

Item 1 – Cover Page

FIRM BROCHURE

HIGH FALLS ADVISORS, LLC

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Rochester, NY 14614

585-935-5300

www.highfallsadvisors.com

March 30, 2012

This Brochure provides information about the qualifications and business practices of High Falls Advisors, LLC. If you have any questions about the contents of this Brochure, please contact Jennifer E. Vogler, Chief Compliance Officer at 585-935-5308. 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.

High Falls Advisors, LLC is a registered investment adviser. Being a “registered investment adviser” or describing ourselves as being “registered” does not imply a certain level of training or skill.

Additional information about High Falls Advisors, LLC is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by our firm name or by a unique identifying number known as a CRD number. The CRD number for High Falls Advisors, LLC is 108678. The SEC’s web site also provides information about any persons affiliated with High Falls Advisors, LLC who are registered, or are required to be registered, as investment adviser representatives of High Falls Advisors, LLC.

To obtain our firm brochure, our Code of Ethics, or our Privacy Policy, please visit our website at www.highfallsadvisors.com, e-mail us at info@highfallsadvisors.com, telephone us at 585-935-5300, or mail your request to High Falls Advisors, LLC, 36 West Main Street, Suite 322, Rochester, NY 14614.

This brochure was last updated on March 30, 2012.

Item 2 – Summary of Material Changes

Our firm brochure is substantially modified from its prior versions dated March 15, 2011 and January 5, 2012, and contains new information for the benefit of our clients.

- (1) **Delivery.** 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 provide each of our clients a summary of any materials changes to this and subsequent brochures by April 30th of each year. We may further provide other ongoing disclosure information about material changes at other times within a reasonable time after such change occurs.
- (2) **Fees and Compensation.** We have provided a more extensive description of our fees and billing arrangements. Please refer to Item 5 of this brochure.
- (3) **Brokerage Practices.** We are using a new broker-dealer firm. Please refer to Items 10 and 12 of this brochure
- (4) **Advisory Business.** We have updated our assets under management to reflect the December 31, 2011 values. Please refer to Item 4 of this brochure.
- (5) **Proxy Voting.** We have revised our policy on Proxy Voting in that we do not advise clients on how to vote their proxies. Please refer to Item 17 of this brochure.

Item 3 -Table of Contents

Item 1 – Cover Page.....	1
Item 2 – Summary of Material Changes	2
Item 3 -Table of Contents	3
Item 4 – Advisory Business	4
Item 5 – Fees and Compensation	6
Item 6 – Performance-Based Fees and Side-By-Side Management	8
Item 7 – Types of Clients.....	9
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	10
Item 9 – Disciplinary Information	12
Item 10 – Other Financial Industry Activities and Affiliations	13
Item 11 – Code of Ethics.....	14
Item 12 – Brokerage Practices	16
Item 13 – Review of Accounts	17
Item 14 – Client Referrals and Other Compensation.....	18
Item 15 – Custody	19
Item 16 – Investment Discretion.....	20
Item 17 – Voting Client Securities.....	21
Item 18 – Financial Information	22

Item 4 – Advisory Business

High Falls Advisors, LLC (“HFA” throughout this brochure) is an SEC registered investment advisory firm located in Rochester, New York. The owners of the firm are James H. McBride and James T. Englert. High Falls Advisors, LLC was formed in 2008 as a successor to James H. McBride, R.I.A. (Formed in 1986). Mr. McBride acts as the Managing Member of the firm. HFA offers the following services:

- **Retirement benefit counseling**—HFA provides consultation on specific retirement decisions and review of retirement packages.
- **Financial planning services**—HFA provides financial plan analysis, either in a comprehensive package (“Personal CFO”) or in individual units, for clients wishing to obtain a clear picture of their entire financial positions. Such analysis may include current investments, debts, future retirement income, insurance coverage, estate planning, tax planning, and cash flow management. HFA will tailor the plan to the client’s individual needs.
- **Portfolio Management**—HFA provides ongoing management of client investment portfolios. The portfolios are managed on a discretionary basis based on the investment objectives and risk profile/tolerance of the client. The portfolios may include assets such as individual securities, mutual funds, Exchange Traded Funds (ETFs), index funds, municipal securities and government securities.
- **401-K Management Services** —HFA provides an ongoing management service for participants in the Eastman Kodak Savings and Investment Plan (“SIP”). 401-K accounts are managed in a discretionary manner using an asset allocation of four index funds, a target date retirement fund, and a stable value fund. The allocation of funds is based on the investment objectives and risk profile/tolerance of the client. HFA uses a proprietary tactical approach designed to protect investors from downside market risks. The Advisors monitor the daily prices of the index funds and compare these prices to the longer term market trends. This analysis determines when to move in and out of the respective index funds and the Fixed Income Fund. Similar services are also provided for Carestream and Xerox 401-K participants.
- **Market Trends Account Service (“MTA”)**—The MTA service is for individual asset accounts and individual retirement accounts. The portfolios are comprised of Exchange Traded Funds (“ETF”) and are monitored on an ongoing basis. The allocation of funds is based on the investment objectives and risk profile/tolerance of the client. The strategy

monitors the daily prices of the ETFs and compares these prices to the longer term market trends. This analysis determines when to move in and out of the respective ETFs and a money market account.

- **Tax Preparation**—HFA provides individual tax preparation as an optional service to its clients. HFA does not provide ongoing or year-round accounting services.

Assets under management--As of December 31, 2011, HFA assets under management were \$ 425 million which is broken down as follows:

Discretionary Accounts:	\$425 million
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Item 5 – Fees and Compensation

- **Generally**

The specific manner in which fees are charged by High Falls Advisors, LLC is established in a client's written advisory agreement with HFA. HFA will generally bill its fees on a quarterly basis. Clients are billed in arrears. Clients may elect to be billed directly for fees or to authorize HFA to directly debit fees from their accounts. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account any earned, unpaid fees will be due and payable.

HFA's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians and/or brokers, as specified in the custodian/broker agreement. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to HFA's fee.

- **Fees for Retirement Benefit Counseling Services**

Fees are charged at \$ 125.00 per hour. Clients are invoiced and payment is expected upon completion of work.

- **Fees for Financial Planning Services**

A flat fee is quoted based on the client net worth and complexity of the case. The minimum flat fee for HFA's comprehensive planning services, "Personal CFO," is \$ 2,500.00. A deposit of 50% of the fee is collected as a retainer, with the balance due upon completion of the work. Hourly services may be offered at \$ 200.00 per hour. Clients are invoiced and payment is expected upon completion of work.

- **Fees for Tax Preparation**

Fees are charged at a starting rate of \$ 130.00. Preparation fees are based on the time and complexity of the return. Clients are invoiced and payment is expected upon completion of the tax return.

- **Portfolio Management**

Fees are charged quarterly in arrears and are computed on the value of the assets under management as of the last day of the quarter. The annual fee ranges from 0.5% to 2.5% based on the level of service provided. The fee is specified in the client's advisory agreement.

Fees are prorated for clients not in the service the entire quarter. Annual fees are divided by four and charged quarterly.

Some Investment Advisors of High Falls Advisors are also registered representatives of Wall Street Financial Group, Inc. Wall Street Financial Group, Inc., ("WSFG") is a Broker-Dealer and Member FINRA/SIPC. WSFG and HFA are independently owned and operated. As a registered representative, an HFA Investment Advisor may also receive a brokerage commission.

- **401-K Management Services**

Fees are charged quarterly in arrears and are computed on the average 401-K account value during the quarter. HFA's fee schedule for this service is:

<u>Account Value</u>	<u>Annual Fee Rate</u>
First \$ 200,000	0.5%
\$200,001- \$500,000	0.3% of assets over \$200,000
\$ 500,001-\$1,000,000	0.2% of assets over \$500,000
Over \$1,000,000	0.1% of assets over \$1,000,000

For clients in the service for less than the entire quarter, the fee is prorated. For multiple accounts in one household, the accounts are combined for breakpoint discounts.

Clients are invoiced for payment.

- **Market Trends Account Service ("MTA")**

Fees are charged quarterly in arrears and are computed on the value of the assets under management as of the last day of the quarter. The annual fee ranges from 0.5% to 1.0% based on the level of service required. The fee is outlined in the client's advisory agreement.

Fees are prorated for clients not in the service the entire quarter. Annual fees are divided by four and charged quarterly.

Client fees are deducted from the account per the Fee Payment Authorization in the Advisory Agreement.

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

HFA 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

HFA provides management services to individuals, charitable foundations, and trusts and estates. The majority of HFA clients are individual investors.

HFA sets a minimum account size of \$ 100,000.00 for Portfolio Management Services. For our other services, there is no minimum account size.

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

- **Generally**

HFA utilizes two types of investment analysis and strategy depending on the client's specific requirements. Portfolio Management Services, the MTA Service, and the 401-K Management Service use the "Client Investment Objective" as a benchmark to determine the appropriate objective from a choice of six asset allocations. The client and advisor select the appropriate allocation based on the client's tolerance for risk, timeframe and personal objectives.

- **Portfolio Management Services**

For Portfolio management, the advisor uses Value Line stock evaluation services and the Morningstar stock and mutual fund rating service to select the assets in the portfolio. In addition, the advisor will also use fundamental research obtained from various financial sources such as newspapers and magazines, corporate publications (e.g. annual and quarterly reports and news releases) and electronic investment news services to supplement the asset selection process. A traditional "bottoms up" approach is used to select those assets currently deemed appropriate for each of the asset allocation categories.

When clients request it, we provide a written Investment Policy Statement explaining their asset mix. These statements are updated as the investment environment or client needs change.

- **401-K Services and MTA**

These services utilize the same type of fundamental research discussed in the Portfolio Management Service and a market trend analysis based on 50-day and 200-day moving averages to establish historical averages for each asset category. Target entry and exit points are set and monitored daily. A proprietary set of rules determines whether 100%, 50% or 0% of the assets under management is invested in the selected target portfolio. When not invested, the client's assets are held in the SIP Fixed Income Fund or the MTA money market fund. Strategies for both 401-K and MTA management programs are cautious. It is explained to clients that the use of historical averages will result in the clients participating to a modest degree in market downturns and not participating in the early part of market recoveries. These programs are designed primarily to provide a "safety-net" for our investors by guarding against significant market loss in declining

markets and participating in appreciating markets only after the upward trend is confirmed via the historical averages.

- **Risks**

All of HFA clients are told that the risks of investing in securities involves the risk of loss of asset value and that they need to be prepared to accept potential loss in exchange for a better return.

The HFA's Investment Committee determines the risk-reward scenarios for each asset type used in the portfolios.

Exchange Traded Funds and Mutual Funds prospectuses disclose the specific risks of using each of their products. Individual securities involve the risk of loss from poor performance by individual companies and can be more volatile than the use of funds, but also include the potential for better overall returns. HFA maintains a Buy-Sell-Hold list that is updated weekly, based on research sources such as Value Line and Morningstar and analysts' consensus data.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of HFA or the integrity of HFA's management. HFA has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Some Advisors with HFA are also registered representatives of Wall Street Financial Group, Inc., a Broker Dealer registered with Financial Industry Regulatory Authority (FINRA). Some Advisors are also insurance agents or brokers. In cases where the advisor is acting as a broker or agent, HFA and Wall Street Financial Group, Inc. will receive customary compensation (commissions) on the sale of products. This would be compensation separate from management fees or charges.

Some Advisors with HFA are also Investment Advisor Representatives of Wall Street Financial Group, Inc, a Registered Investment Advisor firm.

Advisors with HFA are able to implement security transactions and/or purchase investment products or insurance for their advisory clients in their capacity as broker-dealer registered representatives and/or insurance brokers or agents. However, clients are not under any obligation to engage Wall Street Financial Group, Inc. and/or the Advisor in implementing advisory recommendations. This is at the discretion of the client.

High Falls Advisors, LLC and Wall Street Financial Group, Inc. are independently owned and operated entities.

Item 11 – Code of Ethics

HFA has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. A supervised person of the firm includes HFA employees, members, officers, directors and any other individual who is under the supervision and control of HFA.

The Code of Ethics includes provisions relating to the confidentiality of client information, prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at HFA must acknowledge the terms of the Code of Ethics annually, or as amended.

HFA and its employees and advisors are committed to:

- conducting every aspect of the business in a fair, lawful and ethical manner;
- creating and ensuring a culture of compliance through education, training, awareness and supervision and compliance with all laws and regulations governing the financial industry;
- acting solely in the best interest of our clients by ensuring that investment advice is reasonable, independent and suitable for an individual's objectives, needs and circumstances;
- protecting the privacy of all of our clients; and
- avoiding actual or apparent conflicts of interest.

HFA is subject to the following specific fiduciary obligations when dealing with clients:

- the duty to have a reasonable, independent basis for the investment advice provided;
- the duty to obtain best execution for a client's transactions where HFA is in a position to direct brokerage transactions for the client;
- the duty to ensure that investment advice is suitable to meeting the client's individual objectives, needs and circumstances; and
- a duty to be loyal to clients.

HFA has the following policies designed to prohibit insider trading and to monitor the personal securities transactions of its supervised persons:

- No supervised person may trade, either personally or on behalf of others while in the possession of material, nonpublic information, nor may any personnel of HFA communicate material, nonpublic information to others in violation of the law.
- The interests of client accounts will at all times be placed first.
- All personal securities transactions will be conducted in such manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility.
- Supervised persons must not take inappropriate advantage of their positions.
- Every access person/supervised person shall provide initial and annual holdings reports and quarterly transaction reports to HFA's Compliance Department. Such reports will cover transactions in a reportable security in which an access or supervised person has a beneficial interest or in accounts over which the access or supervised person exercises control as well as transactions by members of the supervised person's immediate family.
- HFA discourages supervised persons from investing in IPOs or limited offerings

HFA's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting High Falls Advisors at 585-935-5300.

Item 12 – Brokerage Practices

HFA utilizes the services of Wall Street Financial Group, Inc. as our broker-dealer and Fidelity Institutional Wealth services, a division of Fidelity Investments, as our Custodian. These companies provide HFA with access to institutional trading and custody services, which services are typically not available to retail investors.

Clients in our 401-K management service will be relying on the respective corporate 401-K's custodian.

Many clients request HFA to act as their broker-dealer representative so that we may assist them in managing their brokerage relationships and are available to solve any problems that may occur.

Clients can direct HFA to utilize their desired brokers. However, if such other brokers are utilized, HFA has no control over the client's trade execution or any other brokerage issues. This is disclosed to the client.

If it is requested that HFA act as broker-dealer representative, we disclose to the client the following items relevant to our broker-dealer:

- Commission rates;
- Other costs and charges;
- Speed and reliability of execution

Item 13 – Review of Accounts

- **Generally**

Individual investments are reviewed daily for changing market and economic conditions and to determine if the investment continues to be appropriate for the portfolio.

- **Portfolio Management Services**

Accounts in the Portfolio Management Program are reviewed quarterly to measure the results versus portfolio objectives. These reviews are performed by the advisor assigned to the account. Reports are made by phone, via e-mail, or at personal meetings.

Written quarterly activity reports and quarterly investment performance versus selected benchmarks are provided to clients.

- **MTA and 401-K Services**

The key advisor for these services performs daily monitoring of the individual investments calculating both long and short-term averages. These averages are then compared to the daily price of the investment, determining if a change in asset mix is appropriate.

Client accounts are reviewed semi-annually to review the actual portfolio weightings versus the target portfolio weightings and to determine if rebalancing of the account is required.

Clients in the MTA accounts have electronic access to their quarterly statements with the option of these statements being provided via mail.

Clients in the 401-K service have on-line access to their accounts through T. Rowe Price, the Plan's record-keeper. Quarterly statements are provided to them electronically or in hard copy at the client option.

Item 14 – Client Referrals and Other Compensation

HFA does not receive compensation for client referrals.

Item 15 – Custody

HFA does not act as custodian of client assets. HFA uses both National Financial Services (“NFS”) and Fidelity Institutional Wealth Services (“IWS”) as custodians for the Portfolio Management Services. IWS acts as custodian of the Market Trends Account Service. For the 401-K management service, Mellon Financial Corporation acts as custodian of the 401-K assets in Eastman Kodak’s Savings and Investment Plan.

Clients should receive at least quarterly statements from the broker dealer, bank or qualified custodian that holds and maintains client’s investment assets. HFA urges our clients to carefully review such statements and compare the official custodial records to the account reports that we may provide to clients. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

In a small number of accounts, HFA advisors act as Power of Attorney or Trustee. In such cases, HFA policy requires that an entity or individual (i.e. family member, accountant, or attorney), independent of HFA, receives account statements and monitors the activity in such accounts. In addition, these accounts are also subject to a surprise annual audit performed by a qualified accounting firm. The results of this audit are reported annually to the SEC.

Item 16 – Investment Discretion

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

HFA does not assume this authority until we receive a written authorization in the client advisory agreement.

When selecting securities and determining amounts, HFA observes the investment policies, limitations and restrictions provided by the client.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, HFA does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. HFA does not provide advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

HFA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.