

Firm Brochure

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This brochure provides information about the qualifications and business practices of C. Victor Coates, C.P.A., Registered Investment Adviser. If you have any questions about the contents of this brochure, please contact us at: 580-762-7537, or by email at: jcorbin@cableone.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 C. Victor Coates, C.P.A., Registered Investment Adviser is available on the SEC's website at www.adviserinfo.sec.gov, and may be accessed by our Firm's CRD #108144.

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Material Changes

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.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 580-762-7537 or by email at: jcorbin@cableone.net.

Advisory Business

Firm Description

C. Victor Coates, C.P.A., Registered Investment Adviser was founded in 1995, and operates as a sole proprietorship.

C. Victor Coates, C.P.A., Registered Investment Adviser provides personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

C. Victor Coates, C.P.A., Registered Investment Adviser is strictly a fee-only financial planning and investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted. No finder’s fees are accepted.

Investment advice is the integral part of our business, however, C. Victor Coates, C.P.A., Registered Investment Adviser also advises clients regarding cash flow, college planning, retirement planning, tax planning and estate planning.

Investment advice is provided on a discretionary basis, based upon mutually agreed upon client’s goals and objectives. C. Victor Coates, C.P.A., Registered Investment Adviser does not under any circumstances act as a

custodian of client assets. C. Victor Coates, C.P.A., Registered Investment Adviser places all trades for clients under a limited power of attorney, granted by the client.

Periodic portfolio reviews are communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

Principal Owners

C. Victor Coates is 100% owner of the advisory firm.

Types of Advisory Services

C. Victor Coates, C.P.A., Registered Investment Adviser provides investment supervisory services, also known as asset management services, and furnishes investment advice through consultations. Additionally, on more than an occasional basis, C. Victor Coates, C.P.A., Registered Investment Adviser furnishes advice to clients on matters not involving securities, such as financial planning, taxation issues, and trust services that often include estate planning.

As of 12/31/11, C. Victor Coates, C.P.A., Registered Investment Adviser managed approximately \$32,881.524 in assets for approximately 114 clients. All accounts are managed on a discretionary basis.

Tailored Relationships

The goals and objectives for each client are determined through communication with our client. Investment policy statements are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

Types of Agreements

The following agreements define the typical client relationships.

Advisory Service Agreement

Most clients choose to have C. Victor Coates, C.P.A., Registered Investment Adviser manage their assets in order to obtain ongoing in-depth advice and life planning. All aspects of the client's financial affairs are reviewed, including

those of their children. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship.

The annual Advisory Service Agreement fee is based on a percentage of the investable assets in the range of .0025% to 2.5%. The fee is negotiable.

Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed.

Hourly Planning Engagements

C. Victor Coates, C.P.A., Registered Investment Adviser provides hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is \$120.00.

Asset Management

Securities may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. C. Victor Coates, C.P.A., Registered Investment Adviser does not receive any compensation, in any form, from brokerage fund companies.

Investment types include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, U. S. government securities, and covered option contracts.

Initial public offerings (IPOs) are not available through C. Victor Coates, C.P.A., Registered Investment Adviser.

Termination of Agreement

A client may terminate any of the aforementioned agreements at any time by notifying C. Victor Coates, C.P.A., Registered Investment Adviser in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. .

C. Victor Coates, C.P.A., Registered Investment Adviser may terminate any of the aforementioned agreements at any time by notifying the client in writing.

Fees and Compensation

Description

C. Victor Coates, C.P.A., Registered Investment Adviser bases its fees on a percentage of assets under management, or hourly charges.

Fees are negotiable.

Fee Billing

Investment management fees are calculated quarterly, in arrears, meaning that we charge our client's accounts immediately after the three-month billing period has ended. Fees are deducted automatically from the client's accounts in order to facilitate payment. The client must consent in advance to direct debiting of their investment account, and the fees are reported on their next monthly statement.

Other Fees

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to C. Victor Coates, C.P.A., Registered Investment Adviser, and are included in the net cost of the fund.

Past Due Accounts and Termination of Agreement

C. Victor Coates, C.P.A., Registered Investment Adviser reserves the right to stop work on any account that is more than 30 days overdue. In addition, C. Victor Coates, C.P.A., Registered Investment Adviser reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in C. Victor Coates, C.P.A., Registered Investment Adviser's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 10 days.

Types of Clients

Description

C. Victor Coates, C.P.A., Registered Investment Adviser generally provides investment advice to individuals, banks or thrift institutions, investment companies, pension and profit sharing plans, trusts, estates, or charitable organizations, corporations or business entities..

Client relationships vary in scope and length of service.

Methods of Analysis, Investment Strategies and Risk of Loss

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, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that C. Victor Coates, C.P.A., Registered Investment Adviser may use include Charles Schwab & Company's "SchwabLink" service, and the World Wide Web.

Investment Strategies

The primary investment strategy used on client accounts is strategic asset allocation utilizing a core satellite approach. Portfolios are globally diversified to control the risk associated with traditional markets.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Objective Guideline that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, margin transactions, and covered option writing (including covered options).

Risk of Loss

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- 1 Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- 2 Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- 3 Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

- 4 **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- 5 **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- 6 **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- 7 **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- 8 **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Disciplinary Information

Legal and Disciplinary

The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

C. Victor Coates, C.P.A., Registered Investment Adviser is not registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

Affiliations

C. Victor Coates, C.P.A., Registered Investment Adviser, has an arrangement with Charles Schwab & Co., Inc. to act as custodian for all client assets.

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

Code of Ethics

The employees of C. Victor Coates, C.P.A., Registered Investment Adviser have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

C. Victor Coates, C.P.A., Registered Investment Adviser and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. Employees comply with the provisions of the C. Victor Coates, C.P.A., Registered Investment Adviser *Compliance Manual*.

Personal Trading

The Chief Compliance Officer of C. Victor Coates, C.P.A., Registered Investment Adviser is Gerald D. Corbin. He reviews all employee trades each quarter. His trades are reviewed by C. Victor Coates. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that employees of the firm do not receive preferential treatment over those of our clients. When trades are made for our clients that also include trades for employees of C. Victor Coates, C.P.A., Registered Investment Adviser, all clients share proportionately in the revenues and expenses of those trades.

Brokerage Practices

Selecting Brokerage Firms

C. Victor Coates, C.P.A., Registered Investment Adviser does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. C. Victor Coates, C.P.A., Registered Investment Adviser recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

C. Victor Coates, C.P.A., Registered Investment Adviser does not receive fees or commissions from any of these arrangements.

Best Execution

C. Victor Coates, C.P.A., Registered Investment Adviser reviews the execution of trades at each custodian each quarter. The review is documented in the C. Victor Coates, C.P.A., Registered Investment Adviser *Compliance Manual*. Trading fees charged by the custodians is also reviewed on a quarterly basis.

C. Victor Coates, C.P.A., Registered Investment Adviser does not receive any portion of the trading fees.

Soft Dollars

C. Victor Coates, C.P.A., Registered Investment Adviser does not receive Soft Dollar arrangements from Charles Schwab & Co.

Order Aggregation

Most trades are securities where trade aggregation does not garner any client benefit.

Review of Accounts

Periodic Reviews

Account reviews are performed quarterly by advisors. Account reviews are performed more frequently when market conditions dictate.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

Regular Reports

C. Victor Coates and Gerald D. Corbin review all accounts. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client. All clients receive periodic communications from the Custodian on a monthly basis.

Client Referrals and Other Compensation

Incoming Referrals

C. Victor Coates, C.P.A., Registered Investment Adviser has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

Referrals Out

C. Victor Coates, C.P.A., Registered Investment Adviser does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Custody

Account Statements

All assets are held at Charles Schwab & Co. which means the custodians provide account statements directly to clients at their address of record monthly.

Investment Discretion

Discretionary Authority for Trading

C. Victor Coates, C.P.A., Registered Investment Adviser accepts discretionary authority to manage securities accounts on behalf of clients. C. Victor Coates, C.P.A., Registered Investment Adviser 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.

The client approves the custodian to be used and the commission rates paid to the custodian. C. Victor Coates, C.P.A., Registered Investment Adviser does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades that you have approved.

Voting Client Securities

Proxy Votes

C. Victor Coates, C.P.A., Registered Investment Adviser does not vote proxies on securities. Clients are expected to vote their own proxies.

When assistance on voting proxies is requested, C. Victor Coates, C.P.A., Registered Investment Adviser will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client.

Information Security Program

Privacy Notice

C. Victor Coates, C.P.A., Registered Investment Adviser is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

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 only to help you meet your personal financial goals.

Only with your permission, will we disclose limited information to attorneys, accountants, and other interested parties with whom you have established a relationship, with the exception of our custodian, Charles Schwab & Co., Inc., and mutual clients of C. Victor Coates, C.P.A., Registered Investment Adviser and Coates & Schwabe, C.P.A.'s, PLLC.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

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 will notify you in advance if our privacy policy is expected to change.

Brochure Supplement (Part 2B of Form ADV)

Education and Business Standards

C. Victor Coates, C.P.A., Registered Investment Adviser requires that advisors in its employ have at a minimum, a bachelor's degree and knowledge of financial planning and tax planning. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

C. VICTOR COATES , CERTIFICATIONS

Educational Background:

Date of birth: 1949

Institutions: Oklahoma State University, B.S. 1971

Business Experience:

Certified Public Accountant, 1974-Present

C. Victor Coates, C.P.A. Registered Investment Adviser, 1995-Present

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: Coates & Schwabe, C.P.A.s, PLLC

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None

GERALD D. CORBIN, CERTIFICATIONS

Educational Background:

Date of birth: 1950

Wichita State University, B.B.A. 1972

Business Experience:

Fourth National Bank, Wichita, Ks 1972-1976

Union National Bank, Wichita, KS 1976-1983

Security Bank & Trust, Ponca City, OK 1983-1995

C. Victor Coates, C.P.A., Registered Investment Adviser, 1995-Present

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: Coates & Schwabe, C.P.A.'s, PLLC

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None