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[www.rseelaus.com](http://www.rseelaus.com)

## **Firm Brochure**

(Part 2A of Form ADV)

*This brochure provides information about the qualifications and business practices of the Investment Advisory Services of R. Seelaus & Co Inc. If you have any questions about the contents of this brochure, please contact us at: (908) 273-3011, or by email at: [kpajdak@rseelaus.com](mailto:kpajdak@rseelaus.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 R. Seelaus & Co Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)*

December 31, 2011

## Item 2. Material Changes

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### Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### Material Changes since the Last Update

There have been changes to the Principal Owners (Item 4.) and Disclosures (Item 9) Sections.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC 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 (31 December). We may further provide other ongoing disclosure information about material changes as necessary.

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### Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (908) 273-3011 or by email at: [kpajdak@rseelaus.com](mailto:kpajdak@rseelaus.com). Our brochure is also available on our website at [www.rseelaus.com](http://www.rseelaus.com)

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## **Item 4. Advisory Business**

### **Firm Description**

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Established in 1984 by Richard Seelaus, the firm was initially a municipal bond dealer conducting business with the major trust banks of New York and Chicago. Since this time the company has grown into a full service financial firm meeting the planning and investment needs of high net worth individuals and businesses, while continuing to service major institutions throughout the country. Since 2007 the firm has been dually registered as a Broker Dealer and Investment Advisor with the SEC and can also offer insurance products through its wholly owned subsidiary RSC Financial Products LLC. R. Seelaus & Co. Inc. is a privately held S Corporation with an office located in Summit, New Jersey. In its broker-dealer capacity is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). The company currently has fifty four employees including five administrative staff, thirteen Investment Advisers two of which hold the Certified Financial Planner® designations.

### **Principal Owners**

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R. Seelaus & Co. Inc. is principally owned by Richard Seelaus. Bernard Garruppo, Michael Cornell, Anneliese Seelaus and Karolina Pajdak are voting shareholders of the firm. In addition there are 6 other non-voting interest owners of the firm.

### **Types of Advisory Services**

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R. Seelaus & Co., Inc. currently offers the following types of advisory services:

- Fee Based Brokerage Account
- Asset Advisor Account
- Pathways Wrap Account
- Financial Planning

Our involvement in Wrap Fee Program is limited to recommending the professionally managed program to clients and ensuring that program manager is constantly updated about the client's risk tolerance and specific situation. Pathways is a professionally managed mutual fund advisory program managed by Russell Investments using Russell's multi-manager strategy mutual funds. The Pathways program combines the guidance of Wells Fargo Advisors financial advisor with investment management expertise of Russell Investments into a unique Pathways Blend of portfolios designed to meet individual needs. R. Seelaus & Co., Inc. receives a portion of the wrap fee for its services.

### **Tailored Relationships**

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R. Seelaus & Co., Inc. provides personal financial planning and investment management to individuals, Families and their related entities, trusts, estates and family businesses. R. Seelaus & Co., Inc. works with clients to define financial objectives and to develop strategies for reaching those objectives, some of which may include: identification of financial problems, cash flow and budget management, tax planning, risk exposure review, investment management, education funding, retirement planning,

estate planning, charitable goals, special needs planning, family business succession issues, fringe benefits, and/or other issues specific to the client. From time to time our clients may impose restrictions on investing in certain securities or types of securities and we honor those restrictions as closely as practicable.

### **Managed Assets**

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As of December 31, 2011, R. Seelaus & Co., Inc. managed approximately \$36,340,000 in assets for about 80 accounts or about 45 client households. Approximately \$5,800,000 is managed on a discretionary basis and \$30,540,000 on a non-discretionary basis

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

The specific manner in which fees are charged by R. Seelaus & Co., Inc. is established in a client's written agreement. The fee is negotiable depending on the size of the account. Smaller or very active accounts will be charged more. Larger accounts will be discounted starting 2 million. The basic fee is 1.5% of assets under management paid quarterly in advance. If a client removes an account before the end of the quarter, the unused fee is returned.

Financial Planning is billed at \$250 per hour. Occasionally this fee will be reduced for a long standing client.

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

R. Seelaus & Co., Inc. does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client)

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

R. Seelaus & Co., Inc. provides advisory services to individuals, families, businesses, estates, charitable institutions, pension and profit sharing plans, and other organizations. The minimum assets required to open an investment advisory account is \$100,000. However, we will wave this restriction for related accounts of existing clients who have reached the minimum.

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

Security analysis methods at R. Seelaus & Co., Inc., include fundamental analysis. The main source of information include Morningstar reports, fund prospectuses, S&P reports, Reuters Stock Reports, company press releases, financial newspapers and magazines, research materials prepared by others, filings with the Securities and Exchange Commission, and annual reports. Additionally Municipal Bond research involves direct contact with both the issue and the trustee of the issue. Employees of R. Seelaus & Co., Inc. also attend on- and off-site visits with fund and portfolio managers, conference calls, and industry conferences.

Investment strategy for a specific client is based upon the objectives, income needs, and tax situation stated by the client during consultations. The client may change these objectives at any time.

All investment programs have certain risks that are borne by the investor. Our investment approach keeps the risk of loss in mind. However, as with all investments, clients face investment risks including

the following: Loss of Principal Risk, Interest-rate Risk, Market Risk, Inflation Risk, Currency Risk, Reinvestment Risk, Business Risk, Liquidity Risk, and Financial Risk.

### **Item 9. Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that are material to evaluation of R. Seelaus & Co. Inc. or the integrity of its management. In the last 10 years, the firm and its management have not been involved in any criminal or civil action.

In December of 2010 however, R. Seelaus & Co., Inc., the broker dealer was fined by FINRA \$7500 for violating FINRA Rules in that it failed to record the correct time of trade execution in Trace the reporting and Compliance Engine.

In July of 2011 the broker dealer without admitting or denying the findings of FINRA consented to a \$37,500 fine and \$9671 in client restitutions for violating FINRA Rule 2010, NASD Rule 2440-1 and -2, and MSRB Rules G-8 and G-14.

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

R. Seelaus & Co., Inc. is a dually registered investment advisor and broker dealer. All of the Investment Advisors are also dually registered with the broker dealer. Additionally investment advisors with an insurance license are also insurance agents of RSC Financial Products., a wholly owned insurance subsidiary.

Investment advisory representatives may receive fees or commission from brokerage transaction as well as from insurance transactions in addition to fees earned under financial planning arrangements. It should also be noted that the brokerage compensation represents a significant portion of the overall compensation of R. Seelaus & Co., Inc. and its investment adviser representatives.

We believe that these relationships can cause a conflict of interest in that investment advisers may be in a position to recommend insurance or securities transactions that may be based on the compensation rather than on client needs. R. Seelaus & Co., Inc. mitigates this conflict of interest by requiring that its representatives act as fiduciaries, placing the needs of their clients before their own needs no matter what product they are recommending.

Furthermore, RSC Financial Products requires a suitability analysis performed and approved by a principal for each proposed insurance policy.

With the existence of the brokerage and insurance conflict of interest, clients are hereby advised that no client is obligated to act upon any securities or insurance recommendations of R. Seelaus & Co., Inc. If

the client acts upon any recommendation, the client is under no obligation to effect the transaction through R. Seelaus & Co., Inc. or any affiliates.

### **Item 11. Code of Ethics**

R. Seelaus & Co., Inc. employees are subject to the Firm's Code of Ethics as directed in the Personnel Handbook. The Code of Ethics is adopted for the purpose of instructing personnel in their ethical obligations and to provide rules for their personal security transactions. We owe a duty of loyalty, fairness and good faith towards our clients and the obligation to adhere not only to the specific provisions of the Code but to the general principles that govern the code. The Code of Ethics covers a range of topics that includes: general ethical principles, receipt and giving of gifts, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV, and supervisory procedures. All supervised persons of R. Seelaus & Co., Inc. must acknowledge that they have received and understand Code of Ethics by signing the Personnel Handbook receipt at the beginning of their employment, or as amended thereafter. We will provide a copy of the Code of Ethics to any client or prospective client upon request.

### **Item 12. Brokerage Practices**

Because we are dually registered as an Investment Advisor and Broker- Dealer most clients utilize First Clearing, our clearing agent for custody of their accounts. Stock trades are executed by First Clearing, whereas bond trades are executed internally. All fees and commissions are fully disclosed to the clients.

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

All accounts are reviewed on a Quarterly basis for performance and activity as well as consistency with objectives set forth by the client. In addition, accounts with four or more trades per month are reviewed monthly in an active account review by the firm's principal. Any deviations from client objectives are considered and dealt with in these reviews. Additional account reviews may be performed more

R. Seelaus & Co., Inc. encourages clients to review their monthly or quarterly statements and trade confirmations received. Client has the option to receive paper statements or enroll in online access and delivery through First Clearing Services LLC.

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

R. Seelaus & Co., Inc. has been fortunate to receive many client referrals over the years. The referrals have come from current clients, estate planning attorneys, accountants, employees, personal friends of



employees and other sources. The firm does not pay for referrals nor does it accept referral fees or any form of remuneration from other professionals when a prospect of client is referred to them.

### **Item 15. Custody**

All assets are held with First Clearing LLC., as custodian. First Clearing provides account statements directly to clients at their address of record at least quarterly. Clients are encouraged to review the statements provided to them.

### **Item 16. Investment Discretion**

R. Seelaus & Co., Inc. accepts discretionary authority to manage securities accounts on behalf of clients. R. Seelaus & Co., Inc. has the authority to determine, without obtaining specific client consent the securities to be bought or sold and the amount of the securities to be bought or sold. However if discretionary authority or a limited power of attorney has not been given, R. Seelaus & Co., Inc. consults with the client prior to each trade to obtain concurrence. Discretionary trading authority facilitates placing trades in client's account on their behalf so that we may promptly implement the investment plan they have approved.

The manager of the Pathways wrap-fee program has full discretion over trades and does not consult with R. Seelaus & Co., Inc. or with clients before placing trades.

### **Item 17. Voting Client Securities**

R. Seelaus & Co., Inc. does not vote on proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. R. Seelaus & Co., Inc. may provide advice to clients regarding the clients' voting of proxies.

### **Item 18. Financial Information**

R. Seelaus & Co Inc. does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. A balance sheet is not required to be provided because R. Seelaus & Co., Inc. does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than \$1200 per client, six months or more in advance.