

Firm Brochure

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Richard Ney & Associates. If you have any questions about the contents of this brochure, please contact us at: (626) 441-2222, or by email at: RICHARDNEYANDASSOCIATES@EARTHLINK.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 Richard Ney & Associates is available on the SEC's website at www.adviserinfo.sec.gov

March 7, 2012

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: (626) 441-2222 or by email at: RICHARDNEYANDASSOCIATES@EARTHLINK.NET.

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Advisory Business

Firm Description

Richard Ney & Associates, was founded in 1961.

Richard Ney & Associates provides personalized confidential investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations or business entities. Advice is provided through consultations as well as written communications with the client and may include: determination of financial objectives, identification of financial problems, tax planning, investment management and retirement planning.

Richard Ney & Associates is strictly a fee-only 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.

Richard Ney & Associates does not act as a custodian of client assets. See Custody, p. 9. The client always maintains asset control. Richard Ney & Associates places trades for clients under a limited power of attorney.

Periodic 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.

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

Principal Owners

Mei-Lee Ney is a 100 % stockholder.

Types of Advisory Services

Richard Ney & Associates provides investment supervisory services, also known as asset management services. Investments are made only in high quality stocks, no-load mutual funds, or ETF's with the goal of holding for the long term. See Asset Management, p.2 and Discretionary Authorization for Trading, p. 8.

As of 11/30/11, Richard Ney & Associates manages approximately \$37,000,000 in assets on a discretionary basis for approximately 130 clients. There are no accounts managed on a non-discretionary basis.

Tailored Relationships

The goals and objectives for each client are documented in our client questionnaires. 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 agreement defines our client relationships.

Advisory Service Agreement

Clients choose to have Richard Ney & Associates manage their assets in order to obtain long-term growth of their assets, to produce income or a mixture of both. Relevant aspects of the client's financial affairs are reviewed. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

Investment Management Agreement

Richard Ney & Associates does not offer an *Investment Management Agreement* which is an account that does not offer some level of financial planning.

Asset Management

Assets are invested primarily in equities, no-load and exchange-traded funds, solely through the custody of Fidelity Investments. Mutual funds charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. See Expense Ratios, p. 3.

The brokerage firm, Fidelity Investments, charges a fee for stock and bond trades. See Other Fees, p. 3. Richard Ney & Associates does not receive any compensation, in any form, from fund or brokerage companies.

Termination of Agreement

A Client may terminate the aforementioned agreement at any time by notifying Richard Ney & Associates in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

Richard Ney & Associates may terminate the aforementioned agreement at any time by notifying the client in writing.

Fees and Compensation

Description

Richard Ney & Associates bases its fees on a percentage of the investable assets according to the following schedule:

- _1.80%_ on the first \$500,000;
- _1.00%_ on the next \$500,000 (from 500,001 to 1,000,000); and
- _0.50%_ on the assets above \$1,000,000.

Current client relationships may exist where the fees are higher or lower than the fee schedule above based upon certain criteria (e.g., historical relationship, type of assets, anticipated future additional assets, dollar amounts of assets to be managed, and related accounts, etc.).

Fee Billing

Investment management fees are billed quarterly, in arrears, meaning that clients are invoiced after the three-month billing period has ended. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client account held by the Qualified Custodian to facilitate billing. The client must consent in advance to direct debiting of their investment account. Fees may also be paid by check. The Qualified Custodian and the client each receive itemized invoices for the billing period, including: asset value the fees are based on, how the fees were computed and the billing period for the fees.

Other Fees

Fidelity Investments may charge transaction fees on purchases or sales of equities, certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a 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 0.25 means that the mutual fund company charges 0.25% for their services. These fees are in addition to the fees paid by you to Richard Ney & Associates.

Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Past Due Accounts and Termination of Agreement

Richard Ney & Associates reserves the right to stop work on any account that is more than 30 days overdue. In addition, Richard Ney & Associates reserves the right to terminate any advisory service agreement where a client has willfully concealed or has refused to provide pertinent information about

financial situations when necessary and appropriate, in Richard Ney & Associates' judgment, to providing proper financial advice.

Performance-Based Fees

Sharing of Capital Gains

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Types of Clients

Description

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

Client relationships vary in scope and length of service.

Account Minimums

The minimum account size is \$250,000, which equates to an annual fee of \$4,500.00

Richard Ney & Associates has the discretion to waive the account minimum. Accounts of less than \$250,000 may be set up when the client and the advisor anticipate the client will add additional funds to the accounts bringing the total to \$250,000 within a reasonable time. Other exceptions will apply to employees of Richard Ney & Associates and their relatives, or relatives of existing clients.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Security analysis methods include fundamental and technical analysis. Fundamental analysis consists of examining a company's financials, including earnings, revenue, cash flow, profit margin, debt, price/earnings ratio, and management, all within the context of the state of the overall domestic and global economies. Technical analysis includes charting of stocks and indexes, examining price and volume patterns, and examining historical and cyclical occurrences. Both types of analysis carry inherent risks of changing economic climates, cyclical forces, exceptions to the rule, and unexpected events. Richard Ney & Associates seeks to lower inherent risk by investing

only in the highest quality, liquid stocks and mutual funds. See Risk of Loss, p. 5.

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.

Investment Strategies

The primary investment strategy used on client accounts is strategic asset allocation utilizing a core and satellite approach. This means that we use passively-managed index and exchange-traded funds as the core investments, and then add focused funds or stocks where there are greater opportunities to make a difference. 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. Each client completes a confidential questionnaire that documents their objectives and their desired investment strategy. The client may change these objectives at any time.

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:

- **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.
- **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.
- **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.
- **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.
- **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.

- **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.
- **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

Richard Ney & Associates does not have any other financial industry activities.

Affiliations

Richard Ney & Associates does not have any affiliations with any other firms, including broker-dealers, investment companies, financial planning firms, other investment advisors, commodity pool operators, commodity trading advisers or futures commission merchants, banking or thrift institutions, accounting firms, law firms, insurance companies or agencies, pension consultants, real estate brokers or dealers, or entities that create or package limited partnerships.

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

Code of Ethics

The employees of Richard Ney & Associates 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

Richard Ney & Associates 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 Richard Ney & Associates *Compliance Manual*.

Personal Trading

The Chief Compliance Officer of Richard Ney & Associates is Mei-Lee Ney. Each quarter she reviews all personal trading, both for employees and her own accounts. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment.

Brokerage Practices

Selecting Brokerage Firms

Richard Ney & Associates does not have any affiliation with product sales firms. Richard Ney & Associates works solely with Fidelity Investments based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

Richard Ney & Associates does not receive fees or commissions from this arrangement.

Best Execution

Richard Ney & Associates reviews the execution of trades at Fidelity Investments each quarter. The review is documented in the Richard Ney & Associates Compliance Best Execution quarterly file. Trading fees charged by the custodian are also reviewed on a quarterly basis. Richard Ney & Associates does not receive any portion of the trading fees.

Soft Dollars

Richard Ney & Associates does not participate in any soft dollar arrangement with any outside firms including vendors and custodians.

Order Aggregation

Trades are made in stocks, mutual funds or exchange-traded funds where trade aggregation does not garner any client benefit.

Review of Accounts

Periodic Reviews

Client holdings are monitored and analyzed on an on-going basis by Mei-Lee Ney, President. She also conducts account reviews at least quarterly. 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

Clients receive periodic written communications at least three times a year. The written updates include an overall view of market conditions, a review of current market and economic fundamentals, a feature on technical analysis and a description of the current portfolio strategy. In addition, quarterly written performance reports are provided to clients.

Client Referrals and Other Compensation

Incoming Referrals

Richard Ney & Associates 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

Richard Ney & Associates 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

Richard Ney & Associates does not hold any client assets. All assets are held at Fidelity Investments as Custodian. The Custodian provides monthly account statements directly to clients at their address of record.

Performance Reports

Clients are urged to compare the account statements received directly from Fidelity to the quarterly performance report statements provided by Richard Ney & Associates.

Investment Discretion

Discretionary Authority for Trading

Richard Ney & Associates accepts discretionary authority to manage securities accounts on behalf of clients. Richard Ney & Associates 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.

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 trades for you on a discretionary basis.

Voting Client Securities

Proxy Votes

Richard Ney & Associates does not vote proxies on securities. Clients are expected to vote their own proxies.

Financial Information

Financial Condition

Richard Ney & Associates does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Richard Ney & Associates does not serve as a custodian for client funds or securities, and does not require prepayment of fees.

Business Continuity Plan

General

Richard Ney & Associates has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as earthquakes, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up continuously and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Information Security Program

Information Security

Richard Ney & Associates maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

Richard Ney & Associates 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 or about your family to the extent that it is needed for the financial planning process. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier 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. We are required by law to deliver this *Privacy Notice* to you annually, in writing.

Brochure Supplement (Part 2B of Form ADV)

Mei-Lee Ney - Certifications

Educational Background:

- Date of birth: January 15, 1947
- Syracuse University (1964-1967)

Business Experience:

- 1967-1968, First Investment Planning Co., brokerage firm, secretary
- 1968-1969, Hayden, Stone, Inc., brokerage firm, secretary
- 1969-1970, First Investment Planning Co., brokerage, stockbroker.
- 1971, Fredrick Gregory & Co, brokerage firm, stockbroker.
- 1971-1973 Newburger, Loeb, brokerage firm, stockbroker
- 1973-present, Richard Ney & Associates, investments, registered investment advisor, president since 2006.

Other Business Activities: None

Additional Compensation: None

Supervision:

Mei-Lee Ney has ultimate responsibility to ensure that the operations of Richard Ney & Associates and its employees comply with SEC rules and regulations regarding the fiduciary responsibility and conduct of its registered investment advisors. The firm maintains a rigorous procedure of checks and cross-checks supervised by Mei-Lee Ney to maintain a system of responsibility and compliance which ensures that the firm's operations are conducted at all times with client welfare as the top priority.

SUPERVISOR'S contact information:

(626) 441-2222

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Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceeding: None

Bankruptcy Petition: None