

Anderson, Riley & Spoor, P.A.

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Anderson, Riley & Spoor, P.A. (“ARS”). If you have any questions about the contents of this brochure, please contact us at (727) 322-7681. 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. Registration with the Securities and Exchange Commission does not imply a certain level of skill or training.

Additional information about ARS is also available on the SEC’s website at:
www.adviserinfo.sec.gov.

Material Changes

ARS's most recent update to Part 2 of Form ADV was made in November 2010. ARS's business activities have not changed materially since the time of that update. However, in 2010 the SEC required significant changes to the content and format of Part 2 of Form ADV. This brochure, which reflects those changes, is materially different from brochures used by ARS in prior years.

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Advisory Business

ARS primarily provides customized investment management services to high-net-worth individuals and associated trusts, estates, pension and profit sharing plans, and other legal entities. ARS generally invests client assets in domestic and international stocks, bonds, mutual funds, and exchange traded funds ("ETFs").

ARS strives to customize and tailor its advisory services to meet the unique individual needs of its clients. ARS works with each client to establish an appropriate investment profile, based on the clients risk tolerance, time horizon, need for income and investment objective. Clients are always free to impose reasonable restrictions on ARS's management of their accounts.

ARS was founded in 1997 and is owned by Anthony A. Anderson, Robert J. Riley and Frederick G. Spoor. As of December 31, 2010 ARS managed \$200,000,000 on a discretionary basis and an additional \$500,000 on a non-discretionary basis on behalf of approximately 244 clients.

Fees and Compensation

ARS is a “Fee Only” Investment Advisor and charges most of its clients an annual investment management fee based on the following schedule:

<u>Assets under management</u>	<u>Annual Fee</u>
First \$2 Million	1.00%
Amounts in excess of \$2 Million & up to \$5 Million	0.75%
Amounts in excess of \$5 Million	0.50%

ARS has waived or negotiated lower fees for certain clients, such as charitable organizations or employees’ family members.

Normally, ARS will not accept client relationships under \$400,000, and a minimum annual fee of \$4,000 may apply. This minimum annual fee may be waived or reduced at the discretion of ARS.

ARS charges fees quarterly in advance based on the account value at the end of the prior quarter. Most clients authorize ARS to deduct fees automatically from their brokerage accounts, but clients may request that ARS send quarterly invoices to be paid by check.

If a client terminates the investment management agreement with ARS in the middle of a billing period ARS will promptly refund to the client any paid but unearned fees. The amount of the refund will be pro-rated based on the number of days that the account was managed.

If management begins after the start of a quarter, fees may be prorated accordingly.

In addition to ARS’s investment management fees, clients bear trading costs and custodial fees. To the extent that clients’ accounts are invested in mutual funds, these funds pay a separate layer of management, trading, and administrative expenses (described in each fund’s prospectus to its shareholders).

In very limited circumstances, clients chose to engage ARS for general consultation on an hourly basis. Fees for this service will be charged at a rate of \$150 - \$200 per hour. The rate charged is determined by the individuals involved in the project and the overall scope of the services rendered. In most cases, fees for this service are charged in total at the conclusion of the service.

Performance Based Fees and Side-by-Side Management

ARS does not charge any performance fees. Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to ARS.

Types of Clients

ARS primarily provides customized investment management services to high-net-worth individuals and associated trusts, estates, pension and profit sharing plans, and other legal entities. ARS's minimum relationship size is generally \$400,000, but this amount is negotiable.

Methods of Analysis, Investment Strategies and Risk of Loss

The members of ARS's Investment Committee, G. Kurtis Ulrich, Andrew Swenson and Anthony Anderson, work together to conduct fundamental analysis on all securities recommended for client accounts. This analysis varies depending on the security in question.

Our equity approach focuses on holding a diversified portfolio of high quality "core" stocks. Our investment style is a blend of both the "value" & "growth" styles of management. Generally, our stock and bond selection criteria will include a review of the following items:

- Proven Management;
- Attractive Product Lines with High Barriers to Entry;
- Industry Leaders;
- Strong Cash Flow and Balance Sheet;
- Above-Average Earnings and Revenue Growth;
- Attractive Dividend Yield with Room to Grow;
- Low Absolute & Relative Valuations (P/E, P/B, P/CF, P/S, PEG);
- Any other factors considered relevant;

For mutual funds the analysis and selection criteria generally includes a review of:

- No-Load Funds;
- Manager's Tenure – experienced managers with proven track records;
- Low Expense Ratios;
- Consistent Top-Tier relative performance. Funds ranked in the top 20% of their class each year.
- Low Turnover = more tax efficiency;
- Attractive Dividend & Income Yields;
- Focused "concentrated" number of holdings;

ARS believes the sell decision is as important as the buy decision. Holdings may be sold under the following conditions:

- Substantial relative price appreciation;
- Clearly superior alternative opportunity exists;
- Material event occurs that significantly alters our fundamental outlook for the holding;
- Meaningful deterioration in quality of the holding;

ARS's Investment Committee is led by G. Kurtis Ulrich, the Chief Investment Officer, and also includes Andrew Swenson and Anthony Anderson. The Investment Committee generally meets

weekly to discuss existing and prospective investments. Investments are evaluated independently, as well as in the context of clients' existing holdings and sector exposures.

ARS primarily invests for relatively long time horizons, often for a year or more. However, market developments could cause ARS to sell securities more quickly.

All investing involves a risk of loss.

Disciplinary Information

ARS and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

ARS is partially under common ownership with Spoor & Associates, P.A., an accounting firm. F. Gordon Spoor, Vice President of ARS, is a shareholder of Spoor & Associates, P.A.. ARS may recommend Spoor & Associates, P.A. to advisory clients in need of accounting, tax and full financial planning services. Such services are separate and distinct from the advisory services of ARS, and are provided for separate and typical compensation. The clients of ARS may elect to retain Spoor & Associates, P.A., an accounting firm, for financial planning services or for tax or accounting services; however this is not required. Accounting and other services do not include the authority to sign checks for any advisory clients. Mr. Spoor may spend a significant portion of his time engaged in tax and accounting related services during certain times of the year.

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

Pursuant to SEC rule 204A-1, ARS has adopted a written code of ethics that is applicable to all employees. Among other things, the code requires ARS and its employees to act in clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on many types of personal securities transactions. ARS's restrictions on personal securities trading apply to employees, as well as employees' family members living in the same household. A copy of ARS's code of ethics is available upon request.

ARS, its employees or other affiliated persons, (hereinafter "associated persons") may, for their personal accounts, buy or sell securities identical to those recommended to clients. Additionally, any associated person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client. As these situations may represent a potential conflict of interest, ARS has established policies governing personal securities transactions in order to protect the interests of its clients. For example, ARS has a policy prohibiting the use of material, non-public information. In addition, all associated persons with access to investment recommendations are required to submit quarterly reports to the Chief Compliance Officer of ARS.

ARS's employees are generally permitted to trade alongside client accounts as long as they receive the average price that is applicable to clients and pay their share of any transaction costs. However, no employees are allowed to participate in partially filled orders until all clients' orders have been filled. The Chief Compliance Officer monitors employee trading, relative to client trading, to ensure that employees do not engage in improper transactions.

ARS maintains a watch list of securities that are being considered for client accounts, as well as securities already held in client accounts. Any proposed employee transaction involving securities on the watch list requires preclearance from the Chief Compliance Officer. The Chief Compliance Officer does not grant preclearance where it would appear that an employee's trading could disadvantage ARS's clients.

Under certain circumstances an employee might invest in a security that is not considered suitable for client accounts because of size, liquidity, or other factors. A change in these factors could result in the security becoming more suitable for clients, but the Chief Compliance Officer might not allow the security to be purchased for client accounts in order to avoid even the appearance of employees trading ahead of clients. In ARS's experience, it is rare for an employee's personal trading to limit clients' investment opportunities, but such a situation may arise from time to time.

Brokerage Practices

ARS participates in the TD Ameritrade Institutional customer program for advisors. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent and 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. ARS receives some benefits from TD Ameritrade through its participation in the program. ARS generally recommends that clients arrange for their assets to be held with TD Ameritrade. ARS has managed client assets held at TD Ameritrade for many years and has found TD Ameritrade to offer good services at competitive prices.

Soft Dollar Benefits

ARS participates in the TD Ameritrade Institutional customer program for advisors and ARS may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between ARS's participation in the program and the investment advice it gives to its clients, although ARS 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 advisor 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 ARS by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by ARS's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit ARS but may not benefit its client accounts. These products or services may assist ARS in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help ARS manage and further develop its business enterprise. The benefits received by ARS or its personnel through participation in the

program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by ARS in and of itself creates a potential conflict of interest and may indirectly influence ARS's recommendation of TD Ameritrade for custody and brokerage services. As part of its fiduciary duties to clients, ARS endeavors at all times to put the interests of its clients first.

ARS receives additional economic benefits from TD Ameritrade "Additional Services" which may or may not be offered to any other independent advisors that participate in TD Ameritrade's institutional customer program. Specifically, the Additional Services include economic benefit in the amount of \$4,900 to be paid annually and directly to Telemet America, Inc. TD Ameritrade provides the Additional Services to ARS in its sole discretion and at its own expense, and Advisor does not pay any fees to TD Ameritrade for the Additional Services. Advisor and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Advisor's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Advisor, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Advisor's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Advisor, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Advisor may have an incentive to recommend to its Clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Advisor's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including seeking best execution of trades for Client accounts.

ARS does not believe that clients whose accounts are held by TD Ameritrade bear any additional costs in connection with ARS's receipt of the products and services. These benefits received by ARS, or its associated persons, do not depend on the amount of brokerage transactions directed to TD Ameritrade. Furthermore, TD Ameritrade's provision of these products and services is not contingent upon ARS formally committing any specific amount of business to TD Ameritrade. However, ARS would not receive these products and services if client accounts were not held in custody and traded by TD Ameritrade. ARS's receipt of these products and services creates a potential conflict of interest in connection with ARS's recommendation of TD Ameritrade. Also, some of the products and services listed above benefit clients whose accounts are held by other custodians, which could create a conflict of interest between the clients at TD Ameritrade, who are indirectly paying for the products and services, and the clients at other custodians who may benefit from the products and services.

The Selection of Trading Counterparties

ARS can typically trade accounts held at TD Ameritrade using other broker/dealers. However, TD Ameritrade charges clients trade-away fees that ARS believes outweigh any benefits from trading stocks, mutual funds, or ETFs with other brokers. The availability and pricing of bonds varies more widely, so prior to placing a bond trade ARS solicits bids from several dealers and then executes the trade with the dealer that offers sufficient liquidity and the most favorable pricing.

For clients who elect to have their accounts held by firms other than TD Ameritrade, ARS's approach is generally to trade stocks, mutual funds, and ETFs with the chosen custodian, and to trade bonds with the dealer that offers sufficient liquidity and the most favorable pricing.

Some clients' accounts are relatively small, in which case the custodian may not allow ARS to trade through other firms. Other clients may specifically request that their accounts only be traded through a particular broker/dealer. ARS trades these accounts through the firm chosen by the client, which limits ARS's ability to seek best execution. Trading restrictions may result in materially higher trading costs and reduced returns.

Best Execution Reviews

On at least an annual basis ARS's Chief Compliance Officer and other senior executives evaluate the pricing and services offered by TD Ameritrade and other trading counterparties with those offered by other reputable firms. ARS has sought to make a good-faith determination that TD Ameritrade and other chosen trading counterparties provide clients with good services at competitive prices. However, clients should be aware that this determination could have been influenced by ARS's receipt of products and services from TD Ameritrade. Historically ARS has concluded that TD Ameritrade is as good as, or better than, the other firms that have been considered. ARS would notify its clients if it were to determine that another firm offered better pricing and services than TD Ameritrade.

Aggregated Trades

ARS typically aggregates client trades in an effort to treat all clients fairly. Clients participating in a bunched order receive the same average price and incur trading costs that are the same as would be paid if they were trading individually. Employees may be included side-by-side in bunched client trades. If an order is partially filled, clients will have their orders fully filled on a randomized basis; ARS will seek to complete any unfilled client orders on the next trading day. Employees are excluded from bunched trades whenever client orders are only partially filled.

When trading accounts through TD Ameritrade and one or more other broker/dealers, ARS's trader may choose to place smaller trades ahead of larger trades when the smaller trades are not expected to materially affect the price or liquidity of the security in question. This practice may result in accounts held at TD Ameritrade trading after other accounts with disproportionate frequency. It is possible that, over time, this practice could result in clients whose accounts trade through other broker/dealers experiencing a benefit at the expense of the TD Ameritrade accounts.

Client Referrals

ARS may receive client referrals from TD Ameritrade through its participation in AdvisorDirect, a referral program established by TD Ameritrade, an independent broker-dealer. ARS and TD Ameritrade are independent of one another and have neither an agency nor employment relationship. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, ARS may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with ARS and there is no employee or agency relationship between them. TD Ameritrade has established the referral program as a means of referring its brokerage customers

and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade and ARS are separate and unaffiliated. TD Ameritrade does not supervise ARS and has no responsibility for ARS's management of client portfolios or ARS's other advice or services. ARS pays fees, not to exceed 25% of the advisory fee that the client pays to ARS, to TD Ameritrade in connection with successful referrals made through AdvisorDirect. ARS will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by ARS from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired ARS on the recommendation of such referred client. ARS will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients, or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

ARS's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, ARS may have an incentive to recommend to clients that the assets under management by ARS be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, ARS has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. ARS's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

In the course of providing our services, we do reserve the authority to execute trades for our clients through broker-dealers other than TD Ameritrade. However, the Advisor will generally place most trades with TD Ameritrade. When a client has given us broker discretion, there is no restriction on the brokers we may select to execute client transactions. Our general guiding principle is to trade through broker-dealers who offer the best overall execution under the particular circumstances. With respect to execution, we consider a number of qualitative factors, including the actual handling of the order, the ability of the broker-dealer to settle the trade promptly and accurately, the financial standing of the broker-dealer, the ability of the broker-dealer to position stock to facilitate execution, our past experience with similar trades, and other factors which may be unique to a particular order. Based on these judgmental factors, we may trade through broker-dealers that charge fees that are higher than the lowest available fees.

ARS's duty of "best execution" is not eliminated by its participation in the program. ARS recognizes its duty to seek best execution for its clients, and ARS periodically monitors the market for custodial and execution services that would best serve its clients' needs. Since inception, ARS has maintained its relationship with TD Ameritrade and believes that TD Ameritrade provides the best combination of price, execution and service for its clients. Clients should be aware that similar services might be available elsewhere at lower costs.

ARS may compensate unaffiliated third parties for referring prospective advisory clients to it.

The Adviser's payment of a referral does not affect the fees paid by any new advisory client. The referral arrangements will conform to Rule 206(4)-3 under the Investment Advisors Act of 1940, as amended; including that such referral arrangement is disclosed to prospective advisory clients.

Review of Accounts

Accounts under ARS's management are monitored on an ongoing basis by the Investment Committee members and the Chief Compliance Officer. The Investment Committee members review each account in detail on at least a quarterly basis, as well as in connection with each client meeting. The Investment Committee members and the Chief Compliance Officer review the reports to identify accounts that are outside the expected ranges for returns, exposure to asset classes, and exposure to industry sectors. Reviews of client accounts will also be triggered if a client changes his or her investment objectives, or if the market, political, or economic environment changes materially.

Clients receive account statements directly from their chosen custodian on at least a quarterly basis. ARS supplements these custodial statements with reports provided on a quarterly basis, during client meetings, or as requested. The reports ARS provide typically include, Asset Allocation, Account Review, and Performance Reports.

Client Referrals and Other Compensation

Other than the previously described products and services that ARS receives from TD Ameritrade, ARS does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

Custody

All clients' accounts are held in custody by unaffiliated broker/dealers or banks, but ARS can access many clients' accounts through its ability to debit advisory fees. For this reason ARS is considered to have custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by ARS.

Investment Discretion

ARS has investment discretion over the majority of clients' accounts. When a client agrees to discretionary management, the Advisor will be responsible for selecting the amount of securities to be bought and sold. Clients grant ARS trading discretion through the execution of a limited power of attorney included in ARS's advisory contract.

Accounts we manage on a discretionary basis may receive more favorable executions when purchasing or selling securities than accounts managed on a non discretionary basis due to the fact that the Advisor must receive client authorization before placing a trade order.

Clients can place reasonable restrictions on ARS's investment discretion. The only limitations on the investment authority of ARS will be those limitations imposed in writing by the client. For example, some clients have asked ARS not to buy securities issued by companies in certain industries, or not to sell certain securities where the client has a particularly low tax basis.

Voting Client Securities

As a policy, ARS does not vote client securities. Clients will receive their proxies and/or other solicitations directly from their custodian or a transfer agent. Clients may contact ARS directly if they would like an explanation of what is covered in the solicitation. Clients are responsible for voting their own proxies.

Financial Information

ARS has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.