not been involved in any arbitration claim or civil, self-regulatory organization, or administrative proceeding involving an investment or investment-related business or activity, fraud, false statement(s), or omissions, theft, embezzlement, or other wrongful taking of property, bribery,

forgery, counterfeiting, or extortion, or dishonest, unfair, or unethical practices. Additionally, he has not been the subject of a bankruptcy petition.