

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

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This brochure provides information about the qualifications and business practices of Moloney Securities Co., Inc. If you have any questions about the contents of this brochure, please contact us at: 314-909-0600, or by email at: [rmedley@msam.net](mailto:rmedley@msam.net). 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 Moloney Securities Co., Inc., is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**February 23, 2012**

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## **Material Changes**

On July 28, 2010, the United States Securities and Exchange Commission ("SEC") published "Amendments to form ADV" which amends the disclosure document ("Brochure") that we provide to clients, as required by SEC Rules. This document herein, dated March 28, 2011, is a new document prepared according to the SEC's new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous Brochure did not require.

In the future, this section of the firm's Brochure will discuss only specific material changes that have been made since the last Brochure, and provide clients with a summary of such changes. Pursuant to the SEC's new rules we will ensure that you receive a summary of any material changes to this and subsequent Brochures within the time required.

Whenever you would like to receive a complete copy of our Firm Brochure, it is available on line at [www.msam.net](http://www.msam.net), or you can request one by contacting us by telephone at: 314-909-0600, or by email at: [rmedley@msam.net](mailto:rmedley@msam.net)

## **Advisory Business**

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### **Firm Description**

Moloney Securities Co., Inc., (Moloney) was founded in 1995 by Edward J. ("John") Moloney, who today remains its principal owner and serves as CEO. Moloney's principal place of business is located in Manchester, MO. Moloney is a dually registered broker/dealer and investment advisor as well as a licensed general insurance agency.

Moloney Securities Co., Inc., the registered investment advisor, has relationships with independent advisers. The firm's clients receive personalized investment advice from these advisers. These firms do business as Moloney or under different "doing business as " names as: St. Croix Capital Management, Warren Financial Services, Arlington Financial Services, Heritage Investment Management, LLP, Synergistic Financial, and Moloney Securities Asset Management. These advisers are located in Stillwater, MN, Mesa, AZ, Northbrook, IL, Kerrville, TX, Mt. Prospect, IL, and St. Louis, MO, respectively.

Investment advisory services are provided to clients for a fee under an investment advisory agreement.

Moloney does not act as a custodian of client assets.

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### **Types of Advisory Services**

Moloney manages client accounts on either a discretionary or non-discretionary basis. In both instances, Moloney obtains all the necessary information about the client as to investment needs and objectives.

As of December 31, 2011, Moloney managed \$101,370,384, in assets for approximately 600 clients. Approximately \$73,782,439 is managed on a discretionary, and \$27,587,945 is managed on a non-discretionary bases.

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### **Tailored Relationships**

The goals and objectives for each client are documented in the client's investment advisory agreement and maintained in the firm's client relationship management system. Any restrictions placed on the account by the client will necessarily be a part of the client's discretionary investment advisory agreement.

Agreements may not be assigned without client consent.

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### Termination of Investment Advisory Agreement

The client may terminate the investment advisory agreement verbally or in writing at any time. The Agreement is terminated upon receipt of such notice. Moloney may terminate the Agreement at any time by notifying the client in writing.

## **Fees and Compensation**

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### Description

Fees are negotiable. The specific manner in which fees are charged by Moloney is established in the client's written agreement with Moloney. Moloney calculates its fees on a percentage of assets under management. The investment fee covers services to the client by Moloney including establishment of investment objectives, investment advice, portfolio management, periodic reviews and quarterly reporting.

The investment management fee is based on the fair market value of the client's account at the end of each calendar quarter, per the investment management agreement with the client, calculated to be at or below these maximums:

Under \$1,000,000	2.5%
\$1,000,000 to \$2,000,000	2.25%
\$2,000,000 and over	2.00%

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### Fee Billing

Investment management fees are billed quarterly, in arrears, meaning that fees are collected after the three-month billing period has ended. Pursuant to the client's investment management contract and advisory fee debit authorization, one quarter of the annual investment fee is deducted from a designated client account each quarter by the custodian and paid to Moloney. In the event of account termination, the client is billed a prorated fee in accordance with the period of time the account was managed in the final quarter.

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### Other Fees

Clients may utilize Moloney Securities Co., Inc., broker/dealer services to effect securities transactions in their account, but are in no way required to do so. In the event the client elects to utilize the brokerage services of Moloney Securities Co., Inc., the client may pay commissions that are higher or lower than those available from another broker/dealer for the same products or services.

All accounts that are carried through Moloney are held in the custody of a designated clearing operation for Moloney. When directed by the client to

hold any assets in the custody of anyone other than a designated clearing operation of Moloney, there may be an additional annual charge of 0.50% of all assets under management.

In some instances, Moloney may seek to act as a principal in a securities transaction for a client and may receive compensation for doing so specific to that transaction. However, Moloney will not seek to act as principal without obtaining in each instance prior authorization and consent of the client, and providing the client with written confirmation and disclosure of such capacity prior to settlement of the trade.

If the client is investing in mutual funds, a mutual fund investment company may charge management fees on the client's account in these securities. Clients will pay their proportionate share of the mutual fund's investment management fees, administrative fees and applicable sales charges in accordance with that investment company.

The client may also be charged transaction fees, with Moloney acting as agent for the client.

## **Performance-Based Fees**

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### Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities. Moloney does not have investment advisory agreements with performance based fees.

## **Types of Clients**

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### Description

Moloney generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities.

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### Account Minimums

Client relationships vary in scope and length of service. Although Moloney doesn't impose any minimum dollar value of assets, it generally recommends that clients have at least \$100,000 in assets to start and maintain an investment management relationship.

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

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### Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases, and the World Wide Web.

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#### Investment Strategies

The investment strategy for a specific client is based upon the objectives stated by the client during consultations and in the written advisory agreement. The client may change these objectives at any time. Each investment adviser utilizes his or her own investment strategy which may or may not be consistent with Moloney's other investment advisers.

Strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies). Reverse convertible notes, index-linked CDs and other structured products may be used with specific client approval and documented evidence of the client's understanding of the complex nature of these products and the attendant risk factors.

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#### Risk of Loss

All investment programs have certain risks borne by the investor. These risks include, among other things; loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings, occurring from market risk, interest rate risk, issuer risk, and general economic risk. Although we manage the assets in a manner consistent with risk tolerances, there can be no guarantee that our efforts will be successful and the client should be prepared to bear the risks.

### **Disciplinary Information**

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#### Legal and Disciplinary

The firm has been involved in a legal or disciplinary event in the last ten years. In September 2005, without admitting or denying the allegations, Moloney consented to an entry of findings by the NASD that the firm failed to properly report correct times of execution related to certain corporate bonds, and did not provide reasonable supervision to achieve compliance concerning these transactions.

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

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#### Financial Industry Activities or Affiliations

Moloney is registered as a securities broker-dealer, as well as a licensed general insurance agency. Moloney's management personnel are registered



representatives of Moloney Securities Co., Inc., in its capacity as a broker/dealer.

Clients have the option to purchase investment products recommended through other broker/dealers or agents not affiliated with Moloney. In the event the client elects to utilize the brokerage services of Moloney Securities Co., Inc., the client may pay commissions that are higher or lower than those available from another broker/dealer for the same products or services.

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

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### **Code of Ethics**

Moloney maintains and administers a Code of Ethics that details a standard of behavior and performance designed to put the clients' personal and financial interests above all else. We investigate the educational and professional backgrounds of prospective advisers and other associated access persons are monitored to prevent conflicts of interest. Our clients come first.

Moloney will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### **Participation or Interest in Client Transactions**

Moloney and its employees may buy or sell securities for their own account that Moloney also recommends to the client. However, client orders are always given priority and conflicts of interest are disclosed. Employees may not trade their own securities ahead of client trades.

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### **Personal Trading**

Personal investment activities of our advisers and other associated persons are monitored to prevent conflicts of interest. For advisor's with accounts held at other firms, Moloney receives duplicate confirmations and statements to review.

## **Brokerage Practices**

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### **Selecting Brokerage Firms**

Clients may utilize Moloney Securities Co., Inc., a broker/dealer to effect securities transactions, but in no way are required to do so. Moloney may act as an agent or principal when effecting securities transactions for a client and may take compensation for such transactions. In the event that clients elect to utilize the brokerage services of Moloney, they may pay commissions that are higher or lower than those available from another broker/dealer for the same products or services.

Advisers owe a fiduciary duty to the client to seek to execute securities transactions for clients in such a manner that total costs in each transaction is the most favorable under the circumstances. Other factors in addition to price and commission costs may be considered by Moloney when determining how to direct brokerage.

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#### Best Execution

Moloney reviews annually the quality of trade executions at each custodian.

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#### Soft Dollars

From time to time, product suppliers are asked to help defray the expenses of the firm's annual compliance meeting. Clients benefit from this credit as it reduces the firm's overall expenses. However, this practice may present an incentive to recommend certain products to clients. Moloney monitors the receipt of these soft dollars and believes this practice benefits the clients and does not arise to a material conflict of interest.

## **Review of Accounts**

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#### Periodic Reviews

Account reviews are performed as often as necessary, always keeping in mind the best interests of the client. Accounts are monitored and reviewed no less than quarterly, and as a practical matter more frequently when market conditions dictate.

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#### Review Triggers

New accounts are reviewed within the first quarter to ensure the portfolio meets the client's objectives. Other conditions that may trigger a review are a client's own request, or changes in market stability.

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#### Regular Reports

Aside from normal monthly or quarterly account statements supplied by the account custodian, Moloney sends a separate portfolio report to the client as least quarterly.

## **Client Referrals and Other Compensation**

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#### Incoming Referrals

Moloney has been fortunate to receive many client referrals over the years. The referrals came from current clients, employees, personal friends of employees and other similar sources. Other professionals may refer prospective clients to Moloney. In some of those instances, if the individual becomes a client, the individual adviser and referring professional may negotiate an amount of compensation for making the referral. This in no way

changes the fees paid by the client, is documented in writing between the advisor and the referring professional, and available for review at any time.

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#### Referrals Out

Moloney does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Custody**

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#### Account Statements

All assets are held at qualified custodians; Mesirow Financial or RBC Correspondent Services. These custodians provide account statements directly to clients at their address of record, at least quarterly.

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#### Performance Reports

Moloney produces quarterly reports detailing portfolio activity. These reports are in addition to the transaction confirmations, statements, and year-end tax statements received from the custodian. Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by Moloney.

## **Investment Discretion**

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#### Discretionary Authority for Trading

Moloney manages client accounts on either a discretionary or non-discretionary basis. In a discretionary relationship, Moloney has the authority to determine, without obtaining the client's specific consent, the securities to be bought or sold, and the amount to be bought or sold, the broker/dealer to be used and the commission rate paid. The client must first approve the use of discretionary authority by entering into a Discretionary Investment Advisory Agreement with Moloney. The granting of discretionary authority is limited in that Moloney does not have the authority to withdraw funds and/or securities from the client's account except as to fees under the agreement the client has entered into with Moloney.

In non-discretionary relationships, Moloney will consult with the client prior to each trade to obtain approval.

## **Voting Client Securities**

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#### Proxy Votes

Moloney votes proxies for securities in accounts for which it maintains discretionary authority. If Moloney receives notice from the custodian or the company itself of a vote, Moloney, in its discretion, may vote client securities. Moloney maintains a record of how and when the vote was made, and is

available for review upon client request. In the unlikely event a conflict of interest exists, it will be disclosed to the Client.

## **Financial Information**

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### Financial Condition

Moloney does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

## **Business Continuity Plan**

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### General

Moloney maintains important disaster recovery and business continuity plans that may be activated in the event of a significant business disruption. The firm's plans are intended to permit the continuation of key business operations during most types of disruptions by resuming mission-critical operations, usually within the same business day as the disruption.

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### Disasters

The business continuity plan covers natural disasters such as snow storms, tornados, and flooding, and man-made disasters such as loss of electrical power, fire, nuclear emergency, chemical event, biological event, T-1 communications line outage, and internet outage. Electronic files are backed up monthly and archived offsite.

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### Alternate Offices

To assist business continuity, Moloney maintains back-up technology processing capabilities in alternate locations.

In cases of extreme disruption, where the continuation of business may not be practical or in the best interests of the client, Moloney through RBC Correspondent Services and Mesirow Financial, has implemented steps necessary to allow clients prompt access to their funds and securities.

## **Information Security Program**

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### Information Security

Moloney maintains an information security program to reduce the risk that your personal and confidential information may be breached.

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### Privacy Notice

Moloney is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us. It is the policy of Moloney to not distribute any customer non-public personal information that is not

required in the normal course of its securities business, except as required by law.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, e.g., credit reports. We use this information to help you meet your personal financial goals.

With your permission, we will disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person.

We maintain a secure office to ensure that your information is not placed at unreasonable risk.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We are required by law to deliver this *Privacy Notice* to you annually, in writing.

