

**Long Island Financial Advisors, Inc.**  
SEC File Number: 801 – 61594

**Long Island Financial Advisors, Inc.**  
**Brochure**  
**Dated 3/26/2011**

**Contact: Mark J. Snyder, Chief Compliance Officer**  
**1731 North Ocean Avenue**  
**Medford, New York 11763**

**This brochure provides information about the qualifications and business practices of Long Island Financial Advisers, Inc. (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at (631) 289-4224 or [mark@markjsnyder.com](mailto:mark@markjsnyder.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 Long Island Financial Advisors, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Long Island Financial Advisors, Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

There have been no material changes made to Long Island Financial Advisors, Inc.'s disclosure statement since last year's Annual Amendment filing on March 24, 2010.

## **Item 3           Table of Contents**

Item 1	Cover Page .....	1
Item 2	Material Changes .....	2
Item 3	Table of Contents.....	2
Item 4	Advisory Business .....	3
Item 5	Fees and Compensation .....	12
Item 6	Performance-Based Fees and Side-by-Side Management.....	16
Item 7	Types of Clients.....	16
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss .....	16
Item 9	Disciplinary Information.....	17
Item 10	Other Financial Industry Activities and Affiliations .....	17
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	19
Item 12	Brokerage Practices .....	20
Item 13	Review of Accounts.....	22
Item 14	Client Referrals and Other Compensation .....	22
Item 15	Custody .....	23
Item 16	Investment Discretion .....	23
Item 17	Voting Client Securities .....	23
Item 18	Financial Information .....	24

#### Item 4            Advisory Business

- A. Long Island Financial Advisers, Inc. (the “Registrant”) is a corporation formed on September 3, 2002 in the State of New York. The Registrant became registered as an Investment Adviser Firm in December 2002. The Registrant is owned by Mark J. Snyder. Mr. Snyder is the Registrant’s President.
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, estates and charitable organizations, pension and profit sharing plans, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

#### INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a wrap or non-wrap *fee* basis. (*See* discussion below). If a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client’s particular need. If the client determines to engage the Registrant on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody).

#### NON-WRAP FEE BASIS

The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee* basis. The Registrant’s annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant’s management (negotiable between 1.00% and 2.50%) as follows:

<u>Market Value of Portfolio</u>	<u>Annual Fee %</u>
\$0-\$249,999.99	2.50%
\$250,000-\$499,999.99	2.25%
\$750,000-\$1,249,999.99	1.75%
\$1,250,000-\$1,999,999.99	1.50%
\$2,000,000-\$4,999,999.99	1.25%
\$5,000,000-\$24,999,999.99	1.00%

#### RASA

Registrant may also recommend that certain clients invest all or a portion of their assets in the RASA program (Royal Advisory Services Account) offered through Royal Alliance Association, Inc. (“*Royal*”). Under the RASA program, the Registrant’s President may offer clients the option of a *fee-only* account through which certain no-load mutual funds (with and without transaction fees), load mutual funds at net asset value, and individual stocks and bonds may be purchased and managed. The annual management fee for RASA program clients shall be negotiable at the Registrant’s

discretion, but shall generally follow the fee schedule outlined earlier in this Item 5A. RASA clients shall incur transaction charges pursuant to a fixed schedule for trade execution determined by *Royal*. In addition to the investment management fee and transaction charges, the client, relative to all mutual fund purchases, will also incur charges imposed at the mutual fund level (e.g. management fees and other fund expenses).

#### **VISION2020 ADVISOR WRAP PROGRAM**

The Registrant also offers its clients the VISION2020 Advisor Program (the “*VISION2020 Program*”), sponsored by Royal Alliance Associates, Inc. (“*Royal*”). Under the *VISION2020 Program*, the Registrant is able to offer participants discretionary investment management services, for a single specified annual *VISION2020 Program* fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual *VISION2020 Program* fee charges a maximum of 2.50% depending upon the amount and type of the *VISION2020 Program* assets. The complete list of services, schedule of *VISION2020 Program* fees is set forth in the Wrap Fee Program Brochure created by *Royal* and provided by the Registrant to its clients prior to or concurrent with their engagement in the *VISION2020 Program*.

The *VISION2020 Program* provides comprehensive investment management of client assets through the provision of web based asset allocation tools, as well as execution, clearing and custodial services. With respect to its asset allocation services, the *VISION2020 Program* utilizes Ibbotson Associates to provide clients access to risk tolerance assessment, efficient frontier plotting, fund profiling and performance data, as well as portfolio optimization and re-balancing tools.

The *VISION2020 Program* may be offered by the Registrant on a 1) *Discretionary Trading Basis* or 2) *Discretion Limited To Maintenance Of The Initial Agreed Upon Asset Allocation*. In an account with Discretionary Trading, Registrant may purchase or sell load waived, no-load mutual funds and other equity and debt securities for accounts not included in the initial asset allocation, without obtaining specific client approval for each transaction. In an account with *Discretion Limited To Maintenance Of The Initial Agreed Upon Asset Allocation*, the Registrant will only purchase or sell securities which have been approved by clients in advance. The Registrant will initiate an initial asset allocation with the client’s prior review and approval. However, the Registrant may rebalance the account to maintain the initial agreed upon asset allocation, without prior client consent.

The complete list of services, terms and conditions for client participation in the *VISION2020 Program*, and associated fees are set forth in detail in the Royal Wrap Fee Program Brochure, which is presented to all prospective *VISION2020 Program* participants in accordance with the disclosure requirements of Part 2A Appendix 1 of Form ADV. The Royal Wrap Fee Program Brochure is incorporated into this Brochure by reference. All prospective *VISION2020 Program* participants should read both the Registrant’s Brochure and the Royal Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the *VISION2020 Program*. *Royal* shall serve as the custodian for *VISION2020 Program* accounts.

**Please Note:** As indicated in the Royal Wrap Fee Program Brochure, participation in the *VISION2020 Program* may cost more or less than purchasing such services separately.

As also indicated in the Royal Wrap Fee Program Brochure, the *VISION2020 Program* fee charged by Registrant for participation in the *VISION2020 Program* may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

### **THE MANAGED ASSETS PROGRAM**

Registrant additionally offers its clients the Managed Assets Program (the “*Managed Assets Program*”), sponsored by *Royal*. Pursuant to the terms of the *Managed Assets Program*, clients receive advice regarding the development of investment strategies and the selection and monitoring of independent money managers (“*Managers*”) and/or mutual funds (“*Funds*”), together with brokerage and custodial services, for a single annual asset based advisory fee.

The client will pay a single fee to Registrant, typically ranging from 0.50% to 2.00% of the value of assets in the account, subject to negotiation. This fee will cover fees payable to Registrant, *Royal*, each *Manager[s]*’ fees and *Wexford*’s brokerage and custody fees for the Account. *Program* fees are subject to negotiation. A specific fee will be offered to each client based on the size of the client’s account and the fees charged by the *Manager[s]* selected by the client. The complete list of services, associated terms and conditions, and schedule of *Managed Assets Program* fees is set forth in the Wrap Fee Program Brochure created by *Royal* and provided by the Registrant to its clients prior to or concurrent with their engagement in the *Managed Assets Program*.

Clients in the *Managed Assets Program* enter into an agreement with the Registrant. Registrant has a sub-advisory agreement with *Royal*, which sponsors the *Managed Assets Program*. *Royal* has a separate master agreement with each manager in the *Managed Assets Program*. *Royal* also has a clearing and service agreement with Wexford Clearing Services Corporation (“*Wexford*”), who serves as broker-dealer for securities transactions directed by *Managers* and as custodian for assets invested by clients in the *Managed Assets Program*. Neither Registrant nor *Royal* exercises investment discretion over assets allocated to *Manager[s]* by clients in the *Managed Assets Program*. Registrant may execute non-discretionary reallocation transactions for assets allocated to *Funds*. Client directs *Royal*, as broker-dealer, to effect transactions for *Managed Assets Program* assets designated by client to be invested in *Funds*.

Registrant will utilize the research services provided through the *Managed Assets Program* to assist the client in selection of one or more *Manager[s]* from among those *Manager[s]* who have been approved and signed agreements with *Royal*. The client will receive information concerning each recommended *Manager[s]* and will have the opportunity to approve the selections. The client will also receive an Investment Policy Statement identifying all *Manager[s]* selected to manage the client’s investment portfolio and the amount of fees payable to each *Manager[s]* and *Royal*.

The *Manager[s]* selected by the client will typically direct all transactions in the client’s account through *Royal* or *Wexford*. However, *Manager[s]* may trade with brokers other than *Royal* or *Wexford* in order to achieve best execution, obtain a wider variety of issues and/or to take advantage of favorable mark-ups or mark-downs. Transactions through brokers other than *Royal* or *Wexford* may result in additional commission or transaction charges to the client.

Fees are paid quarterly, in advance, based on the value of the client’s account on the last business day of the previous quarter. Quarterly performance reports will be provided to

client identifying the securities held in the account and analyzing the performance of the account for the quarter. In the event that Registrant determines that one or more *Manager[s]* are not performing in accordance with expectations or are no longer appropriate to a client based on the client's circumstances and objectives, Registrant will recommend that a *Manager[s]* be terminated and/or replaced with another *Manager[s]*. Registrant will review the recommendation with the client, and the client will make the final determination whether to terminate or replace the *Manager[s]*.

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

The custodian of the client's account will debit the account for payment of all fees owed to Registrant, *Royal*, *Wexford*, the selected *Manager[s]* and any other brokers utilized by the *Manager[s]* to conduct trading in the account. The client will receive a bill showing the amount of each fee, the value of the assets on which the fee is based, and the specific manner in which the fee is calculated. The client will also receive a quarterly statement indicating all amounts disbursed from the account, including the amount of the fees paid to each service provider from the account.

In evaluating a wrap fee arrangement, a client should recognize that Registrant does not negotiate brokerage commissions for the execution of transactions in a client's account. Transactions are effected "net" (that is, without commission), and a portion of the wrap fee is generally considered as being in lieu of commission. When consistent with best execution, trades are to be executed with the broker-dealer participating in the wrap fee program. Depending upon the level of the wrap fee, the amount of portfolio activity in the client's account, the value of custodial and other services provided under the *Program*, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

The services provided by *Manager[s]* are under certain condition available directly to investors from those *Manager[s]*. The fees charged by *Manager[s]* to clients who contract directly for their services may be more or less than the combined fees charged by Registrant and *Royal* for the *Program*. However, clients using the services of *Manager[s]* would not receive Registrant's assistance in developing an investment strategy, selecting *Manager[s]*, monitoring performance of the account, and making changes as necessary in *Manager[s]*.

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

Portions of a client's account may be invested in *Funds*, which may include money market funds as "sweep" vehicles for funds that are not invested at the end of a day's trading. Mutual funds and money market funds charge fees and expenses are described in each fund's prospectus, and will generally include a management fee, other fund

expenses, and a possible distribution fee. These fees and expenses are in addition to the fees charged by Registrant and *Royal*. Accordingly, the client should review both the fees charged by any funds in which the client's assets are invested and the fees charged for the *Program* to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

The complete list of services, terms and conditions for client participation in the *Managed Assets Program*, and associated fees are set forth in detail in the Royal Wrap Fee Program Brochure, which is presented to all prospective *Managed Assets Program* participants in accordance with the disclosure requirements of Part 2A Appendix 1 of Form ADV. The Royal Wrap Fee Program Brochure is incorporated into this Brochure by reference. All prospective *Managed Assets Program* participants should read both the Registrant's Brochure and the Royal Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the *Managed Assets Program*. *Royal* shall serve as the custodian for *Managed Assets Program* accounts.

**Please Note:** As indicated in the Royal Wrap Fee Program Brochure, participation in the *Managed Assets Program* may cost more or less than purchasing such services separately. As also indicated in the Royal Wrap Fee Program Brochure, the *Managed Assets Program* fee charged by Registrant for participation in the *Managed Assets Program* may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

#### **MODELFOLIOS PROGRAM**

The Registrant also offers its clients the ModelFolios Program (the "*ModelFolios Program*"), sponsored by *Royal*. Under the *ModelFolios Program*, the Registrant is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual *ModelFolios Program* fee charges a maximum of 2.00% depending upon the amount and type of the *ModelFolios Program* assets. The complete list of services, schedule of *ModelFolios Program* fees is set forth in the Wrap Fee Program Brochure created by *Royal* and provided by the Registrant to its clients prior to or concurrent with their engagement in the *ModelFolios Program*.

There are no transaction charges attributable to the ModelFolios program. The mutual funds involved are load waived or no-load mutual funds. The cost of purchasing and holding mutual fund shares through the ModelFolios program may be more or less than investing in mutual fund shares in a traditional brokerage account, depending upon the amount of the advisory fees and the specific mutual funds selected for investment within the program. Based upon the risk tolerance of each client, the Modelfolios program utilizes a system that selects a specific allocation of funds within a portfolio of mutual funds and executes the strategy by investment in the specific funds identified and provides continuous monitoring and review of the accounts.

The mutual funds available for use within the Modelfolios program consist primarily of AIG Sun America Funds. AIG Sun America is an affiliate of Royal Alliance. The funds are managed by AIG Sun America Asset Management Company (SAAMCo). The assets within the client account will be invested by the Advisory Representative, with the assistance of SAAMCo, in a recommended model portfolio of funds allocated in a manner suitable to the risk tolerance and investment objectives of the client. The

portfolio of funds within the client account will be periodically rebalanced by SAAMCo in accordance with the recommended model portfolio for the client account. There can be no assurance that any of the investment goals for the client account will be met or that the net return on an investment in a portfolio of the funds will exceed what could have been obtained through other investment or savings strategies.

Pursuant to the client agreements for the ModelFolios program, the Registrant, through their respective representatives and agents, are granted discretion to buy, exchange, redeem, hold or otherwise trade shares of the mutual funds that make up the portfolio of funds within the client accounts. All mutual funds comprising the portfolio of funds will be purchased at net asset value without the imposition of any sales charges. In addition, distribution or 12b-1 fees charged by the mutual funds and not credited back to the funds as well as any management fees charged by the affiliated money manager of the mutual funds comprising the portfolio of funds within the client account, will be deducted in calculating the advisory fee payable to the Registrant with respect to the client account. The Registrant through their representatives and agents, including SAAMCo, will review the client accounts and will engage in automatic rebalancing transactions whenever deemed suitable for the account in accordance with the investment objectives of the client.

All assets will be in the custody of Pershing LLC, a registered broker dealer. Pershing LLC will provide statements of account to each client including consolidated monthly statements, quarterly statements and year-end tax reports. Royal Alliance shall provide quarterly performance reports. Fees payable to the Registrant and their representatives will be deducted from the accounts quarterly and reflected within the statements provided to the clients. Fees may be negotiable depending upon the amount of assets under management, the nature and extent of account relationships between the Registrant and its affiliates with the client, the type of services requested and other factors that the Registrant deems relevant to the advisory services relating to the Program.

The complete list of services, terms and conditions for client participation in the *ModelFolio Program*, and associated fees are set forth in detail in the Royal Wrap Fee Program Brochure, which is presented to all prospective *ModelFolio Program* participants in accordance with the disclosure requirements of Part 2A Appendix 1 of Form ADV. The Royal Wrap Fee Program Brochure is incorporated into this Brochure by reference. All prospective *ModelFolio Program* participants should read both the Registrant's Brochure and the Royal Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the *ModelFolio Program*. Royal shall serve as the custodian for *ModelFolio Program* accounts.

**Please Note:** As indicated in the Royal Wrap Fee Program Brochure, participation in the *ModelFolios Program* may cost more or less than purchasing such services separately. As also indicated in the Royal Wrap Fee Program Brochure, the *ModelFolios Program* fee charged by Registrant for participation in the *ModelFolios Program* may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

#### **OTHER ADVISORY SERVICES**

Registrant also provides both investment management services to clients relative to (1) variable annuity products that they may own, or (2) their individual employer-sponsored retirement plans. In so doing, Registrant either directs or recommends the allocation of client assets among the various investment subdivisions which comprise the variable



annuity product or the investment alternatives that comprise the retirement plan. For these services, Registrant's management fee is paid quarterly in arrears, the amount of which management fee shall vary (*between 0.25% and 1.00%*) based upon the market value of the assets on the last business day of the previous quarter. If the variable annuity product was sold by the Registrant's President, Mark. J. Snyder, on a commission basis in his capacity as a registered representative of *Royal*, the Registrant's management fee is waived. With respect to retirement plans, the client acknowledges and understands that the Registrant's management is limited to the investment alternatives permitted under the plan. The client assets shall be maintained at either the specific insurance company that issued the variable annuity product which is owned by the client, or at the custodian designated by the retirement plan sponsor.

#### **INDEPENDENT MANAGERS.**

In addition, for those clients that require an enhanced and/or specialized level of asset management services, Registrant may also recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment manager(s) (the "*Independent Manager(s)*"). The Registrant may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the *Independent Manager[s]* shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Registrant shall consider in recommending *Independent Manager[s]* include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Manager(s)*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Registrant's investment advisory fee set forth above. In addition to the fees charged by the Registrant, the designated *Independent Manager(s)* and corresponding broker-dealer/custodian, the client, relative to any mutual fund and exchange traded fund purchases, shall incur charges imposed at the fund level (i.e. management fees and other fund expenses). Certain *Independent Manager(s)* may impose a minimum asset size for new accounts.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES**

To the extent requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$200.00 to \$1000 on a fixed fee basis, and from \$100 to \$200 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). In the event the client terminates Registrant's financial planning services, the balance, if any, of Registrant's fee shall be refunded to the client. Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client,

Registrant may recommend the services of other professionals for implementation purposes, including the Registrant's President Mark J. Snyder and/or representatives, in their individual capacities as registered representatives of Royal Alliance Associates and/or and as licensed insurance agents. (*See* disclosure at Item 10 C.1 and Item 10 C.8) The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

## MISCELLANEOUS

**Non-Investment Consulting/Implementation Services.** If requested by the client, the Registrant may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Registrant, nor any of its representatives, serves as an attorney and no portion of the Registrant's services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of the Registrant in their separate registered/licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant.

**Please Note (Wrap/Managed Account programs):** In the event that Registrant is engaged to provide investment management services as part of an unaffiliated wrap-fee program, Registrant will be unable to negotiate commissions and/or transaction costs. Under a wrap program, the wrap program sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap program may cost the participant more or less than purchasing such services separately. In the event that Registrant is engaged to provide investment management services as part of an unaffiliated managed account program, Registrant will likewise be unable to negotiate commissions and/or transaction costs. If the program is offered on a non-wrap basis, the program sponsor will determine the broker-dealer through which transactions must be effected, and the amount of transaction fees and/or commissions to be charged to the participant investor accounts.

**Private Investment Funds.** Registrant may provide investment advice regarding unaffiliated private investment funds, including real estate investment trusts, on either a fee or commission basis (commission basis in the Registrant's President's and/or representatives' separate individual capacities as registered representatives of *Royal*). The advisory fee or commission to be paid to the Registrant (or is President and/or representatives) is in addition to the fees to be paid to the investment fund sponsor and/or manager as set forth in the fund offering documents. The Registrant's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and

investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of “assets under management” for purposes of Registrant calculating its investment advisory fee. Registrant’s clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

**Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Valuation.** In the event that the Registrant references private investment funds owned by the client on any supplemental account reports prepared by the Registrant, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be **significantly more or less** than the original purchase price.

**Trade Error Policy.** Registrant shall reimburse accounts for losses resulting from the Registrant’s trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within the Registrant’s custodian firm account and Registrant retains the net gains and losses.

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client’s other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant’s previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant’s written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement or Financial Planning and Consulting Agreement*. Any client who has not received a copy of Registrant’s written Brochure at least 48 hours prior to executing the *Investment Advisory Agreement or Financial Planning and Consulting Agreement* shall have five business days subsequent to executing the agreement to terminate the Registrant’s services without penalty.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client’s investment objective(s). Thereafter, the

Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on the Registrant's services.

- D. There is no significant difference between how the Registrant manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody) (*See* Item 4 B). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage the Registrant on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody). **Please note:** When managing a client's account on a wrap fee basis, the Registrant shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.
- E. As of December 31, 2010, the Registrant had \$66,698,366 in assets under management on a discretionary basis.

## Item 5 Fees and Compensation

- A. The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a wrap or non-wrap *fee* basis.

### NON-WRAP FEE BASIS

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis. The Registrant's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management (negotiable between .50% and 2.00%) as follows:

<u>Market Value of Portfolio</u>	<u>Annual Fee %</u>
\$0-\$249,999.99	2.50%
\$250,000-\$499,999.99	2.25%
\$750,000-\$1,249,999.99	1.75%
\$1,250,000-\$1,999,999.99	1.50%
\$2,000,000-\$4,999,999.99	1.25%
\$5,000,000-\$24,999,999.99	1.00%

### RASA

Registrant may also recommend that certain clients invest all or a portion of their assets in the RASA program (Royal Advisory Services Account) offered through Royal Alliance Association, Inc. ("*Royal*"). Under the RASA program, the Registrant's President may offer clients the option of a *fee-only* account through which certain no-load mutual funds (with and without transaction fees), load mutual funds at net asset value,

and individual stocks and bonds may be purchased and managed. The annual management fee for RASA program clients shall be negotiable at the Registrant's discretion, but shall generally follow the fee schedule outlined earlier in this Item 5A. RASA clients shall incur transaction charges pursuant to a fixed schedule for trade execution determined by *Royal*. In addition to the investment management fee and transaction charges, the client, relative to all mutual fund purchases, will also incur charges imposed at the mutual fund level (e.g. management fees and other fund expenses).

#### **VISION2020 ADVISOR WRAP PROGRAM**

If a client determines to engage the Registrant to provide investment management services on a wrap fee basis in accordance with the Registrant's Program, the services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants. Under the Program, the Registrant is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual *VISION2020 Program* fee charges a maximum of 2.50% depending upon the amount and type of the *VISION2020 Program* assets.

#### **MANAGED ASSETS PROGRAM**

If a client determines to engage the Registrant to provide investment management services on a wrap fee basis in accordance with the Registrant's Program, the services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants. Under the Program, the Registrant is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The client will pay a single fee to Registrant, typically ranging from 0.50% to 2.00% of the value of assets in the account, subject to negotiation. Brokerage fees of brokers other than *Royal* or *Wexford*, mark-ups, and mark-downs (if any), United States Securities and Exchange Commission fees and exchange fees, transfer taxes, odd lot differentials, mutual fund short-term redemption fees, margin interest, and electronic funds or wire transfer fees, are not included in the *Program* wrap fee, and will be paid by the client.

#### **MODELFOLIOS WRAP PROGRAM FEES**

If a client determines to engage the Registrant to provide investment management services on a wrap fee basis in accordance with the Registrant's Program, the services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants. Under the Program, the Registrant is able to offer participants discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from negotiable to 2.00% depending upon the amount and type of the Program assets.

## **OTHER ADVISORY SERVICES**

Registrant also provides both investment management services to clients relative to (1) variable annuity products that they may own, or (2) their individual employer-sponsored retirement plans. For these services, Registrant's management fee is paid quarterly in arrears, the amount of which management fee shall vary (*between 0.25% and 1.00%*) based upon the market value of the assets on the last business day of the previous quarter. If the variable annuity product was sold by the Registrant's President, Mark. J. Snyder, on a commission basis in his capacity as a registered representative of *Royal*, the Registrant's management fee is waived.

## **FINANCIAL PLANNING AND CONSULTING SERVICES FEES**

To the extent requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$200.00 to \$1000 on a fixed fee basis, and from \$100 to \$200 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). In the event the client terminates Registrant's financial planning services, the balance, if any, of Registrant's fee shall be refunded to the client.

## **INDEPENDENT MANAGERS.**

In addition, for those clients that require an enhanced and/or specialized level of asset management services, Registrant may also recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment manager(s) (the "*Independent Manager(s)*"). The investment management fees charged by the designated *Independent Manager(s)*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Registrant's investment advisory fee set forth above. In addition to the fees charged by the Registrant, the designated *Independent Manager(s)* and corresponding broker-dealer/custodian, the client, relative to any mutual fund and exchange traded fund purchases, shall incur charges imposed at the fund level (i.e. management fees and other fund expenses). Certain *Independent Manager(s)* may impose a minimum asset size for new accounts.

- B. Clients may have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant's investment management fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. Clients whose assets are managed within the RASA program, the *Managed Asset Program*, the *ModelFolio Program*, or *VISION2020 Program* will have their accounts debited for investment management fees on a quarterly basis, in arrears, based upon the market value of assets on the last day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that *Royal* and/or *Pershing* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Royal* and/or *Pershing* charge brokerage commissions and/or

transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). Clients will incur, in addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, and, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

- D. Registrant's annual investment management fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. Clients whose assets are managed within the RASA program, the *Managed Asset Program*, the *ModelFolio Program*, or *VISION2020 Program* will have their accounts debited for investment management fees on a quarterly basis, in arrears, based upon the market value of assets on the last day of the previous quarter. The Registrant does not generally require an annual minimum fee or asset level for investment advisory services for its investment advisory services, other than for Independent Managers as noted above in item 4 B. However, Registrant, in its sole discretion, may reduce its annual minimum fee and/or charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. **Commission Transactions.** In the event that the client desires, the client can engage certain of the Registrant's representatives, in their individual capacities as registered representatives of *Royal*, an SEC registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through *Royal*, *Royal* will charge brokerage commissions to effect securities transactions, a portion of which commissions *Royal* shall pay to Registrant's representatives, as applicable. The brokerage commissions charged by *Royal* may be higher or lower than those charged by other broker-dealers. In addition, *Royal*, as well as Registrant's representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from *Royal* presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from *Royal*. **The Registrant's Chief Compliance Officer, Mark J. Snyder, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
2. **Please note:** Clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.

3. The Registrant does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the Registrant recommends to its clients.
4. When Registrant's representatives sell an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Registrant's representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). **However**, a client may engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives on a separate commission basis.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

#### **Item 7            Types of Clients**

The Registrant's clients shall generally include individuals, business entities, trusts, estates, charitable organizations, and pension and profit sharing plans. The Registrant does not generally require an annual minimum fee or asset level for investment advisory services, other than for Independent Managers as noted above in Items 4 B and 5 A.

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

- A. The Registrant shall utilize the following methods of security analysis:
- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
  - Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

The Registrant shall utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

**Please Note: Investment Risk** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies



recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

- C. Currently, the Registrant primarily allocates client investment assets primarily among various individual equity and fixed income securities, mutual funds and/or exchange traded funds, on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s).

## **Item 9            Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

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

- A. As disclosed above in Item 5 E, certain of Registrant's representatives are also registered representatives of Royal Alliance Associates, Inc. ("*Royal*") an SEC registered and FINRA member broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C.
1. **Registered Representatives of Royal**. As disclosed above in 5 E, certain of Registrant's representatives, are registered representatives of *Royal*, an SEC Registered and FINRA member broker-dealer. Clients may choose to engage Registrant's representatives, including Registrant's President Mark J. Snyder, in

their individual capacities as registered representatives of *Royal*, to implement investment recommendations on a commission basis.

- **Conflict of Interest:** The recommendation by Registrant's representatives including Registrant's President, Mark J. Snyder, in their individual capacities as registered representatives of *Royal*, that a client purchase a securities commission product presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend securities products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives, including Registrant's President Mark J. Snyder. Clients are reminded that they may purchase investment products recommended by Registrant through other, non-affiliated broker dealers. **The Registrant's Chief Compliance Officer, Mark J. Snyder, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
3. **Other Investment Adviser.** The Registrant is affiliated with Mark J. Snyder Financial Services, Inc., ("*MJSFS*") an SEC registered investment adviser firm. *MJSFS* offers investment management and, to the extent specifically requested, financial planning and consulting services to its clients. *MJSFS* offers its services to individuals, trusts, estates and charitable organizations, and business entities. The Registrant's President, Mark J. Snyder, also serves as the President of *MJSFS*. **The Registrant's Chief Compliance Officer, Mark J. Snyder, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
  6. **Accountants.** Although certain Associated Person(s) of Registrant, in their individual capacities, are certified public accountants, Registrant does not render accounting advice nor tax preparation services to its clients. In the event Registrant recommends clients to such Associated Persons for various accounting services, all such Associated Persons shall render such services in their individual capacity as certified public accountants. Registrant shall not receive any portion of the fees charged (referral or otherwise) by such Associated Persons for accounting services rendered.
  8. **Licensed Insurance Agents.** Registrants representatives in their individual capacities, including Registrant's President Mark J. Snyder, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4 B above, clients can engage certain of Registrant's representatives to effect insurance transactions on a commission basis.
    - **Conflict of Interest:** The recommendation by Registrant's representatives including Registrant's President, Mark J. Snyder, in their individual capacities as licensed insurance agents, that a client purchase an insurance commission product presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives, including Registrant's President Mark J. Snyder. Clients are reminded that they may purchase investment products recommended by Registrant through other, non-affiliated insurance agents. **The Registrant's Chief Compliance Officer, Mark**

**J. Snyder, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. The Registrant does not recommend or select other investment advisors for its clients for which it receives a fee.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Associated Persons that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requires that Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this

situation creates a potential conflict of interest. As indicated above in Item 11 C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## **Item 12 Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Royal and/or Pershing*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *Royal and/or Pershing* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research Benefits. Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from *Royal and/or Pershing*, without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Royal and/or Pershing* as result of this arrangement. There is no corresponding commitment made by the Registrant to *Royal and/or Pershing* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**The Registrant's Chief Compliance Officer, Mark J. Snyder, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant.

**The Registrant's Chief Compliance Officer, Mark J. Snyder, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders

placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and Chief Compliance Officer. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, the Registrant may receive an indirect economic benefit from *Royal* and/or *Pershing*. The Registrant, without cost (and/or at a discount), may receive support services and/or products from *Royal* and/or *Pershing*.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Royal* and/or *Pershing* as result of this arrangement. There is no corresponding commitment made by the Registrant to *Royal* and/or *Pershing* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**The Registrant's Chief Compliance Officer, Mark J. Snyder, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from

the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

## **Item 15           Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

## **Item 16           Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, client shall be required to execute *Investment Advisory Agreement*, naming the Registrant as client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name for found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at anytime, impose restrictions, **in writing**, on the Registrant's discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

## **Item 17           Voting Client Securities**

- A. The Registrant does not vote client proxies, except for assets managed by independent investment managers (for which the independent member shall generally retain proxy voting responsibility). Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

**Item 18      Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Mark J. Snyder, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**