

Item 1 – Cover Page

Mullen Advisory, Inc.

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This brochure was last updated on January 1, 2012.

This brochure provides information about the qualifications and business practices of Mullen Advisory, Inc. If you have any questions about the contents of this brochure, please contact us at (323) 469-0919 or margie@mullenadvisory.com. 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 Mullen Advisory also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

In 2012, Mullen Advisory switched registration from the Securities and Exchange Commission (SEC) to the State of California. Mullen was previously registered with the SEC from 2003 until 2012.

We will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, our brochure may be requested by contacting Margie Mullen, Chief Compliance Officer, at (323) 469-0919 or margie@mullenadvisory.com.

Additional information about Mullen Advisory, Inc. is also available via the SEC's website, www.adviserinfo.sec.gov. The SEC's website also provides information about any persons affiliated with Mullen Advisory, Inc. who are registered, or are required to be registered, as investment adviser representatives of Mullen Advisory, Inc.

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Item 4 – Advisory Business

About Mullen Advisory, Inc.

Mullen Advisory, Inc. (Mullen) is a corporation formed in 1991 in the state of California. Mullen is owned by Margaret "Margie" Mullen. The major decisions of a strategic and administrative nature for the firm are undertaken by Ms. Mullen.

Although now registered with the State of California, Mullen was registered with the Securities and Exchange Commission beginning in 2001.

Services Offered

Mullen is a personal financial advisory firm dedicated to providing personalized confidential financial planning and investment management to its clients. All material conflicts of interest under CCR Section 260.238 (k) have been disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

Mullen provides Portfolio Management services that include (1) helping the client clarify his or her investment objectives, goals and time horizons, (2) creating a diversified portfolio based on those needs, and (3) investing and managing the portfolio on behalf of the client on a discretionary basis. Mullen has discretionary authority to make trades in client accounts as dictated by its best judgment for each client's situation without the client's prior consent. Mullen will evaluate all publicly traded investments, but primarily recommends to its clients institutional-style and no-load mutual funds and other low-cost investment vehicles, and for some clients municipal notes and bonds and other fixed income securities.

After an initial comprehensive financial plan is completed, Mullen includes financial planning in its portfolio management fee for clients with at least \$750,000 under management. For clients with less than \$750,000 under management, financial planning is offered for an hourly fee.

Mullen also provides updated financial plans for pre-existing, non-portfolio management clients. This planning is consistent with the individual client's financial and tax status and risk/reward objectives. This planning is done on an hourly basis.

To the extent requested by the client, financial planning may include an examination of the client's cash flow, insurance, taxes, investments, retirement and estate planning needs. After one or several meetings and Mullen's analysis, the client will be provided with a written financial plan charting recommendations to be made in the above areas to meet the client's goals and objectives.

Prior to engaging Mullen to provide services, clients are generally required to enter into an agreement with Mullen setting the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Mullen beginning services. If requested by the client, Mullen may recommend the services of other professionals for implementation purposes. 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 Mullen. If a 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. It remains the client's responsibility to promptly notify Mullen if there is ever any change in the client's financial situation or investment objectives for the purpose of reviewing/evaluating/revising Mullen's previous recommendations and/or services.

After consultation with Mullen, clients may impose restrictions on investing in certain securities or types of securities. Other restrictions may be imposed by clients with respect to the (average or longest) maturity or credit quality of fixed income investments. In either case, all restrictions must be in writing.

The client is under no obligation to act on the investment adviser's recommendation. Moreover, if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through Mullen.

Trade Error Policy

Should they occur, losses resulting from Mullen's trade errors shall be reimbursed by either Mullen or the custodian depending on the dollar amount.

Client Obligations

In performing its services, Mullen shall not be required to verify any information received from the client or from the client's other professionals. Moreover, each client is advised

that it remains his or her responsibility to promptly notify Mullen if there is ever any change in the client's financial situation or investment objectives during the client engagement.

Disclosure Statement

A copy of Mullen's written brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or at the same time as, the execution of the Advisory Agreement. Any client who has not received a copy of Mullen's written brochure at least 48 hours prior to executing the Advisory Agreement shall have five business days subsequent to executing the agreement to terminate the Mullen's services without penalty.

Amount of Assets Under Management

As of December 31, 2011, Mullen provided advice on approximately \$48 million in assets. Ninety six (96%) of assets under management are managed on a discretionary basis.

Our Policies on Class Action, Bankruptcies, and Other Legal Proceedings

Clients should note that Mullen will not advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct Mullen, if documents have been received by Mullen, to transmit copies of class action notices to the client or a third party. Upon such direction, Mullen will make commercially reasonable efforts to forward such notices in a timely manner.

Non-Participation in Wrap Fee Programs

Mullen, as a matter of policy and practice, does not sponsor any wrap fee program. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions.

Item 5 – Fees and Compensation

The client can determine to engage Mullen to provide discretionary investment advisory services on a fee-only basis. Mullen's investment advisory fee is based upon a percentage (%) of the market value of the assets placed in under Mullen's management as follows:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$1,000,000	1.0%
\$1,000,001 to \$1,500,000	0.75%
\$1,500,001 and above	0.5%

The minimum annual fee is \$7,500. The fee for the initial comprehensive financial plan is \$3,000, in addition to investment advisory fees.

Investment advisory fees are paid quarterly in advance. The quarters are calendar quarters. The first quarter is due at the execution of the Advisory Agreement and is prorated to the end of that quarter, including the month of the execution of the Agreement. For example, if the Advisory Agreement is signed in August, the fees will be prorated to the end of September (the end of the third quarter). The subsequent fees are due and payable as of the end of each calendar quarter that follow. The fee is based on the value of the client's portfolio at the end of the quarter. Valuations are derived from recognized and independent pricing sources, such as Charles Schwab and Co., Inc. or other custodian. When additional contributions are made to the portfolio in mid-quarter, a fee will be calculated and prorated until the end of the quarter and an invoice will be generated and sent to the client.

Clients may provide written authorization to the custodian of their accounts to pay Mullen's fees from the client's account. Under these circumstances, Mullen will send to the client and the custodian at the same time, a bill showing the amount of the fee, the value of the client's assets on which the fee was based, and the specific manner in which the fee was calculated. The account custodian does not verify the accuracy of Mullen's advisory fee calculation. The custodian will send the client a statement, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to Mullen.

Financial planning is available only to present and former clients. The hourly fee is \$250.00.

Fees for all levels of service are negotiable on a case by case basis. Subsequent year fees are calculated by the then prevailing fee structure and schedule. Fees are not collected for services to be performed more than six months in advance.

General Information Regarding Advisory Services and Fees

Mullen's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Clients may also incur "account termination fees" upon the transfer of an account from one brokerage firm (custodian) to another. The range for these account termination fees is believed to range generally from \$0 to \$200 at present, but at times may be much higher. Clients should contact their custodians (brokerage firms, bank or trust company, etc.) to determine the amount of account termination fees which may be charged and deducted from their accounts for any existing accounts which may be transferred.

Such charges, fees and commissions are exclusive of and in addition to the firm's fee, and the firm does not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that the firm considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

The vast majority of clients pay Mullen's fees based upon a percentage of the assets we advise upon. This is a very common form of compensation for registered investment advisory firms and avoids the multiple inherent conflicts of interest associated with commission-based compensation (Mullen does not accept commission-based compensation of any nature, nor does Mullen accept 12b-1 fees).

Asset-advised-upon percentage method of compensation can still at times lead to conflicts of interest between the firm and the client as to the advice provided. For example, conflicts of interest may arise relating to the following financial decisions in life: incur or pay down debt; gift funds to charities or to individuals; purchases of a

(larger) home or cars or other non-investment assets; the purchase of a lifetime immediate annuity; expenditures of funds for travel or other activities; investment in private equity investments (private real estate ventures, closely held businesses, etc.), and the amount of funds to place in non-managed cash reserve accounts. We have adopted internal policies to properly manage these and other potential conflicts of interest. Our goal is that our advice to you remains at all times in your best interest, disregarding any impact of the decision upon our firm.

Termination

The client may terminate any new agreement without penalty by providing written notice of such cancellation to Mullen within five (5) business days of the date of signing the agreement. Following the five-day cancellation period, the first periods' fee is not refundable due to the large volume of initial work to be undertaken by Mullen.

Thereafter, either party may terminate the agreement without penalty upon notice in writing to the other party. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, with the refund calculations based pro rata to the date of termination. Upon the termination of the agreement, Mullen will not possess any obligation to recommend or take any action with regard to the securities, cash, or other investments in a client's account.

The agreement for Portfolio Management is for an open-ended period of time.

Except as discussed above, the agreement for Hourly Financial Planning terminates upon delivery of the plan.

Mullen believes that the charges and fees offered within its program are competitive with alternative programs available through other firms offering a similar range of services; however, lower fees for comparable services may be available from other sources. A client could invest in mutual funds directly, without the services of Mullen. In that case, the client would not receive the services provided by Mullen which are designed, among other things, to assist the client in determining which investments are most appropriate to each client's financial condition and objectives, undertake a disciplined approach to portfolio rebalancing while taking into account the tax ramifications of same, and to avoid ad hoc emotional reactions to shorter-term market events. Also, some of the funds used by the firm may not be available to the client directly without the use of an investment adviser granted access to such funds.

Mullen's relationship with each client is non-exclusive; in other words, Mullen provides investment advisory services and financial planning services to multiple clients. Mullen seeks to avoid situations in which one client's interest may conflict with the interest of another client. However, one circumstance which could arise is a sudden sharp downturn in the values of one or more stock asset classes, thereby triggering (under adopted investment policies with the vast majority of Mullen's clients) the need to rebalance the investment portfolios following the close of any business (trading) day. In this instance, Mullen seeks to rebalance each client's investment portfolio on a timely basis, keeping in mind that most mutual fund trades occur at the end of a trading day.

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

Item 6 is not applicable to Mullen. Mullen 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). Such acceptance or management would pose a significant conflict of interest to the client because performance-based fees may provide an incentive to favor such accounts over the accounts of clients under our other advisory programs. Mullen considers avoidance of such conflict a paramount policy in maintaining our fiduciary duty to our clients.

Item 7 – Types of Clients

Mullen clients shall generally include individuals, high net worth individuals, pension and profit sharing plans. Mullen also may provide investment advice to trusts, estates, charitable organizations, corporations and other business entities. Client relationships vary in scope and length of service.

Required Minimum Client Accounts

The minimum account size for Portfolio Management is \$750,000. Mullen, in its sole discretion, may waive this minimum.

For financial planning clients, there is no minimum fee.

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

Methods of Analysis

Before designing investment plans for clients, Mullen will evaluate the client's investments to determine whether the client's goals harmonize with the client's financial objectives. Mullen will propose a portfolio to help clients attain their financial goals.

When Mullen invests client assets, asset allocation techniques are used which include stocks and bonds of varying characteristics and from both the United States and foreign markets. Mullen invests for the long term and expects that not all investments in a given portfolio will perform in unison with other assets in the same portfolio. Mullen manages money for the clients' downside protection, not upside gain. Mullen does not systematically rebalance the portfolio on a regular basis, but monitor each portfolio's asset allocation to make adjustments where appropriate. Mullen's Portfolio Management decisions are made considering only the assets being managed and not with regards to other investments the client may hold.

When investment markets are experiencing extraordinary circumstances, Mullen may decide to move the assets in a client's account to cash and then resume asset allocation at a future time.

Mullen may utilize fundamental analysis. Fundamental analysis is performed on historical and present data, with the goal of making financial forecasts. The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Mullen utilizes investment research and mutual fund recommendations provided by Litman/Gregory, LLC, an investment research company. Many client account asset allocations are based on asset allocation recommendations provided by Litman/Gregory.

Mullen also utilizes charting and other statistical stock market data from both Technical Indicator Index and VectorVest, both on-line subscription services. Other sources that the firm may use include Morningstar mutual fund information, Morningstar stock information, and information available on the internet.

Investment Strategies

The primary investment strategy used on client accounts is asset allocation based on Modern Portfolio Theory. Mullen develops a diversified investment portfolio by mixing different assets in varying proportions depending on client and current economic climate. The primary purpose of Asset Allocation is to reduce the risk in the portfolio, while maintaining or enhancing the rate of return of the portfolio. Portfolios are globally diversified to control the risk associated with traditional markets.

Mullen manages a variety of model portfolios based on client risk profiles, ranging from conservative to aggressive. Mullen utilizes an analytic process of fund performance in each asset class on at least a quarterly basis in order to determine the holdings and weightings of the models. The models form the basis of the design of client asset allocations, though specific client interests and circumstances may add unique holdings to any portfolio.

Each client receives investment advice regarding their portfolio based upon his or her:

- Time Horizon
- Risk Tolerance
- Expected Rate of Return
- Asset Class Preferences

The investment vehicles used to invest in the various asset classes are mutual funds. The mutual funds provide:

- Professional Management
- Diversification
- Flexibility
- Liquidity

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 Policy Statement that documents their objectives, their desired investment strategy and any restrictions on investments requested by the client.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Mullen's investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

Interest-rate Risk: The risk that investment returns will be affected by changes in the level of interest rates. When interest rates increase, the prices and values of bonds decrease. When interest rates decrease, the prices and values of bonds increase.

Market Risk: The risk that investment returns will be affected by changes in the overall level of the stock market. When the stock market as a whole increases or decreases, virtually all stocks are affected to some degree.

Reinvestment Rate Risk: The risk incurred when an investment's income is reinvested at a lower rate than the rate that existed at the time the original investment was made. This risk is most prevalent when interest rates fall.

Purchasing Power Risk (Inflation Risk): The risk that inflation will affect the return of an investment in real dollars. In other words, the amount of goods that one dollar will purchase decreases with time. Investments that have low returns, such as savings accounts, are not likely to keep up with inflation. Investments with fixed returns, such as bonds, will decrease in value because their purchasing value will decrease with inflation.

Business Risk: The risk associated with a particular industry or firm. These are factors that affect the industry or firm, but do not affect the whole market. They include government regulations, management competency, or local or regional economic factors.

Financial Risk: The risk associated with the mix of debt and equity used to finance a firm. The greater the financial leverage, the greater the financial risk.

Currency Risk (Exchange Rate Risk): The risk that a change in the value of a foreign currency relative to the U.S. dollar will negatively affect a U.S. investor's return.

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.

In general, cash equivalents provide liquidity with minimum income, and a return of principal with no capital appreciation. Cash equivalents are, however, subject to purchasing power risk.

Fixed income investments provide current income. Usually, the longer the maturity of the security, the higher the income it will generate. Also, with longer maturities, fixed income investments will have greater price volatility and greater opportunity for capital gains or capital losses. Fixed income investments are subject to interest rate risk, reinvestment rate risk, and purchasing power risk. In addition, foreign bonds would be subject to currency rate risk and junk bonds would be subject to business risk and financial risk.

The return of principal for bond funds and funds with significant underlying bond holdings is not guaranteed. Mutual fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings. Lower rated bonds are subject to greater fluctuations in value and risk of loss of income and principal than higher rated bonds.

Equity investments are subject to greater volatility, thus providing a greater opportunity for capital gains, and a greater opportunity for capital losses. Equity investments offer little or no current income. Equity investments are subject to market risk and interest rate risk, while providing an opportunity to protect against purchasing power risk. Also, stock mutual funds, rather than individual equities, may limit the exposure to business risk and financial risk.

Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be heightened in connection with investments in developing countries. Small-company stocks entail additional risks, and they can fluctuate in price more than larger company stocks.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Item 9 – Disciplinary Information

Mullen has no reportable legal or disciplinary events.

Item 10 – Other Financial Industry Activities and Affiliations

Ms. Mullen has no other financial industry activities or affiliations.

Neither Mullen, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Mullen, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

Mullen does not have any relationship or arrangement that is material to its advisory business or to its clients with any related person.

Mullen does not recommend or select other investment advisors for clients, except where Mullen has recommended and helped set up separate account management arrangements with outside investment firms for a specific client.

Item 11 – Code of Ethics

Mullen 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. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, 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 Mullen must acknowledge the terms of the Code of Ethics annually, or as amended.

Mullen anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Mullen has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Mullen, its affiliates and/or clients, directly or indirectly, have a position of interest. Mullen's employees and persons associated with Mullen are required to follow Mullen's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Mullen and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Mullen's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Mullen will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Mullen's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Mullen and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Mullen's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Mullen will retain records of the trade

order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Mullen's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Margie Mullen at (323) 469-0919 or margie@mullenadvisory.com.

It is Mullen's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Mullen will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

Broker Selection/Recommendation

In the event that the client requests that Mullen recommend a broker dealer/custodian for execution and/or custodial services, Mullen generally recommends that investment management accounts be maintained at Charles Schwab and Co., Inc. (Schwab), a discount brokerage firm.

Factors that Mullen considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with Mullen, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Mullen's clients shall comply with the Mullen's 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 Mullen 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 broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Mullen 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, Mullen's investment management fee. Mullen's 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.

Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Mullen may receive from Schwab (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist Mullen to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Mullen 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 Mullen in furtherance of its investment advisory business operations.

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

Mullen's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by Mullen to Schwab 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 result of the above arrangement.

Mullen's Chief Compliance Officer, Margie Mullen, 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.

Mullen does not receive referrals from broker-dealers.

Mullen does not engage in directed brokerage arrangements.

To the extent that Mullen provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Mullen decides to purchase or sell the same securities for several clients at approximately the same time. Mullen 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 Mullen's 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. Mullen shall not receive any additional compensation or remuneration as a result of such aggregation.

Schwab provides the clients with consolidated statements. Mullen's employees are not registered representatives of Schwab and do not receive any commissions or fees from recommending these services.

Item 13 – Review of Accounts

Portfolio Reviews and Rebalancing of the client's portfolio, for the assets held under advisement with Mullen, will be undertaken: (1) periodically as determined by Mullen; (2) upon request by the client, and (3) upon a substantial asset class decline, under the following adopted policies and procedures. All account reviews are conducted by the investment manager, Ms. Margie Mullen.

Periodic Portfolio Reviews are undertaken by advisors of Mullen to ascertain if the values in any asset class have strayed beyond their target minimums or maximums, and for purposes of meeting a client's cash flow needs. Even if one or more asset classes fall outside their target minimums or maximums, the advisor may determine not to rebalance the asset class for various reasons, such as avoidance of short-term capital gains, deferring long-term capital gains realization, minimization of transaction costs, or our view on whether the asset class is undervalued or overvalued relative to historic norms and our view of the level of the macroeconomic risks to which the asset class may be exposed. Such in-house portfolio reviews are subject to additional restrictions set forth below.

Additional Portfolio Reviews are undertaken upon request by the client, such as when special cash needs arise or when additional cash or securities are added to the investment portfolio. Mullen will respond to such requests within a reasonable period of time.

Mullen may undertake sales and purchases periodically to effect tax loss harvesting.

Portfolio Reports Provided to Clients

Quarterly Reports from Mullen of the client's investment portfolio, including a consolidated inventory of the investments upon which advice is provided to the client and may also include a performance report of the client's portfolio. In addition, in January or February of each calendar year, the client may be provided with a realized gains and loss report for any taxable accounts which are under advisement to aid the client's CPA/accountant/tax preparer in income tax preparation.

Mullen may also offer periodic data for other investment accounts upon which we provide advice, not held at the foregoing custodians, if such information is provided by the client.

Clients may also directly access account information at the custodians with which the accounts are held online (specifically, Charles Schwab and Co., Inc.), each and every day, via the secure web sites of these institutions.

Monthly or Quarterly Statements are sent to the client directly from the corresponding brokers, banks, mutual funds, partnership sponsors, and/or insurance companies which hold the client's investments. These statements reflect the assets in the custodian's custody, together with confirmations of each transaction executed in the account(s) if desired by the client. For some custodians, the client may elect to receive these statements by e-mail rather than U.S. mail.

We encourage clients to timely compare the account statements received from us with those received directly from Charles Schwab and Co., Inc., or other custodian. Should the client detect any unauthorized trading in an account, or unauthorized transfers of cash or securities, they are asked to contact Margie Mullen, Chief Compliance Officer, (323) 469-0919. Please note that Mullen have never had any unauthorized withdrawals or transfers from clients' accounts; the client's assistance in reviewing monthly and/or quarterly account statements aids us in deterring any such activity in the future.

Item 14 – Client Referrals and Other Compensation

Mullen does not accept compensation from any person for client referrals. Referrals to other professionals may be undertaken where appropriate to meet the client's needs. These situations are discussed below.

- Referrals to a CPA may be undertaken for preparation of the client's tax returns. Mullen may assist the client's CPA or tax preparer by providing various information directly to the client or to the CPA or tax preparer, if approved by the client. The client's CPA/tax preparer will provide these services directly to the client, and the client is charged directly by the CPA/tax preparer in accordance with the client's agreement with that person or firm.
- Referrals to attorneys for legal advice and document preparation may be undertaken for preparation of any recommended estate planning documents, the implementation of various strategies relating to asset protection planning, legal document preparation relating to transactions involving closely held businesses and/or professional firms, and/or other similar services. Mullen is not a law firm and does not provide legal services.

Mullen periodically receive client referrals from websites where they may be listed. In no case will the client pay any additional fees to Mullen for services if the referral comes from any of these listings.

Item 15 – Custody

It is our policy to not accept custody of a client's securities. In other words, Mullen is not granted access to clients which would enable us to withdraw or transfer or otherwise move funds or cash from any client account to our accounts or the account of any third party (other than for purposes of fee deductions, as explained below). This is for the safety of our clients' assets.

However, with a client's consent, Mullen may be provided with the authority to seek deduction of Mullen's fees from a client's accounts; this process generally is more efficient for both the client and the investment adviser, and there may be tax benefits for the client to this method when fees can be paid from certain tax-deferred accounts of clients. Mullen will send billing invoices to the client.

All clients receive account statements directly from qualified custodians, such as a bank or broker dealer that maintains those assets. The client should carefully review these account statements, and compare them to the quarterly or other reports provided by Mullen. Statements provided by Mullen may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Mullen urges all clients to compare statements in order to ensure that all account transactions, including deductions to pay advisory fees, remain proper, and to contact us with any questions.

Item 16 – Investment Discretion

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

Discretionary authority allows Mullen to perform trades in the client's account without further approval from the client. This includes decisions on the following:

- Securities purchased or sold
- The amount of securities to be purchased or sold

Once the portfolio is constructed, Mullen provides ongoing supervision and re-balancing of the portfolio as changes in market conditions and client circumstances may require.

Mullen seeks to undertake a minimal amount of trading in client accounts, in order to keep transaction fees, other expenses, and tax consequences associated with trading to minimal levels.

Clients who engage Mullen on a discretionary basis may, at any time, impose restrictions, in writing, on Mullen's 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 Mullen's use of margin, etc.).

Item 17 – Voting Client Securities

Mullen 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. Mullen may provide advice to clients regarding the clients' voting of proxies. Clients will receive their proxies or other solicitations directly from their custodian.

An exception to this policy is if the account is a Qualified Retirement Plan and thus covered by ERISA rules. Clients may contact Mullen to obtain information on how Mullen voted on behalf of the client. Mullen votes proxies in the best economic interest of the client, and not in the interest of our firm. While it is highly unlikely that we will have a material conflict when voting client proxies, a conflict could arise from time to time. In a conflict Mullen may document that votes were cast in the interest of the client; inform the client to obtain objective third party advice; obtain client's informed consent to vote a proxy in a specific manner. When seeking a client's consent, Mullen will provide the client with sufficient information regarding the matter and the nature of the conflict to enable the client to make an informed decision. There may be times when refraining from voting a proxy is in the client's best interest, such as when the cost of voting exceeds the expected benefit to the client.

Item 18 – Financial Information

Mullen does not require the prepayment of more than \$500 in fees per client, six months or more in advance. Mullen accepts limited forms of discretion over clients' accounts, as described in Item 16 of this brochure. Mullen is unaware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Mullen has never been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

Margaret "Margie" Mullen is the sole member of Mullen Advisory, Inc. Information on Margie Mullen's background, education, and qualifications is contained in a supplement to this brochure. You should receive both the brochure and the supplement.

Brochure Supplement (Part 2B of Form ADV)

Margaret "Margie" Mullen, CFP®

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This brochure was last updated on January 1, 2012.

This brochure supplement provides information about Margie Mullen that supplements the Mullen Advisory, Inc. brochure. You should have received a copy of that brochure. Please contact us at (323) 469-0919 or margie@mullenadvisory.com if you did not receive the Mullen Advisory, Inc. brochure or if you have any questions about the contents of this brochure.

Additional information about Margaret "Margie" C. Mullen also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Educational Background and Business Experience

Margaret "Margie" Mullen, CFP® was born in 1946. She earned a B.A. in Sociology from California State University (Los Angeles). Ms. Mullen became the President of Mullen Advisory, Inc. in September 1991.

Item 3- 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 each supervised person providing investment advice. No information is applicable to this Item.

Item 4- Other Business Activities

Ms. Mullen has no other financial industry activities or affiliations. She is, however, the founder and sole owner of KidExerciser, Inc., a subchapter S California corporation that does on-line selling of children's exercise equipment and other health related products. Employees and consultants do the day to day running of KidExerciser. Mullen's main business and the majority of her time is spent on Mullen Advisory.

Item 5- Additional Compensation

None

Item 6 - Supervision

As Margie Mullen is the only investment advisory employee of Mullen Advisory, she is the supervisor.

Requirements for State-Registered Advisers

Arbitration Claims: None

Self-Regulatory Organization or Administrative Proceedings: None

Bankruptcy Petition: None

Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Certified Financial Planners (CFP®) are licensed by the CFP Board to use the CFP® mark. The following are the CFP® certification requirements as of 1/1/2011 and may not be the qualifications in place when the credential was obtained.

- Bachelor's degree from an accredited college or university.
- Completion of the financial planning education requirements set by the CFP Board (www.cfp.net).
- Successful completion of the 10-hour CFP® Certification Exam.
- Three-year qualifying full-time work experience.
- Successfully pass the Candidate Fitness Standards and background check.