

Item 1

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

# James F. Maino, RIC, Inc.

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4/25/2012

This brochure provides information about the qualifications and business practices of James F. Maino, RIC, Inc. If you have any questions about the contents of this brochure, please contact us at 805-627-1600 or [lisa@jfmaino.com](mailto:lisa@jfmaino.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 James F. Maino, RIC, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 104980.

## Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. A Firm Brochure, dated 1/15/2011, was our new disclosure document prepared according to the SEC's new requirements and rules, which was a narrative that is substantially different in form and content, and included some new information that we were not previously required to disclose.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

As of the date of this updated brochure, 4/25/2012, there were no material changes in our information other than assets under management.

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## Item 4 ADVISORY BUSINESS

James F. Maino, RIC, Inc. (JFMRIC) is a SEC-registered investment adviser with its principal place of business located in California. James F. Maino, RIC, Inc. began conducting business in 1973.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

**James F. Maino, President**

**Lisa E Kilburn-Maino, VP, CCO**

James F. Maino, RIC, Inc. offers the following advisory services to our clients:

### **INVESTMENT SUPERVISORY SERVICES ("ISS")**

#### **INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following Securities:

- ☐ Exchange-listed securities
- ☐ Securities traded over-the-counter
- ☐ Foreign issuers
- ☐ Warrants
- ☐ Corporate debt securities (other than commercial paper)
- ☐ Commercial paper
- ☐ Certificates of deposit
- ☐ Municipal securities
- ☐ United States governmental securities
- ☐ Options contracts on securities
- ☐ Interests in partnerships investing in real estate
- ☐ Interests in partnerships investing in oil and gas interests
- ☐ Interests in partnerships investing in other items

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

Our firm provides non-continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once the client's portfolio has been established, we review the portfolio quarterly, and if necessary, rebalance the portfolio on an annual basis, based on the client's individual needs. Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- ☐ Exchange-listed securities
- ☐ Securities traded over-the-counter
- ☐ Foreign issuers
- ☐ Warrants ☐ Commercial paper
- ☐ Certificates of deposit
- ☐ Municipal securities
- ☐ Mutual fund shares
- ☐ United States governmental securities
- ☐ Options contracts on securities
- ☐ Interests in partnerships investing in real estate
- ☐ Interests in partnerships investing in oil and gas interests
- ☐ Interests in partnerships investing in other

Because some types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

#### **AMOUNT OF MANAGED ASSETS**

As of 12/31/2011, we were actively managing \$93,289,347 of clients' assets on a discretionary basis plus \$122,457 of clients' assets on a non-discretionary basis.

### **Item 5 Fees and Compensation**

#### **INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT FEES**

Our annual fees for Investment Supervisory Services are based upon a percentage of assets under management and generally range from .25% to 1.10%. The annualized fee for Investment Supervisory Services will be charged as a percentage of assets under management, according to the following

schedule:

## SCHEDULE OF FEES

**Full Asset Management** = billed on a percentage of assets under management basis for those accounts under “continuous” supervision.

**Consultative (Non-Supervisory)** = JFM may occasionally offer non-supervisory consultation services that are billed on an hourly basis of **\$250 per hour for Advisor** time and **\$125 per hour for staff** time. This type of Client is responsible for calling JFM on an “as needed basis” and Clients in this category are fully responsible for maintaining all records and statements. ***This type of account is not being actively sought at this time.***

**Full Asset Management** services are for those clients whose accounts require “continuous” supervision and for which JFM assumes the responsibility of closely monitoring and making changes when any given asset or the economic outlook would dictate such a change in client holdings. Asset allocation and trading discretion is subject to a generally agreed upon outline or philosophy. Fully managed accounts receive quarterly performance reports and account reconciliations and all services are included in the percentage fee charged to the account. Fully managed accounts are billed quarterly, in arrears, on a percentage of assets under management as detailed below.

**(Fees may be negotiable for accounts over \$10,000,000)**

JFM attempts to explore all facets of any given client’s financial picture before rendering advice. Such information includes but is not limited to: insurance, estate planning, business requirements, current investments as well as assistance in developing the client’s financial goals while assessing client’s ability to assume risk. JFM also seeks to coordinate his efforts with those of client’s attorney, accountant, insurance agent and/or other professional advisors, upon written permission from the Client. From time to time, JFM may also offer general advice on real estate, tax matters or estate planning but does not, in any way, hold himself out to be a professional in these areas.

### FULL ASSET MANAGEMENT FEE SCHEDULE

Assets Under Management	% Per Year	Fee Per Month
CASH	0.25%	.020833
MUTUAL FUNDS	0.40%	.033333
FIXED INCOME	0.65%	.054166
MORTGAGED BACKED	0.75%	.062500
EQUITIES	1.10%	.091666

**(Fees may be negotiable for accounts over \$10,000,000)**

**Full Asset Management** accounts are billed on a quarterly basis in arrears. A fee for fully managed accounts also prorates charges for funds into or out of the account during any given period. Fees for fully managed accounts are based on a percentage of assets under management and do include any specific “performance based” fees or incentives. Fees are “all inclusive”; i.e. all services are included in the quarterly percentage fee. For these accounts, the fee schedule mentioned above applies and each account falling into this category is subject to a minimum monthly fee of \$250. “Families” of accounts

can be combined, if requested, and a pro-rata portion of this combined bill will then be charged to each individual account. A “family” of accounts includes a maximum of three accounts; each additional account is subject to an additional \$500 minimum annual fee. Fees will be automatically deducted from the Clients’ Schwab account(s) for all non-IRA/ERISA accounts unless otherwise requested by Client.

Lower fees for comparable services may be available from other sources. JFM encourages prospective clients to compare fees of other registered investment advisors to determine the reasonableness of JFM’s fees.

In addition, while our custodian, Charles Schwab & Co., Inc., treats closed-end mutual funds as “equities”, JFM considers closed-end funds as “mutual funds” and bills them at the lower .40% annual rate.

Types of clients include: Individuals, Trusts/Estates, Pension/Profit Sharing Plans and Corporations.

***Limited Negotiability of Advisory Fees:*** Although James F. Maino, RIC, Inc. has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee. Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

## GENERAL INFORMATION

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account before the end of a given billing period, we will invoice the departing client for fees based on the number of days in the quarter for which funds were under management on a pro-rated basis.

***Mutual Fund Fees:*** All fees paid to James F. Maino, RIC, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or EFTs to their shareholders. These fees and expenses are described in each fund’s prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client’s financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. Charles Schwab & Co., Inc. considers closed-end mutual funds as “equities” while we consider them as “mutual funds” and bill them at the lower .40% rate. Also, since we work for our Clients and not any mutual fund sponsor, we usually try to buy no-load funds or those with lower expense ratios.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any

transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Grandfathering of Minimum Account Requirements:*** Pre-existing advisory clients are subject to James F. Maino, RIC, Inc.'s minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

***ERISA Accounts:*** James F. Maino, RIC, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, James F. Maino, RIC, Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset James F. Maino, RIC, Inc.'s advisory fees.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** We bill in arrears and under no circumstances do we require or solicit payment of fees in excess of \$500 more than six months in advance of services rendered.

James F. Maino, RIC, Inc. does not charge performance-based fees.

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

James F. Maino, RIC, Inc. does not charge performance-based fees nor engage in side-by-side management.

## Item 7 Types of Clients

James F. Maino, RIC, Inc. provides advisory services to the following types of clients:

- ☐ Individuals (other than high net worth individuals)
- ☐ High net worth individuals
- ☐ Pension and profit sharing plans (other than plan participants)
- ☐ Charitable organizations



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

### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

*Charting.* In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse.

*Fundamental Analysis.* We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

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 stock.

*Technical Analysis.* We analyze past market movements and apply that analysis to the predict future price movement.

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 regardless of market movement.

*Quantitative Analysis.* We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

*Qualitative Analysis.* We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data. A risk is using qualitative analysis is that our subjective judgment may prove incorrect.

*Risks for all forms of analysis.* Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

*Long-term purchases.* We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

We believe the securities to be currently undervalued, and/or

We want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

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

*Trading.* We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

*Margin transactions.* We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

*Option writing.* We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

A **call** gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.

A **put** gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

*Risk of Loss.* Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

## **Item 9 Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

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

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. James F. Maino, RIC, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

James F. Maino, RIC, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [lisa@jfmmaino.com](mailto:lisa@jfmmaino.com), or by calling us at 805-627-1600.

James F. Maino, RIC, Inc. or individuals associated with our firm may buy securities for the firm or for themselves from our advisory clients; or sell securities owned by the firm or the individual(s) to our advisory clients. We will ensure, however, that such transactions are conducted in compliance with all the provisions under Section 206(3) of the Advisers Act governing principal transactions to advisory clients.

James F. Maino, RIC, Inc. may, at times, effect an agency cross transaction for an advisory client, provided that the transaction is consistent with our firm's fiduciary duty to the client and that all requirements outlined in Sec. 206(3)-2 of the Investment Advisers Act of 1940 are met. An Agency cross transaction is a transaction in which James F. Maino, RIC, INC. acts as an investment adviser and broker-dealer for an advisory client and another person on the other side of the transaction.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be excluded in the pro-rata allocation, since all client accounts are filled first.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.

4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
8. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
9. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
10. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
11. Any individual who violates any of the above restrictions may be subject to termination.

## Item 12 Brokerage Practices

For discretionary clients, James F. Maino, RIC, Inc. requires these clients to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these clients for these transactions.

James F. Maino, RIC, Inc. will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. James F. Maino, RIC, Inc. will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. James F. Maino, RIC, Inc.'s block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with James F. Maino, RIC, Inc., or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or

sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.

- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable James F. Maino, RIC, Inc. to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) James F. Maino, RIC, Inc.'s client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on James F. Maino, RIC, Inc.'s records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

James F. Maino, RIC, Inc. may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. James F. Maino, RIC, Inc. is independently owned and operated and not affiliated with Schwab.

Schwab provides James F. Maino, RIC, Inc. with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

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

Schwab Institutional also makes available to our firm other products and services that benefit James F. Maino, RIC, Inc. but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- i. provide access to client account data (such as trade confirmations and account statements);
- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- iii. provide research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and
- v. assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- i. compliance, legal and business consulting;
- ii. publications and conferences on practice management and business succession; and
- iii. access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to James F. Maino, RIC, Inc. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. We may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

## Item 13 Review of Accounts

### INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Elaine Campbell and Lisa Kilburn-Maino

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker-dealer, James F. Maino, RIC, Inc. will provide quarterly reports summarizing account performance, balances and holdings.

## Item 14 Client Referrals and Other Compensation

It is James F. Maino, RIC, Inc.'s policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is James F. Maino, RIC, Inc.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

## Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Our firm does not have actual or constructive custody of client accounts.



## Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- ☐ Determine the security to buy or sell; and/or
- ☐ Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## Item 17 Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, 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. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## Item 18 Financial Information

James F. Maino, RIC, Inc. has no additional no financial circumstances to report. Since we bill in arrears, under no circumstances do we require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

James F. Maino, RIC, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.

## Part 2B of Form ADV: *Brochure Supplement*

### James F. Maino, RIC, Inc.

Mailing Address: PO Box 489, Avila Beach, CA 93424-0489  
Office address: 6621 Bay Laurel Drive, Avila Beach, CA 93424

Telephone: 805-627-1600  
Email: [lisa@jfmaino.com](mailto:lisa@jfmaino.com)

4/25/2012

This brochure supplement provides information on ***James F. Maino*** and supplements our brochure. You should also have received a copy our brochure. If you have not received a copy of our brochure, or have any questions regarding this supplement, please contact us at 805-627-1600 or [lisa@jfmaino.com](mailto:lisa@jfmaino.com).

Additional information about James F. Maino, RIC, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 104980.



# James F. Maino

Principal  
President

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## Item 2 – Educational Background and Business Experience

Year of Birth: 1942

Education: B.A. Economics Stanford University, Stanford, CA

Business Experience: President/Treasurer of James F. Maino, RIC, Inc. 1973 – Present

James Maino is responsible for all investment advice, research and investment decisions.

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## Item 3 – Disciplinary Information

James F. Maino has never had any disciplinary disclosures to be reported.

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## Item 4 – Other Business Activities

James F. Maino is not currently engaged in any investment related business or occupation.

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## Item 5 – Additional Compensation

James F. Maino receives compensation for providing investment advisory services solely from his responsibilities at James F. Maino, RIC, Inc. and from no other source.

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## Item 6 – Supervision

James F. Maino reports directly to James F. Maino, RIC, Inc.'s management committee and chief compliance officer (CCO), Lisa E. Kilburn-Maino. You may contact the CCO at (805) 627-1600.

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## Part 2B of Form ADV: *Brochure Supplement*

### James F. Maino, RIC, Inc.

Mailing Address: PO Box 489, Avila Beach, CA 93424-0489  
Office address: 6621 Bay Laurel Drive, Avila Beach, CA 93424

Telephone: 805-627-1600  
Email: [lisa@jfmaino.com](mailto:lisa@jfmaino.com)

4/25/2012

This brochure supplement provides information on ***Lisa E. Kilburn-Maino*** and supplements our brochure. You should also have received a copy our brochure. If you have not received a copy of our brochure, or have any questions regarding this supplement, please contact us at 805-627-1600 or [lisa@jfmaino.com](mailto:lisa@jfmaino.com).

Additional information about James F. Maino, RIC, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 104980.



## **Lisa E. Kilburn-Maino**

**Principal**

**Vice President, Chief Compliance Officer, Secretary**

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### **Item 2 – Educational Background and Business Experience**

Year of Birth: 1957

Education: B.A. English University of CA at Los Angeles (UCLA), Los Angeles, CA

Business Experience:

Assistant Office Manager at Kidder, Peabody and Co., Los Angeles, CA	1979 - 1981
Director of Administration for Tukman Capital Management, Inc. Larkspur, CA	1981 - 1991
Vice President/Chief Compliance Officer for James F. Maino, RIC, Inc., Avila Beach, CA	1991 - Present

Lisa E. Kilburn-Maino is responsible for administration, computer systems and compliance. While she has online access to client accounts, she has no discretionary authority over client assets nor formulates any investment decisions or advice.

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### **Item 3 – Disciplinary Information**

Lisa E. Kilburn-Maino has never had any disciplinary disclosures to be reported.

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### **Item 4 – Other Business Activities**

Lisa E. Kilburn-Maino is not currently engaged in any investment related business or occupation.

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### **Item 5 – Additional Compensation**

Lisa E. Kilburn-Maino receives compensation for providing investment advisory services solely from his responsibilities at James F. Maino, RIC, Inc. and from no other source.

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### **Item 6 – Supervision**

Lisa E. Kilburn-Maino reports directly to James F. Maino, RIC, Inc.'s management committee and President, James F. Maino. You may contact James F. Maino at (805) 627-1600.

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