

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

Item 1 – Cover Page

The date of this brochure: March 21, 2012

**Brown and Brown Financial Services, Inc.
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Dallas, Texas 75206
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Fax (214) 696-1877**

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Web site address is <http://www.BBFSI.net>**

This Brochure provides information about the qualifications and business practices of Brown and Brown Financial Services, Inc. If you have any questions about the contents of this Brochure, please contact us at (214) 696-1768. 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.

Brown and Brown Financial Services, Inc. is an independently owned investment advisory firm located in Dallas, Texas, primarily, serving the management needs of individuals, individual retirement plans, businesses, business retirement plans, and trusts.

Each client portfolio is established with an independent broker dealer or mutual fund custodian, in the client's name, and managed on an individual and discretionary basis. The procedure is approved in writing by the client.

Brown & Brown Financial Services, Inc. does not act as custodian for any client assets. All assets are held by independent qualified custodians.

The firm provides investment management services and it is compensated by asset based and / or negotiated hourly fees. It is allowed to conduct its business because it is registered as a registered investment advisory firm. Registration of an investment advisor does not imply any level of skill or training. The oral and written communications of an Advisor provides one with information which may be used by one to determine to hire or retain an Advisor.

The firm's President and Chief Executive Officer is Colon Brown Jr.

Additional information about Brown and Brown Financial Services, Inc. is available on the SEC's website at:

[http://www.adviserinfo.sec.gov/\(S\(hk1t4xx5zd0xhlnirffy4bjs\)\)/IAPD/Content/Search/iapd_Search.asp](http://www.adviserinfo.sec.gov/(S(hk1t4xx5zd0xhlnirffy4bjs))/IAPD/Content/Search/iapd_Search.asp)

Additional information about John Colon Brown Jr. is available on SEC's website at:

[http://www.adviserinfo.sec.gov/\(S\(hk1t4xx5zd0xhlnirffy4bjs\)\)/IAPD/Content/Search/iapd_Search.asp](http://www.adviserinfo.sec.gov/(S(hk1t4xx5zd0xhlnirffy4bjs))/IAPD/Content/Search/iapd_Search.asp)

Item 2 – Material Changes

There has been no material change in the Firm's business since the Firm published its last brochure Form ADV Part IIa dated March 31, 2011.

We provide information about our qualifications and business practices to clients through an updated Form ADV IIa Brochure on, at least, an annual basis by June 30th of each year.

Pursuant to SEC and state securities board 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 the business' fiscal year. We may further provide other ongoing disclosure information about material changes, as necessary.

We will provide you with a new Brochure, as necessary, based on changes or new material information, at any time, without charge.

Currently, our Brochure may be requested by contacting Colon Brown Jr., the firm's Principal Officer, at (214) 696-1768.

The SEC's web site also provides information about any persons affiliated with Brown and Brown Financial Services, Inc. who are registered, or are required to be registered, as investment adviser representatives of Brown and Brown Financial Services, Inc.

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Item 4 – Advisory Business

Brown and Brown Financial Services, Inc. is located in Dallas, Texas and has been providing investment management services since 1984. The Firm's principal owner is Colon Brown Jr. who owns 100% of the issued common stock.

Generally, the Firm's goal is to seek wealth preservation, accumulation, and / or investment income for clients by constructing personalized investment portfolios. Each client's portfolio is designed to assist individuals to achieve their long-term financial objectives.

Client assets are managed on a discretionary basis. As of December 31, 2011, the total Firm managed account assets were \$74,856,934 representing 32 client relationships and 118 client accounts.

The Firm does not offer nor participate in wrap fee programs.

The firm does not offer tax and legal advice on any topics to clients. Clients are encouraged to consult with their accountants and attorneys on tax and legal matters.

Item 5 – Fees and Compensation

Investment Management Fee Schedule

Investment management fees are applicable to the total market value of the client's portfolio, unless certain positions are exempted, on the last business day of the calendar quarter. The fees are invoiced quarterly, in advance, in the month following the calendar quarter. The fees are based on a 360 day year.

The annual investment management fee applicable for Pooled Investments, such as Mutual Funds, together with taxable and non-taxable Fixed Income Instruments, including cash and margin, is .7% per annum.

Under certain conditions, if Brown & Brown Securities, Inc., an affiliate of applicant, is selected by the client as the implementing broker dealer, receives a portion of mutual fund commissions on transactions for advisory accounts, such commissions, together with any 12b1 service fees earned and are identifiable, are credited against management fees earned by Brown & Brown Financial Services, Inc.

12b-1 fees earned by Brown & Brown Securities, Inc. on money market sweep accounts are specifically exempted from this policy as they are not identifiable by account.

The annual investment management fee applicable for Individual Securities, such as Stocks and Covered Options is 1% per annum.

The firm's minimum annual investment management fee is \$5,000.

Notwithstanding the above, investment management fees are negotiable.

Investment Consulting Services Fee Schedule

The firm will provide the following Investment Consulting Services.

- A. Quarterly portfolio valuation and portfolio performance measurement reports.
Fee: \$75/quarter per account.
- B. Personalized investment consulting, preparation of an Investment Policy Memorandum and suggestions for implementation.
Fee: \$180 per hour; Minimum fee: \$720
- C. Investment "coaching" portfolio analysis, research and reviews.
Fee: \$180 per hour; Minimum Fee \$720
- D. Portfolio Consulting Service
Fee: \$180 per hour; Minimum \$1,250 per quarter retainer
- E. Customized Consulting Services.
Fee: \$180 per hour

Notwithstanding the above, fees for investment consulting services are negotiable.

Additional Costs

In addition to investment management fees, the client is responsible for payment of broker dealer transaction charges and miscellaneous fees such as postage, for the purchase or sale of individual securities and account maintenance.

If Brown & Brown Securities, Inc. is selected as the implementing broker dealer, the client is responsible for payment of discounted transaction charges and miscellaneous fees such as postage, for the purchase or sale of individual securities.

These charges are similar to those of a leading US discount brokerage firm for personalized, non-internet transaction processing.

Clients may find these charges to be lower or higher than those offered by other broker dealers.

The Firm does not receive any "soft dollar" compensation for any service or research. The Firm pays for all services or research it utilizes.

The investment management fees are generally deducted from the client's account as authorized, in writing, by each client. The custodian and client are provided invoices, simultaneously.

If a Client selects Brown & Brown Securities, Inc. as the implementing broker dealer and Southwest Securities, Inc. as the custodian broker dealer, there may be a conflict of interest since Brown & Brown Securities, Inc. may receive a commission when executing the purchase or sale of securities.

In the Firm's opinion, the modest amount of commissions earned by Brown & Brown Securities, Inc. does not impair the Client's investment performance nor present a material conflict of interest as portfolios are not actively traded.

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

Brown and Brown Financial Services, Inc. does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). The firm, therefore, does not produce side-by-side performance comparison documents.

Item 7 – Types of Clients

Brown and Brown Financial Services, Inc. provides investment management services, primarily, to serve the needs of individuals, individual retirement plans, businesses, business retirement plans, and trusts.

The Firm does not have a formal minimum asset size requirement; however, the Firm may decline accounts based on size or when the potential customer's objectives are not consistent with the Firm's investment management philosophy.

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

Generally, the Firm's primary investment objectives are; preservation of principal and accumulation of wealth (through capital appreciation and income generation). The client's objective(s) are memorialized in the Investment Policy Memorandum (IPM) which is authorized by the client prior to implementation of the management process.

The Firm strives to achieve Clients' objectives by adhering to three investment disciplines:

- 1) defining a suitable asset allocation between common stocks and fixed income obligations;
- 2) restricting our investments to a universe of high quality liquid instruments and
- 3) employing tactical asset allocation to take advantage of temporary pricing anomalies.

The Firm's security analysis methods include Fundamental and Technical analysis.

The Firm's source of information may include financial newspapers and magazines, research material prepared by other firms, rating services, annual reports, prospectuses, regulatory filings with the Securities and Exchange Commission, company press releases, and information provided to regulatory authorities.

Investment strategies used by the firm are based upon long term traditional asset allocation. Investment tactics may include long positions, short sales, margin transactions, covered option writing, and purchases or sales of listed options.

The Firm does not attempt to time or guess market direction. It does employ certain disciplines in an attempt to gauge market risk when deciding the time frame over which to invest client assets.

The stocks and fixed income obligations selected by the Firm are researched and monitored. The common stock universe is generally restricted to high quality, large capitalized companies which pay a dividend and have a history of raising dividends. The fixed income universe is restricted to investment grade debt which offers a competitive market rate.

The Firm suggests that each client accept and understand that making any financial investment involves risk and despite the Firm's efforts, the Firm cannot insure that market value declines will not occur.

The investments and investment strategy utilized by the firm involve risks which are consistent with the general risk of investing in financial assets.

The firm's primary strategy does not involve frequent trading of securities, under normal market conditions.

The firm does not employ or recommend a particular type of security

Item 9 – Disciplinary Information

Neither the Brown & Brown Financial Services, Inc. nor its President and CEO, John Colon Brown Jr. nor any adviser representative have any disciplinary disclosure events.

Disclosure events are the following:

A. A criminal or civil action in a domestic, foreign, or military court of competent jurisdiction involving the firm or a *management person*.

B. An administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* involving the firm or a *management person*.

C. A *self-regulatory organization (SRO) proceeding* involving the firm or a *management person*.

D. A Bankruptcy Petition.

Item 10 – Other Financial Industry Activities and Affiliations

The firm's President and CEO, John Colon Brown Jr., is registered as a general securities registered representative, general securities principal, option principal, and municipal principal with Brown & Brown Securities, Inc., a broker dealer and a corporate insurance agency.

Neither the firm nor John Colon Brown Jr. are commodity registered or have an application pending related to commodities.

The firm also has a relationship with Carolyn A. Brown, attorney, to provide consulting on business matters.

The firm does not recommend or select other investment advisors.

Item 11 – Code of Ethics

Brown and Brown Financial Services, Inc. has adopted a Code of Ethics that sets forth a standard of business conduct required of all supervised employees. The Code recognizes the Firm's fiduciary responsibility to its clients and required compliance with securities laws.

All supervised persons at Brown and Brown Financial Services, Inc. must acknowledge the terms of the Code of Ethics.

The Firm and its employees may purchase and sell the same securities which clients may own. The Firm's Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Brown and Brown Financial Services, Inc. will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions. Additionally, no transaction is of sufficient quantity to affect the bid or ask price or net asset value and, therefore, disadvantage a client.

Neither the Firm nor its supervised persons have a material financial interest in any security.

Brown and Brown Financial Services, Inc. has a fiduciary duty to its clients. The Firm's Code of Ethics involves the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

Brown and Brown Financial Services, Inc.'s clients or prospective clients may request a copy of the Firm's Code of Ethics by contacting the Firm at (214) 696-1768.

Item 12 - Brokerage Practices

Where possible, transactions for clients are executed on an agency basis so the cost of the transaction is disclosed.

If Brown & Brown Securities, Inc. is selected by the client as the implementing broker dealer, it may receive a portion of mutual fund commissions on transactions for advisory accounts. Such commissions, together with any identifiable 12b-1 service fees earned, are credited against management fees charged by Brown & Brown Financial Services, Inc.

The firm has no soft dollar arrangements and it purchases its own research.

The firm does not direct nor route any client transactions nor does it receive any soft dollar benefit.

The firm does not permit its clients to direct or route client transaction orders.

The firm has no referral arrangements with any individual or broker dealer. All client transactions receive Best Execution.

Item 13 – Review of Accounts

Accounts are reviewed not less than quarterly. Reviews are triggered by production of calendar quarter reports. All recommended positions are, frequently, reviewed as all positions are monitored as to change in value. Notice to the firm, by the client, of a change in financial circumstances or investment goals may trigger an Individual account review. Overall reviews are triggered by such things as fluctuation in market prices, economic, political and / or technical developments and significant changes in interest rate trends. The firm's President is the reviewer for no more than 100 relationships.

Brown & Brown Financial Services, Inc. clients may receive an account statement monthly, if there are any account transactions, but no less than quarterly, if there are no transactions.

The statements are produced by the custodian and they are delivered directly to the client.

Quarterly, in the month following the calendar quarter, the client receives a Firm-produced report which reflects portfolio assets and historical account performance from inception and for the most recent two year period.

The statements and Firm reports are in written format.

Each client is encouraged to review, for accuracy, all statements, transaction confirmations, documents, and reports received from the custodians, or reports received from the firm.

Item 14 – Client Referrals and Other Compensation

No person or entity provides an economic benefit to the Firm or any employee. The Firm does not compensate any non-employee for client referrals.

Item 15 – Custody

A qualified custodian holds all client cash and securities and executes all client transactions. Brown & Brown Financial Services, Inc. does not hold any client cash or securities.

The qualified custodian prepares and sends account statements not less frequently than quarterly. Daily trade confirmations, and other documents, are sent directly, to each client.

Brown & Brown Financial Services, Inc. does not produce any statements. It does, however deliver quarterly investment management reports which it develops in house in written format.

Clients are encouraged to compare firm reports with statements received from the custodian and to bring any anomalies to the firm's attention.

Item 16 – Investment Discretion

Brown and Brown Financial Services, Inc. usually receives discretionary authority from the client, at the time the advisory relationship is established, to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

Discretionary authority is provided in the Investment Advisory Agreement, which is executed, in writing, by the client.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, Brown and Brown Financial Services, Inc. does not vote proxies on behalf of advisory clients. Proxies are delivered directly to the client by the custodian and the client retains the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

When requested by the client, the Firm may provide advice regarding the clients' voting of proxies.

Item 18 – Financial Information

Brown and Brown Financial Services, Inc. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

Item 19 – Requirements for State-Registered Advisers

Neither Brown & Brown Financial Services, Inc. nor any associate is compensated for advisory services with performance-based fees. Neither Brown & Brown Financial Services, Inc. nor associate has any relationship with any issuer of securities.

Neither Brown & Brown Financial Services, Inc. nor any firm associate has any disciplinary disclosure events. You may view more information about firm and its adviser associates by visiting the SEC adviser web site at:

[http://www.adviserinfo.sec.gov/\(S\(hk1t4xx5zd0xhlnirffy4bjs\)\)/IAPD/Content/Search/iapd_Search.asp](http://www.adviserinfo.sec.gov/(S(hk1t4xx5zd0xhlnirffy4bjs))/IAPD/Content/Search/iapd_Search.asp)

Brown & Brown Financial Services, Inc.'s principal executive officer, supervised person, and management person, is John Colon Brown Jr.

Education: Stanford University - BA, Liberal Arts

Experience:

1984 to Present

President and Chief Executive Officer of Brown & Brown Financial Services, Inc.

1984 to Present

President and Chief Executive Officer of Brown & Brown Securities, Inc.

A Brown & Brown Financial Services, Inc.'s supervised person is Guy U. Griffeth

Education: University of Texas - Bachelors Political Science
Southern Methodist University - MBA

Experience:

01/2010	- Present	Brown and Brown Financials Services, Inc. Title - Business Development
06/2004	- Present	Guy Griffeth Investments Title - President
01/1980	- 05/2004	Garvon, Inc. Title - Vice President

A Brown & Brown Financial Services, Inc.'s supervised person is Alexis L. Brown.

Education: University of Arizona -Major Psychology, Minor Criminal Justice

Experience:

07/2010	- Present	Brown and Brown Securities, Inc. Investment Registered Representative
03/2010	-Present	Brown and Brown Financial Services, Inc. Financial Adviser
03/2010	-07/2010	Brown and Brown Financial Services, Inc. Associate
03/2010	-03/2010	Wells Fargo Advisors, LLC Registered Representative
10/2009	-03/2010	Merrill Lynch, Pierce, Fenner, and Smith Inc. Registered Representative
03/2009	-10/2009	Banc of American Investment Services Registered Representative
01/2009	-03/2009	Brown and Brown Securities, Inc. Registered Representative
04/2007	-12/2008	Merrill Lynch, Pierce, Fenner, and Smith Inc. Registered Representative
02/2007	-04/2007	Brown and Brown Securities, Inc. Registered Representative
05/2005	-12/2005	Calvert Distributors, Inc. Registered Representative
12/1999	-7/2005	Brown and Brown Securities, Inc. Registered Representative