



## **RIGGS ASSET MANAGEMENT COMPANY, INC. CLIENT BROCHURE**

*This brochure provides information about the qualifications and business practices of Riggs Asset Management Company, Inc. ("Riggs"). If you have any questions about the contents of this brochure, please contact us at (570)823-3383 or [rhgraham@riggsadvisors.com](mailto:rhgraham@riggsadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.*

*Additional information about Riggs Asset Management Company, Inc. also is available on the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

Riggs Asset Management Company, Inc.  
8 West Market Street, Suite 1120  
Wilkes-Barre, Pennsylvania 18701  
[www.RiggsAdvisors.com](http://www.RiggsAdvisors.com)

SEC File #: 801-38171

Contact: Robert H. Graham  
Phone: 570.823.3383  
Email: [RHGraham@riggsadvisors.com](mailto:RHGraham@riggsadvisors.com)

*Registration does not imply any level of skill or training.  
March 30, 2012*

Item 2    Material Changes

As of the last amendment filing of Riggs disclosure statement on March 25, 2011 a family office function has been added to the services available to qualified Riggs clients.

Item 3 Table of Contents

Item 1	Cover Page.....	1
Item 2	Material Changes .....	2
Item 3	Table of Contents.....	3
Item 4	Advisory Business .....	4
Item 5	Fees and Compensation .....	7
Item 6	Performance-Based Fees and Side-By-Side Management.....	9
Item 7	Types of Clients.....	10
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss .....	11
Item 9	Disciplinary Information .....	13
Item 10	Other Financial Industry Activities and Affiliations.....	14
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	15
Item 12	Brokerage Practices .....	16
Item 13	Review of Accounts.....	21
Item 14	Client Referrals and Other Compensation .....	22
Item 15	Custody .....	24
Item 16	Investment Discretion .....	25
Item 17	Voting Client Securities .....	26
Item 18	Financial Information.....	27

#### Item 4 Advisory Business

- A. Riggs Asset Management Company, Inc. (“Riggs”) is a corporation formed on November 27, 1990 in the Commonwealth of Pennsylvania. Riggs became registered as an Investment Adviser Firm in January 1991. Riggs is principally owned by Robert H. Graham and Elizabeth B. Graham. Robert J. Graham is Riggs’ Founder and CEO.
- B. As discussed below, Riggs offers to its clients (individuals, business entities, pension and profit sharing plans, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by the client, limited consultation services to its investment management clients on investment and non-investment related matters. Any such consultation services, to the extent rendered, shall be rendered exclusively on an unsolicited basis.
- C. Riggs has added a family office function for high net worth individuals and families. Riggs provides bill paying, bookkeeping and record keeping, assistance with budgeting and cash flow management. Pricing is on an individualized basis and is directly correlated to the service need of the client.

#### **INVESTMENT MANAGEMENT SERVICES**

In the event the client determines to engage Riggs to provide discretionary management services on a *fee-only* basis, Riggs shall charge an annual investment management fee based upon a percentage of the market value of the assets being managed by Riggs. The investment management fee charged shall vary depending upon the specific type of investment management services required and the market value of the assets under management, as follows:

##### **Fixed Income**

First \$5,000,000	0.5%
Next \$10,000,000	0.4%
Next \$10,000,000	0.3%
Above \$25,000,000 fee is negotiable	

##### **Equity**

First \$1,000,000	1.5%
Next \$4,000,000	1.0%
Next \$5,000,000	0.85%
Next \$5,000,000	0.75%
Above \$15,000,000 fee is negotiable	

##### **Balanced**

First \$5,000,000	1.0%
Next \$5,000,000	0.85%
Next \$5,000,000	0.75%
Above \$15,000,000 fee is negotiable	

Riggs' annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, limited consultation services to its investment management clients on investment and non-investment related matters.

Riggs may also render investment advice through consultations, reviews, or studies not involving investment management services, for which Riggs shall generally bill the client at the hourly rate of \$300.00.

## **MISCELLANEOUS**

**Non-Investment Consulting/Implementation Services.** To the extent specifically requested by the client, Riggs may provide limited consultation services to its investment management clients on investment and non-investment related matters. Neither Riggs, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of Riggs' services should be construed as same. To the extent requested by a client, Riggs may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Riggs. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify Riggs if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Riggs' previous recommendations and/or services.

**Client Obligations.** In performing its services, Riggs shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify Riggs if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Riggs' previous recommendations and/or services.

**Disclosure Statement.** A copy of Riggs' written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*. Any client who has not received a copy of Riggs' written Brochure at least 48 hours prior to executing the *Investment Advisory Agreement* shall have five business days subsequent to executing the agreement to terminate Riggs' services without penalty.

- D. Riggs shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Riggs shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on Riggs' services.

E. Riggs does not participate in a wrap fee program.

F. As of December 31, 2011, Riggs had \$205 Million in assets under management on a discretionary basis and \$9 Million in assets under management on a non-discretionary basis or a total of approximately \$214 Million in assets under management.

Item 5 Fees and Compensation

- A. The client can determine to engage Riggs to provide discretionary investment advisory services on a *fee-only* basis.

**INVESTMENT MANAGEMENT SERVICES**

In the event the client determines to engage Riggs to provide discretionary management services on a *fee-only* basis, Riggs shall charge an annual investment management fee based upon a percentage of the market value of the assets being managed by Riggs. The investment management fee charged shall vary depending upon the specific type of investment management services required and the market value of the assets under management, as follows:

**Fixed Income**

First \$5,000,000	0.5%
Next \$10,000,000	0.4%
Next \$10,000,000	0.3%
Above \$25,000,000 fee is negotiable	

**Equity**

First \$1,000,000	1.5%
Next \$4,000,000	1.0%
Next \$5,000,000	0.85%
Next \$5,000,000	0.75%
Above \$15,000,000 fee is negotiable	

**Balanced**

First \$5,000,000	1.0%
Next \$5,000,000	0.85%
Next \$5,000,000	0.75%
Above \$15,000,000 fee is negotiable	

Riggs' annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, limited consultation services to its investment management clients on investment and non-investment related matters. Any such consultation services, to the extent rendered, shall be rendered exclusively on an unsolicited basis.

Riggs may also render investment advice through consultations, reviews, or studies not involving investment management services, for which Riggs shall generally bill the client at the hourly rate of \$300.00.

Riggs may offer the services related to running a family office for which it contracts a fixed charge related to the services provided.

- B. Clients may elect to have Riggs' management fees deducted from their custodial

account. Both Riggs' *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Riggs' investment management fee and to directly remit that management fee to Riggs in compliance with regulatory procedures. In the limited event that Riggs bills the client directly, payment is due upon receipt of Riggs' invoice. Riggs shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.

C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Riggs shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*") or TD Ameritrade ("*TD Ameritrade*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* and *TD Ameritrade* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). Clients will incur, in addition to Riggs' investment management fee, brokerage commissions and/or transaction fees, and, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). In the alternative, transactions may be cleared through other broker-dealers (for example: Citigroup, JP Morgan, Morgan Stanley/Smith Barney) with whom *Schwab* and/or *TD Ameritrade* and Riggs have entered into agreements for prime brokerage clearing services. The use of prime brokerage services to place transactions through other broker-dealers allows Riggs the opportunity for broader access to the securities markets, improved pricing or execution and to pay for research services. In addition to the commission and/or transaction fee charged by the clearing broker-dealer, *Schwab* and/or *TD Ameritrade* charge an administrative processing fee for prime brokerage transactions. Clients may elect not to use prime brokerage services. In that event, securities transactions for that client will be restricted to *Schwab* and/or *TD Ameritrade*.

D. Riggs' annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. Riggs generally requires an account minimum of \$500,000 for investment management services and a minimum annual investment management fee of \$5,000. Riggs, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its minimum asset or fee requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between Riggs and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, Riggs shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

E. Neither Riggs, nor its representatives accept compensation from the sale of securities or other investment products.



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

Neither Riggs nor any supervised person of Riggs accepts performance-based fees.

## Item 7 Types of Clients

Riggs' clients shall generally include individuals, business entities, pension and profit sharing plans, trusts, estates and charitable organizations. Riggs generally requires an account minimum of \$500,000 for investment management services and a minimum annual investment management fee of \$5,000. Riggs, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its minimum asset or fee requirement based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

A. Riggs may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

Riggs may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Riggs) will be profitable or equal any specific performance level(s).

B. Riggs' methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis Riggs must have access to current/new market information. Riggs has no control over the dissemination rate of market information; therefore, unbeknownst to Riggs, certain analyses may be compiled with outdated market information, severely limiting the value of Riggs' analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Riggs' primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period involves a very short

investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

- C. Currently, Riggs primarily allocates investment management assets of its client accounts among individual equity and debt securities, exchange traded funds and various no-load mutual fund classes, on a discretionary basis, in accordance with the investment objectives of the client.

Item 9    Disciplinary Information

Riggs has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither Riggs, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Riggs, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Riggs has no other relationship or arrangement with a related person that is material to its advisory business.
- D. Riggs does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Riggs maintains an investment policy relative to personal securities transactions. This investment policy is part of Riggs' overall Code of Ethics, which serves to establish a standard of business conduct for all of Riggs' Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Riggs also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Riggs or any person associated with Riggs.

- B. Neither Riggs nor any related person of Riggs recommends, buys, or sells for clients' accounts, securities in which Riggs or any related person of Riggs has a material financial interest.
- C. Riggs and/or representatives of Riggs *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Riggs and/or representatives of Riggs are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Riggs did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Riggs' clients) and other potentially abusive practices.

Riggs has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Riggs' "Access Persons." Riggs' securities transaction policy requires that an Access Person of Riggs must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date Riggs selects; provided, however that at any time that Riggs has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. Riggs and/or representatives of Riggs *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Riggs and/or representatives of Riggs are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, Riggs has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Riggs' Access Persons.

## Item 12 Brokerage Practices

- A. In the event that the client requests that Riggs recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Riggs to use a specific broker-dealer/custodian), Riggs generally recommends that investment management accounts be maintained at *Schwab* and/or *TD Ameritrade*. Prior to engaging Riggs to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Riggs setting forth the terms and conditions under which Riggs shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Riggs considers in recommending *Schwab* and/or *TD Ameritrade* (or any other broker-dealer/custodian to clients) include historical relationship with Riggs, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Riggs' clients shall comply with Riggs' duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Riggs determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer service, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Riggs will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Riggs' investment management fee. Riggs' best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### 1. Schwab Advisor Services Program

Riggs participates in the *Schwab Advisor Services* program. *Schwab Advisor Services* is a division of *Charles Schwab & Company, Inc.*, a FINRA registered broker-dealer, member SIPC. Riggs may recommend that clients establish brokerage accounts with Schwab Advisor Services to maintain custody of clients' assets and to effect trades for their accounts. Although Riggs may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Riggs is independently owned and operated and not affiliated with Schwab. Riggs receives some benefits from Schwab through its participation in the program.

### TD Ameritrade Institutional Program

Riggs participates in the *TD Ameritrade Institutional* program. *TD Ameritrade Institutional* is a division of *TD Ameritrade Inc.*, member FINRA/SIPC/NFA. *TD Ameritrade* is an unaffiliated SEC-registered broker-dealer and FINRA member. *TD Ameritrade* offers to independent investment advisors services which include custody of securities, trade execution, and clearance and settlement of transactions. Riggs receives some benefits from *TD Ameritrade* through its participation in the program. (Please see the disclosure under Item 14 below.)



#### Research and Additional Benefits

Generally, in addition to a broker's ability to provide "best execution," we may also consider the value of "research" or additional brokerage products and services a broker-dealer has provided or may be willing to provide. This is known as paying for those services or products with "soft dollars." Because many of the services or products could be considered to provide a benefit to Riggs, and because the "soft dollars" used to acquire them are client assets, Riggs could be considered to have a conflict of interest in allocating client brokerage business: it could receive valuable benefits by selecting a particular broker or dealer to execute client transactions and the transaction compensation charged by that broker or dealer might not be the lowest compensation Riggs might otherwise be able to negotiate. In addition, Riggs could have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services.

Riggs' use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), Riggs will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, we generally determine, considering all factors described below, that the compensation to be paid to *Schwab* and/or *TD Ameritrade* is reasonable in relation to the value of all the brokerage and research products and services provided by *Schwab* and/or *TD Ameritrade*. In making this determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services and products in our performance of our overall responsibilities to all of our clients. In some cases, the commissions or other transaction fees charged by a particular broker-dealer for a particular transaction or set of transactions may be greater than the amounts another broker-dealer who did not provide research services or products might charge.

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Riggs may receive from *Schwab* and/or *TD Ameritrade* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist Riggs to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Riggs may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related

publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Riggs in furtherance of its investment advisory business operations. Riggs has a relationship with Schwab Performance Technologies. Schwab Performance Technologies licenses a database product, Portfolio Center which Riggs uses as a client account database. The cost of Portfolio Center is \$2,000 to \$6,000. Riggs pays for part of Portfolio Center by placing debt or equity transactions through *Schwab*.

As disclosed under Item 12 above, Riggs participates in *TD Ameritrade's* institutional customer program and Riggs may recommend *TD Ameritrade* to Clients for custody and brokerage services. There is no direct link between Riggs' participation in the program and the investment advice it gives to its Clients, although Riggs receives economic benefits through its participation in the program that are typically not available to *TD Ameritrade* retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Riggs' participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Riggs by third party vendors. *TD Ameritrade* may also have paid for business consulting and professional services received by Riggs' related persons. Some of the products and services made available by *TD Ameritrade* through the program may benefit Riggs but may not benefit its Client accounts. These products or services may assist Riggs in managing and administering Client accounts, including accounts not maintained at *TD Ameritrade*. Other services made available by *TD Ameritrade* are intended to help Riggs manage and further develop its business enterprise. The benefits received by Riggs or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to *TD Ameritrade*. As part of its fiduciary duties to clients, Riggs endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Riggs or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Riggs' choice of *TD Ameritrade* for custody and brokerage services.

As indicated above, certain of the support services and/or products that *may* be received may assist Riggs in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Riggs to manage and further develop its business enterprise.

Riggs' clients do not pay more for investment transactions effected and/or assets

maintained at *Schwab* and/or *TD Ameritrade* as a result of this arrangement. There is no corresponding commitment made by Riggs to *Schwab* and/or *TD Ameritrade* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

In addition, with regard to research, Riggs has a relationship with both Ned Davis Research, Inc., ("*Davis*") and Dorsey Wright ("*Dorsey Wright*"). Both firms are independent investment research firms that provide daily and special reports of technical and quantitative data on the US debt and equity markets, the international markets and individual debt and equity securities. The cost of the service provided by *Davis* is approximately \$25,000 to \$35,000 annually. The cost of *Dorsey Wright* is approximately \$2,000 - \$3,000 annually. Riggs pays for part of *Davis* by placing debt or equity transactions through *Schwab* and pays for part of *Dorsey Wright* by placing debt or equity transactions through *TD Ameritrade*. In this situation, in addition to providing execution and clearing services, all of or a portion of the commissions and/or transaction costs paid by the client to the broker-dealer are used to pay for *Davis* and/or *Dorsey Wright* research. The *Davis* and *Dorsey Wright* research generally will be used to service all of Riggs' clients, but because these research sources are partly paid for from commissions and/or transaction costs charged for debt or equity transactions, certain clients may not participate in payment for the research (i.e. clients investing only in no-load mutual funds) nor, because of differences in the type, size and frequency of debt or equity transactions, will clients participate equally in the payment for research. In addition, brokerage commissions paid by a specific client may be used to pay for research that is not used in managing that specific client's account. The benefits received by Riggs (or its related persons) do not depend on the amount of brokerage transactions directed to *Schwab* and/or *TD Ameritrade*.

Although the commissions paid by Riggs' clients to *Schwab* and/or *TD Ameritrade* for these research sources have been negotiated by Riggs to be extremely competitive (i.e., significant discount from full retail commission rates), a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Riggs determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. The brokerage commissions and/or transaction fees charged by the broker-dealer/custodian are exclusive of, and in addition to, Riggs' investment management fee.

**Riggs' Chief Compliance Officer, Robert H. Graham, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. Riggs does not receive referrals from broker-dealers.
3. Riggs does not generally accept directed brokerage arrangements (when a client

requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Riggs will not seek better execution services or prices from other broker-dealers or be able to “batch” the client’s transactions for execution through other broker-dealers with orders for other accounts managed by Riggs. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Riggs to effect securities transactions for the client’s accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Riggs.

**Riggs’ Chief Compliance Officer, Robert H. Graham, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that Riggs provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Riggs decides to purchase or sell the same securities for several clients at approximately the same time. Riggs may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Riggs’ clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Riggs shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom Riggs provides investment supervisory services, account reviews are conducted on an ongoing basis by Riggs' Principal, Robert H. Graham and/or representatives, John J. Reno, Alan J. Corey Glassman, and Robert J. Graham. All investment supervisory clients are advised that it remains their responsibility to advise Riggs of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to comprehensively review investment objectives and account performance with Riggs on an annual basis.
- B. Riggs *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts. Those clients to whom Riggs provides investment supervisory services will also receive from Riggs a quarterly report summarizing account activity and performance.

#### Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.1 above, Riggs may receive an indirect economic benefit from *Schwab* and/or *TD Ameritrade*. Riggs, without cost (and/or at a discount), may receive support services and/or products from *Schwab* and/or *TD Ameritrade*.

Riggs' clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* and/or *TD Ameritrade* as result of this arrangement. There is no corresponding commitment made by Riggs to *Schwab* and/or *TD Ameritrade* or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

Riggs may receive coaching services referrals from *TD Ameritrade* through its participation in *TD Ameritrade* Institutional Coaching Program. In addition to meeting the minimum eligibility criteria for participation in the *TD Ameritrade* Institutional Coaching Program, Riggs may have been selected to participate in the *TD Ameritrade* Institutional Coaching Program based on the amount and potential profitability to *TD Ameritrade* of the assets in, and trades placed for, client accounts maintained with *TD Ameritrade*. *TD Ameritrade* is a discount broker-dealer independent of and unaffiliated with Riggs and there is no employee or agency relationship between them. *TD Ameritrade* has established the *TD Ameritrade* Institutional Coaching Program as a means of assisting independent unaffiliated advisors to grow and maintain their respective investment advisor business. *TD Ameritrade* does not supervise Riggs and has no responsibility for Riggs' management of client portfolios or Riggs' other advice or services.

Riggs' participation in the *TD Ameritrade* Institutional Coaching Program raises potential conflicts of interest. Riggs will encourage their clients to custody their assets at *TD Ameritrade* and whose client accounts are profitable to *TD Ameritrade*. Consequently, in order to participate in the *TD Ameritrade* Institutional Coaching Program, Riggs may have an incentive to recommend to clients that the assets under management by Riggs be held in custody with *TD Ameritrade* and to place transactions for client accounts with *TD Ameritrade*. Riggs' participation in the *TD Ameritrade* Institutional Coaching Program does not diminish its duty to seek best execution of trades for client accounts.

**Riggs' Chief Compliance Officer, Robert H. Graham, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. If a client is introduced to Riggs by either an unaffiliated or an affiliated solicitor, Riggs *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Riggs'

investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Riggs by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of Riggs' written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Riggs and the solicitor, including the compensation to be received by the solicitor from Riggs.

## Item 15 Custody

Riggs shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts. Those clients to whom Riggs provides investment supervisory services will also receive from Riggs a quarterly report summarizing account activity and performance.

**Please Note:** To the extent that Riggs provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Riggs with the account statements received from the account custodian.

**Please Also Note:** The account custodian does not verify the accuracy of the Riggs' advisory fee calculation.



## Item 16 Investment Discretion

The client can determine to engage Riggs to provide investment advisory services on a discretionary basis. Prior to Riggs assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming Riggs as the client's attorney and agent in fact, granting Riggs full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name or found in the discretionary account.

Clients who engage Riggs on a discretionary basis may, at anytime, impose restrictions, **in writing**, on Riggs' discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Riggs' use of margin, etc).

Item 17 Voting Client Securities

- A. Riggs does not vote client proxies. 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.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Riggs to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. Riggs does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Riggs is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Riggs has not been the subject of a bankruptcy petition.

***Any questions: Riggs' Chief Compliance Officer, Robert H. Graham, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.***