

**Part 2A Appendix 1 of Form ADV: Wrap Fee Program Brochure**

Item 1 Cover Page

**PART 2 A APPENDIX 1 OF FORM ADV--WRAP FEE PROGRAM BROCHURE**

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**Item 1 Cover Page--This Brochure is effective June 13, 2012**

*This brochure provides information about the qualifications and business practices of Money Managers, Inc. ("MMI"). If you have any questions about the contents of this brochure, please contact the firm's Chief Compliance Officer, Teresa Jensen White at "[mail@moneymanagersinctx.com](mailto:mail@moneymanagersinctx.com)" or by calling 210-349-9494.*

*The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training.*

*Additional information about Money Managers, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or FINRA's website at [www.finra.org](http://www.finra.org).*

Money Managers, Inc ("MMI") is a corporation domiciled in Texas.

For purposes of this document, Money Managers, Inc. ("MMI") refers to its registration as a Registered Investment Adviser. MMI is a duly registered investment adviser, currently registered with the Securities and Exchange Commission ("SEC") and "Notice Filed" with the State of Texas. Such registration does not imply a certain level of skill or training.

MMI may be required to withdraw from registration with the SEC and register with the State of Texas on June 28, 2012.

This brochure informs Clients of MMI's Wrap Fee Program services, business practices, compensation, fees and expenses. NorthSTAR Tactical and Repositioning program ("N\*STAR") is an In House Wrap Fee money management platform. The advisory services offered through MMI/N\*STAR are described in this Wrap Fee Program Brochure. Registered Persons affiliated with MMI that offer various advisory services for which they receive a fee are called Investment Advisory Representatives ("IARs").

This brochure must be provided to Clients either before or at the time of entering into a Wrap Fee advisory agreement. The client will receive MMI's *Form ADV 2-A Firm Brochure*, *2-B Brochure Supplement(s)*, and *WRAP Fee Brochure*, as applicable, including annual or periodic updates.

Item 2 Material Changes

**Item 2 Material Changes**

The Wrap Fee Program introduced herein, N\*STAR, is a new program, and as such represents a material change in the business practices of MMI.

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### **Item 4 Services, Fees and Compensation**

#### **Item 4 Services, Fees and Compensation**

There are no guarantees of the success of any particular investment or strategy and it is possible that some or all of the principal could be lost. Past performance is not a guarantee of future performance; clients invest at their own risk.

Tax implications are a critical component of any investment strategy. Therefore, depending on the strategy that a client chooses to implement, it is possible that any trading activity could result in a taxable event and lower investment return. Investments may have tax or legal consequences, so clients should contact their own tax professionals and attorneys to help answer questions about specific situations or needs.

#### **Services**

N\*STAR is a wrap program designed to provide investment advisory services to the client, including determination of an asset allocation utilizing selected securities designed to meet investment goals, to the client by an MMI Investment Advisory Representative. Each IAR determines the suitability of the investments for their particular clients. Foliofn Investments, Inc, an SEC registered clearing broker/dealer unaffiliated with N\*STAR, provides brokerage, clearing, custody services to MMI/N\*STAR and, as an ancillary administrative service, client billing of N\*STAR's advisory fees. It does not offer or sponsor a wrap program. Foliofn allows N\*STAR to instruct it to bill clients and collects its advisory fee included with Foliofn's custody fee as a wrapped fee. A portion of the amount billed to each client represents the Foliofn custody fee and is retained by Foliofn as compensation for the brokerage, clearing, custody and ancillary administrative services it renders. A portion of the fee billed to clients for advisory services is shared among MMI, and the IAR for the respective services of each, and NEXT for supervision of these activities.

A wrap pricing structure allows the client to pay an inclusive fee for account advice, management, brokerage, clearance, custody and most administrative services. Clients should consider that, depending upon the level of the wrap fee charges, the amount of portfolio activity in their accounts, the value of services that are provided under the investment program, and other factors, the wrap fee may or may not exceed the total cost of services if they were to be provided separately. Generally, wrap programs are relatively less expensive for actively traded accounts. However, they may result in higher overall costs to the client in accounts that experience little trading activity.

#### **General Wrap Fee Program Disclosures**

- The benefits under a Wrap Fee Program depend, in part, upon the size of a client's account and the number of transactions likely to be generated in the account. For example, wrap fee accounts may not be suitable for accounts with little activity.
- Participating in a Wrap Fee Program may cost more or less than the cost of purchasing investment advice, brokerage and other services separately.
- NEXT, Foliofn, MMI and the IAR will receive compensation as a result of the client's participation in a Wrap Fee Program.
- The IAR may have a financial incentive to recommend Wrap Fee Programs over other programs and services, as the amount of compensation may be more than what the IAR would receive if the client participated in other programs or paid separately for investment advice, brokerage, and other services.

#### **NorthSTAR TACTICAL ALLOCATION and REPOSITIONING (N\*STAR)**

N\*STAR is an In House Wrap Fee Money Management platform utilizing Proprietary Fundamental and Technical analysis and Momentum based tracking. This is a Tactical, Active Portfolio Management process. Currently there are two models to choose from: a Growth model, and an Income model.

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

Our analysis is derived from numerous sources, including but not limited to, financial media companies, Internet sources, review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

We use the following methods of analysis in developing investment strategies for our clients.

Fundamental analysis: We attempt to estimate the intrinsic value of a security by examining economic and financial factors (including the overall economy, industry conditions, and the financial condition and strength of the management team of the individual company itself) to determine if the company is undervalued (an indication it may present a buying opportunity) or overvalued (an indication it may present a selling situation). We have developed several screening tools which may be used to aid in these evaluations.

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the security.

Technical analysis: We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Our technical analysis may include charting. In this type of analysis, we review charts of the market and the security's activity in an attempt to identify when the market is advancing or declining and to predict how long the trend may continue and when the trend might reverse.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform in spite of the upward movement of the overall market.

### **Investment Strategies**

We use the following strategies in managing client accounts:

Long-term purchases: We purchase securities with the idea of holding them in the clients account for a year or longer. We may do this because we believe the securities to be currently undervalued. We may do this because we want exposure to a particular asset class over time, regardless of the current projection for this class. A risk in a long-term strategy is that, by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to the client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases: We purchase securities with the idea of selling them within a relatively short time (less than a year). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A risk in a short-term purchase strategy is that, should the anticipated price swing not materialize, we are left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and may result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Short Sale: A short sale involves the sale of a security that the client does not own in the hope of purchasing the same security at a later date at a lower price. To make delivery to the buyer, the client

must borrow the security and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. The client realizes a profit or loss as a result of a short sale if the price of the security decreases or increases respectively between the date of the short sale and the date on which the client covers its short position, i.e., purchases the security to replace the borrowed security. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

Other strategies: Active Trading and Options may be employed.

### **Risk of Loss**

Investing in securities involves certain risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. MMI's IARs will assist clients in determining an appropriate strategy based on their tolerance for risk and other factors such as investment goals, time horizon for achieving the goals and the financial situation of the client. However, there is no guarantee that a client will meet their investment goals. We ask that each client work with us in determining their tolerance for risk as well as informing us of any changes in financial condition, goals or other factors that may affect their tolerance for risk.

All securities are subject to some level of risk which could cause the value of the client's securities to decrease in value, and in some cases, could result in a loss of the client's entire investment. The following are some types of risk that could affect the value of a client's portfolio:

- Market risk: The risk that changes in the overall market will have an adverse effect on individual securities, regardless of the issuer's circumstances.
- Business risk: Whether because of management or unfortunate circumstances, some businesses will inevitably fail. This is especially true during economic recessions. For example, a company stock may become worthless in the event of a bankruptcy, which would result in a loss of capital to the shareholders.
- Interest rate risk: If the Federal Reserve pushes interest rates higher, the market prices of bonds may be affected. When interest rates rise, the market price of bonds falls.
- Inflation risk: Uncontrolled inflation reduces the buying power of a dollar, and may cause uncertainty among individual investors, possibly resulting in corporations backing away from projects which could further reduce the value of corporate equities.
- Regulatory risk: Legislative, Regulatory and/or judicial changes that impact businesses can drastically change entire industries.
- Liquidity risk: Certain investments lack liquidity or the ability to access their principal quickly, without incurring substantial penalties, or the inability to sell the investment until sometime in the future.
- Opportunity risk: Clients or Investment Advisory Representatives may choose a conservative product to invest in, which could cause the client to miss out on market upswings which may have increased the value of securities with higher risk. The opposite is also true; market downturns could cause the client to lose a significant amount of principal invested in higher risk securities, when their funds could have been invested in lower risk options.
- Reinvestment risk: Clients may be unable to make additional purchases of a security already in their portfolio at the same rate at which the original purchase was made.
- Currency or exchange rate risk: Foreign securities face the uncertainty that the value of either the foreign currency or the domestic currency will increase or decrease; either of which may cause the value of the client's portfolio to fluctuate.
- Transactional cost risk: The client may incur significant transactional charges in an actively traded account. Frequent trading can decrease the value of a client's account due to increased brokerage and transaction costs. In addition, the frequent trading may cause taxable events to occur, which could increase the client's tax burden.
- Short sale risk: Positions have unlimited capability to increase in value, which in turn increases the client's risk, as they would be required to purchase the securities at a high rate in order to cover the short sale.
- Margin risk: Margin values could significantly increase if the position goes against the client.
- Options risk: Holding options for long-term periods could weaken and/or reduce the value of the underlying stock, or create the possibility of a worthless position.

Clients should understand and be willing to accept these and other types of risks before choosing to invest in securities or receive investment advisory services.

### **Fee Schedule**

Fees are tiered as outlined in the schedule below.

### **COMPENSATION**

#### **N\*STAR ASSET MANAGEMENT RATES:**

The scheduled rates are:

Market Value of Assets	Annual Advisory Fee
First \$1,000,000.	2.50%
Next 1,000,001-2,500,000	2.25%
Next 2,500,001-5,000,000	2.00%
Next 5,000,001-7,500,000	1.75%
Next 7,500,001-10,000,000	1.00%
Next 10,000,001 and up	Negotiable*

\*The client's fees are negotiated between the client and the IAR and may vary.

### **Expenses**

#### **Other Charges and Expenses-**

**Custody and Administrative Fee and Transaction Costs:** Included in the fee discussed above, is Foliofn's annual custody and administrative fee of .25 basis points (.0025%), or \$150., whichever is greater, which includes security transactions in the N\*STAR account. In unusual or aberrational market fluctuations, additional ticket charges of \$3.95 per trade may be assessed by Foliofn.

#### **Other Expenses-**

The Client may be charged fees by the Custodian for IRAs custodial functions, reporting and account closing, or other fees, as detailed in the account opening documents.

#### **Payment of N\*STAR Fees-**

All N\*STAR custody, administrative and advisory fees will be directly debited from the Client account by Foliofn, as the account Custodian, on a monthly basis, in arrears. The Client fee is billed as an all-inclusive fee which covers account management, brokerage, clearing, custody and most administrative services. Advisory fees will be assessed pro-rata in the event the client agreement is entered into at any time other than the first day of a month, or terminated prior to the end of a month. A Client may withdraw their authorization (contained in the program advisory agreement) for direct debiting at any time. A Client should understand that if they elect to withdraw this authorization, MMI will terminate the agreement under the program. The Client may terminate an N\*STAR/Foliofn agreement within five business days after the date when all parties have signed the agreement without penalty. After this five-day period, either party may terminate the agreement upon 30 days written notice to the other.

#### **Eligible Assets-**

All eligible securities such as exchange listed, or over the counter, domestic or foreign securities (stocks); corporate or municipal debt or government securities (bonds); commodities; commercial paper, certificates of deposit and other cash instruments, no load or load-waived mutual funds, unit investment trusts ("UIT"s), Options, Exchange Traded funds ("ETF"s), and Warrants. Other asset classes may be included from time to time, as permitted in the account opening documents.

Ineligible securities include Class B, C or D mutual fund shares.

The MMI IAR is prohibited from purchasing or transferring in a mutual fund with a "Rule 12b-1 fee" greater than 25 basis points (.25%).

All transactions for this portfolio will be placed by the Portfolio Manager(s) for N\*STAR.

**Foliofn Investments, Inc Fees**

In addition to Foliofn's brokerage, clearing, custody and administrative fees, clients will be charged termination fees by Foliofn, and fees for some extra services, subject to the pricing schedule set by Foliofn. Unless otherwise stated, all charges are on a "per event" basis:

**Foliofn Account Fee Schedule****ITEM AMOUNT****Account Transfer Fees**

Outgoing Full account Transfer Fee \$75 per account

Outgoing Partial account Transfer Fee \$25 min/\$75 max per account

**Custodial Fees**

IRA Custodial Fees \$25 per year

Register Street held securities in your name \$40 per request

Process removal of Securities Restriction for Restricted Securities (Rule 144) \$75

**Asset Movement Fees**

Certified Check Delivery \$12

Returned Check/Non-sufficient funds fee \$25

Voided Check Fee \$25

Stop Payment on check \$25

Check copy \$10 per check

Disbursement of Funds by check by mail \$20 per check

(may be avoided by using Electronic Funds Transfer (EFT))

Federal Outgoing Wire Fee \$30 (no charge for incoming wires)

**Reporting Fees** (by other than electronic delivery)

Express Mail \$25 per mailing. \$45 Sat delivery

Paper copies of account statements/confirmations \$10. Per statement

Account statement alert failure/bad email address fee \$5 per occurrence

Mail delivery of monthly statements \$150/year

**Mutual Fund fees** Foliofn offers no load, no transaction fee mutual funds and does not impose additional charges for these mutual funds. Many mutual funds have early redemption fees and investment minimums. Early Redemption Fees may be assessed by some mutual funds.

**Other Fees**

Voluntary Corporate Action. Applicable when you participate in the tender offer for a corporate reorganization, however, there is no charge for mandatory actions, such as mergers or acquisitions.

\$30 per corporate action election

Self Regulatory Organization (SRO) Fees *Based upon the current fee set by the US Congress*

Checking is available. Please discuss with your advisor.

Charge for Special Services. Hourly charges apply when you request services that are not covered by normal charges above, such as research request and manual credit card transactions.

\$100 per hour, \$25 minimum charge

Fees are subject to change by Foliofn and should be referenced in account opening documents and ongoing statements available:

For Advisors at <https://www.folioinstitutional.com> web site; To Clients at [www.folioclient.com](http://www.folioclient.com) web site.

MMI will provide a summary of fees related to any Client account(s) upon request

**Review of Accounts**

In addition to the account reviews conducted by the CPM and Investment Committee, IARs will review client accounts:

As a reminder, on at least a quarterly basis, clients receive account statements from the qualified custodian at which their account is held. Clients are strongly advised to carefully review all statements upon receipt.



### **Other compensation**

Customers may purchase securities which result in the payment of fees through Foliofn, in its capacity as a broker/dealer, while Clients receive continuous asset management services. Foliofn's fees for this activity are independent of and in addition to the brokerage, clearing, custody and administrative fees described above.

IARs receive a portion of the advisory fee for assets under management through MMI in its capacity as a registered investment adviser. This fee is a portion of, not in addition to, the fee paid by the Client.

This may create a perceived conflict of interest, and Clients are advised to clarify the capacity through which individual products or services are offered, and the type of payment that will be received.

Clients who receive advisory services from MMI's IARs may purchase securities products offered through Foliofn. IARs may receive fees or overrides as Registered Persons in connection with such transactions. Additionally, the OSJ Managers ("supervisors") or Division Managers ("DM"s) who are responsible for the immediate supervision of Registered Persons may receive a percentage of fees or commissions as an override to compensate them for their supervisory services. This may be perceived as a conflict of interest. However, NEXT's IARs, Registered Persons and supervisors maintain their independence because they have always been committed to their duties to each customer and regulatory obligations. The payment of either a fee or an override or commission is not the determining factor when making a recommendation. Clients are under no obligation to purchase products or services recommended by the IAR or through the IAR or otherwise through MMI, Foliofn, or NEXT.

Please feel free to call your IAR with any questions at any time.

## **Item 5 Account Requirements and Types of Clients**

### **5-A ACCOUNT REQUIREMENTS**

The minimum account size is \$50,000.

#### **Custodian-**

The Client will be required to open and maintain an account at Foliofn, as custodian and clearing firm.

#### **Payment of N\*STAR Fees-**

All N\*STAR advisory fees will be directly debited from the Client account held by Foliofn as the Custodian on a monthly basis, in arrears. The Client fee is an all-inclusive fee which covers account management, brokerage, clearing, custody and most administrative services. Please refer to Foliofn Fee schedule for exceptions.

A Client may withdraw their authorization (contained in the program advisory agreement) for direct debiting at any time. A Client should understand that if they elect to withdraw this authorization, MMI will terminate the agreement under the program.

The Client may terminate an N\*STAR/Foliofn agreement within five business days after the date when all parties have signed the agreement without penalty. After this five-day period, either party may terminate the agreement upon 30 days written notice to the other.

### **5-B TYPES OF CLIENTS**

Clients include Individuals, High Net Worth Individuals, Pension and Profit sharing plans, Corporations or Business entities, Trusts, Estates, Foundations or Charitable organizations.

**Item 6 Portfolio Manager Selection and Evaluation**

MMI has an Investment Committee. The Chief Portfolio Manager (“CPM”) for N\*STAR is R. Randall Fielder. Committee participants are Teresa Jensen White and Randy Reinagel. Additional managers and participants may be added over time. MMI will review the performance of the portfolio manager(s) and make changes or substitutions by committee majority rule.

**Program Description**

**N\*STAR** is a wrap program designed to provide investment advisory services to the client by an MMI IAR through a Foliofn Advisor Institutional Agreement. A portion of the fee is the Foliofn brokerage, clearing, custody and administrative fee and a portion is the advisory fee shared among, MMI, and the IAR for the respective services of each, and NEXT for supervision of these activities. Prior to investing, clients should ensure that they understand and agree with the investment strategy used by N\*STAR.

**Methods of Analysis**

The Portfolio Manager(s) consult a variety of sources from which they obtain information and data concerning securities, which they use to formulate their investment strategies. The main information sources include but are not limited to:

- Financial newspapers and magazines;
- Inspections of corporate activities;
- Research materials prepared by others;
- Timing services;
- Annual reports, prospectuses, filings with the SEC; and/or
- Company press releases.

They may use charting, fundamental and/or technical analysis methods to formulate security selection and trading activity. Clients are advised to become familiar with the sources of information used by their IAR and to ask any questions that they may have regarding those information sources.

**Investment Strategies**

Investment strategies used by N\*STAR may include, but are not limited to:

- Long term purchases;
- Short term purchases;
- Trading;
- Short sales;
- Margin transactions; and
- Options

**Suitability**

Each IAR determines the suitability of the Foliofn account(s) for their particular clients. The Income model is a Moderate risk option and the Growth model is an Aggressive risk option.

Clients are encouraged to communicate freely with their IAR regarding the suitability of the N\*STAR models, in combination with other financial assets they may own.

**Reporting**

Foliofn is a third party broker/dealer and Custodian and is not affiliated with MMI or NEXT. Reports will be provided by email notification informing clients that reports or confirmations are available for online viewing, on at least a quarterly basis. Clients will set user names and passwords for electronic access and have the responsibility to keep this information current. Foliofn prepares reports utilizing industry standard, regulatory compliant software. MMI will rely on the accuracy of the custodian’s reports for investment performance and tax results.

Item 7 *Client* Information Provided to Portfolio Managers

**Item 7 Client Information Provided to Portfolio Managers**

The IAR will gather relevant information from the client such as the client's income, assets and liabilities, risk tolerance, investment objectives and other information and will maintain updated information as it is supplied by the client, and required by industry rules and regulations.

It is important that clients notify their IAR quickly when changes to their financial situation, objectives, or other personal information occur, so that the IAR may make adjustments to their management of the client's portfolio if necessary.

Procedures to open an account include identity verification via a photo ID, OFAC report, name, address, date of birth, taxpayer identification number, trading authority documentation for Trusts, Business Entities or foundations, as applicable.

Clients expressly give consent for federal and state regulators to access your customer account information for audit and review purposes.

MMI, Foliofn, NEXT and Pershing, LLC (Custodian for NEXT) each have Privacy policies regarding treatment of confidential client information. Named firms also have Business Continuity Plans. This information can be accessed at each firm's respective website or by calling clients IAR.

Item 8 *Client* Contact with Portfolio Managers

**Item 8 Client Contact with Portfolio Managers**

Clients are encouraged to communicate freely with their IAR's regarding any issues concerning their financial matters.

Questions about the N\*STAR account services, fees and expenses, risk of loss, potential for return, and how the program aligns with client's other assets should be directed first to client's Advisor (IAR).

Specific questions concerning trading philosophy, security selection, trading decisions, timing of purchases and sales, and reporting of results may be directed to the N\*STAR Chief Portfolio Manager at [portmgr@moneymanagersinctx.com](mailto:portmgr@moneymanagersinctx.com) or [mail@moneymanagersinctx.com](mailto:mail@moneymanagersinctx.com) or by calling 210-349-9494.

## Item 9 Additional Information

**Item 9 Additional Information****Performance-Based Fees**

Advisory fees that are based upon a share of capital gains or capital appreciation of assets of an advisory client are commonly referred to as “performance-based fees.” MMI does not permit IARs to accept performance-based fees.

**Voting Client Securities**

MMI or its IARs will not take any action or give any advice with respect to voting of proxies solicited by, or with respect to, the issuers of securities in which the client’s assets may be invested. Generally, all proxy materials will be electronically delivered to the client’s custody account at Foliofn and can be accessed at [www.folioclient.com](http://www.folioclient.com). All proxy related materials received directly by MMI or its IARs will be forwarded to the client for direct action, and the client understands and agrees that the client retains the right to vote all proxies which are solicited for securities held in the investment advisory account.

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

MMI has adopted a Code of Ethics (“Code”), the full text of which is available to clients and prospective clients upon request. MMI has several goals in adopting this Code. First, MMI desires to comply with all applicable laws and regulations governing its practice. The management of MMI has determined to set forth guidelines for professional standards, under which all associated persons of MMI (IARs) are to conduct themselves. MMI has set high standards, the intention of which is to protect client interests at all times and to demonstrate its commitment to its fiduciary duties of honesty, good faith and fair dealing with clients.

**Participation or Interest in Client Transactions**

Independent IARs affiliated with MMI and/or NEXT offer services outside of NEXT, may also receive fees or commissions for underlying investments whether sold through NEXT or through another broker/dealer. Some IARs of NEXT may invest in the same securities that they sell/recommend to clients. They may also make their purchases for their own accounts at or about the same time as the purchases/sales are made in client accounts. This presents a potential conflict of interest, because IARs may be tempted to place their trades before their clients. IARs are required to act in the best interests of their clients at all times. MMI’s process for addressing these conflicts is addressed under the “Personal Trading” section below.

**Personal Trading**

IARs associated with the MMI may buy, sell, or recommend investment products identical to those purchased, sold or recommended to clients for their personal account(s). It is the express policy of MMI/N\*STAR/ and of Foliofn that clients will receive the best execution price for the same side of the transaction on the same trading day. This investment policy has been established recognizing that some securities being considered for purchase and/or sale on behalf of MMI’s clients trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities.

Under certain circumstances, exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with N\*STAR’s records in the manner set forth above. This policy may not apply to certain types of securities, such as obligations of the U.S. Government, and shares in open-end mutual funds. Open-end mutual funds are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds by IARs are not likely to have an impact on the prices of the fund shares in which clients invest.

### **Client Referrals and Other Compensation**

#### **Revenue Sharing**

MMI does not pay nor does it allow its IARs to receive any monetary compensation from Product Sponsors in the form of bonuses or incentives either as an inducement to sell or recommend any service or product. MMI's IAR may receive Sponsor support or contributions for certain marketing efforts, such as client appreciation, education or seminar events. Any such compensation will be paid through and supervised by NEXT.

MMI does not directly or indirectly compensate any person or firm for referrals at this time.

If, and when, "Solicitor's" are utilized, appropriate written agreements and disclosures will be made, under the supervision of NEXT.

#### **Broker/Dealers**

##### **About Foliofn Investments, Inc**

Foliofn, is registered as a full service general securities broker/dealer and a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"), and is a member of the Securities Investor Protection Corporation ("SIPC"). Information concerning coverage provided by SIPC for client accounts is available at the SIPC website [www.sipc.org](http://www.sipc.org).

In addition, Foliofn has purchased additional securities protection from London insurers with an aggregate limit of \$50 million, further limited to a combined return to any customer from SIPC and insurers of \$10 million each.

Some cash deposits in accounts are not covered by SIPC, but rather are covered by Foliofn's Insured Deposit Cash Sweep Account ("IDCSA") program through one or more deposit accounts with banks, and such funds are covered under the Federal Deposit Insurance Corporation ("FDIC"). Information concerning that coverage may be referenced at [www.fdic.gov/deposits/deposits/index.html](http://www.fdic.gov/deposits/deposits/index.html).

This coverage is subject to change and does not protect against loss of the market value of securities. Foliofn was founded in 1999 by Steven Wallman, a former commissioner of the U.S. Securities and Exchange Commission widely recognized for advocacy on behalf of investors. Mr. Wallman gained a unique perspective on Wall Street during his years as a Commissioner of the SEC. He saw first-hand how the needs of many investors were not being fully met by existing financial institutions and existing financial investment vehicles. Folio Institutional was founded, in part, to provide advisors and other professionals the tools they need to deliver better solutions to their clients. Additional information about Foliofn is available to Advisors on the website <https://www.folioinstitutional.com>, and to Clients on the website at [www.folioclient.com](http://www.folioclient.com).

##### **About NEXT Financial Group, Inc.**

IARs of MMI that are permitted to offer the N\*STAR program are also Registered Persons affiliated with NEXT Financial Group, Inc. ("NEXT"). NEXT is a dually registered Broker/dealer and an SEC Registered Investment Adviser, and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"), and is a member of the Securities Investor Protection Corporation ("SIPC"). Information concerning coverage provided by SIPC for client accounts is available at the SIPC website [www.sipc.org](http://www.sipc.org).

NEXT has implemented supervisory procedures to review transactions and note exceptions that may require further inquiry.

On an annual basis, NEXT audits all Offices of Supervisory Jurisdiction. During this Branch Office Examination, a sampling of accounts and/or transactions is reviewed by the auditor. Any discrepancies identified may trigger additional reviews of client accounts, during which NEXT may request that IARs supply information concerning their clients' accounts and/or portfolios.

Additional information about NEXT may be found at [www.nextfinancial.com](http://www.nextfinancial.com).

##### **About MMI's Financial Condition**

There are no financial conditions that will reasonably impair MMI's ability to meet contractual commitments to its clients. MMI has never been the subject of a bankruptcy proceeding.

Item 10      Requirements for State-Registered Advisers

**Item 10 Requirements for State Registered Advisers**

State regulators require reporting of disciplinary history. No disciplinary reporting is required as the date of this filing.

Please reference the firm's *Form 2-B Brochure Supplement(s)* for disclosure of any disciplinary history of IARs. For additional information about MMI's services, compensation, and other details, please refer to the firm's *Form ADV 2-A Firm Brochure*.

Teresa Jensen White owns 100% of the stock in MMI.

MMI may be required to transition to filing with State regulators by June 28, 2012.