

## **Item 1 - Cover Page**



**Cephas Capital Management, LLC**  
**CRD# 152030**

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### **Wrap Fee Program Brochure**

**February 9, 2012 Brochure**

This wrap fee program brochure provides information about the qualifications and business practices of Cephas Capital Management, LLC ("Cephas"). If you have any questions about the contents of this brochure, please contact us at (614) 268-9153 or [miannarino@cephascm.com](mailto:miannarino@cephascm.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Additional information about Cephas also is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

## **Item 2 - Summary of Material Changes**

As you may be aware, the format that registered investment advisers are required to use in order to inform clients of the nature of advisory services provided, types of clients served, fee charged, potential conflicts of interest and other information has changed. In the past, we were only required to offer you our updated brochure on an annual basis. Under the new rules, we are required to annually provide each client with these amended disclosures, rather than merely making the offer. The new format of the complete brochure includes a Summary of Material Changes (the "Summary") reflecting any changes to our policies, practices, or conflicts of interest made since our last required filing, dated March 31, 2011.

Set forth below is the Summary of Material Changes for Cephas:

Date of Change	Description of Item
2012	Mike Iannarino and Erin Gaeta are registered representatives of BCG Securities, Inc. (see <i>Services, Fees and Compensation</i> regarding this material change).

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## Item 4 - Services, Fees and Compensation

Cephas was formed in 2009 and provides portfolio management services to its clients. Such services are generally offered through the “Cephas Wrap Program” or the “Program”, which has been designed to simplify the payment of management fees and brokerage expenses. In some cases, Cephas may utilize a third party manager through a separate wrap program sponsored by Charles Schwab & Co., Inc. (the “Schwab Wrap Program”).

Michael J. Iannarino is the Managing Partner of Cephas. Please see ***Brochure Supplement***, Appendix A, for more information on Mr. Iannarino.

### Portfolio Management

At the beginning of a client relationship, Cephas meets with the client, gathers information, and performs research and analysis as necessary. Based on its reviews, Cephas generally develops with each client:

- a financial outline for the client based on the client’s financial circumstances and goals, and the client’s risk tolerance level (the “Financial Profile” or “Profile”); and
- the client’s investment objectives and guidelines (the “Investment Plan” or “Plan”).

The Financial Profile is a reflection of the client’s current financial picture and a look to the future goals of the client. The Investment Plan outlines the types of investments Cephas will make on behalf of the client in order to meet those goals. The Profile and the Plan are discussed regularly with each client, but are not necessarily written documents.

The Investment Plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by Cephas based on updates to the client’s financial or other circumstances.

To implement the client’s Investment Plan, Cephas will manage the client’s investment portfolio on a discretionary basis or non-discretionary basis. As a discretionary investment adviser, Cephas will have the authority to supervise and direct the portfolio without prior consultation with the client. Clients who choose a non-discretionary arrangement must be contacted prior to the execution of any trade in the account(s) under management. This may result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio. The Cephas Wrap Program does not currently include any outside managers.

Notwithstanding the foregoing, clients may impose certain written restrictions on Cephas in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments (e.g., “sin stocks”) in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client’s investment portfolios. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the

client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of Cephas.

#### General Fee Information

Fees paid by clients to participate in the Cephas Wrap Program include brokerage expenses (e.g., commissions, ticket charges, etc.) as well as the management fee paid to Cephas. Under the all-inclusive billing alternative, Cephas will assess one client fee that captures the management, brokerage and administrative portions collectively. The standard rate schedule is set forth below.

For those clients utilizing the services of a third party manager (the "Manager") in the Schwab Wrap Program, Schwab will assess one fee that includes the Manager's fee and all brokerage expenses of the account. Cephas will separately assess and debit the account for its fee.

Fees paid to Cephas or Schwab are exclusive of and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). Clients will pay certain fees in addition to the fees of the Cephas Wrap Program, as more fully described below. Cephas Wrap Program fees which Cephas does not pay to third parties in connection with transaction and execution expenses are retained by Cephas. Because of this, Cephas may have a disincentive to trade securities in client accounts.

The client should review all fees charged by funds, Cephas and others to fully understand the total amount of fees paid by the client for investment and financial-related services. Clients participating in the Cephas Wrap Program may pay higher or lower fees than clients purchasing such services separately, depending on the cost of services if provided separately and the level of trading in a particular client's account.

#### Cephas Wrap Fee Program Fees

Cephas's annual fee for investment management services provided under this Agreement shall be based on the market value of the assets under management in each account and be calculated as follows:

\$0 - \$250,000	1.75%
\$250,000 - \$1,000,000	1.60%
\$1,000,000 - \$4,000,000	1.25%
\$4,000,000 and over	1.00%

The above fees are negotiable and charged quarterly in advance. Clients may incur additional charges for other account services provided that are not directly related to the execution and clearing of transactions, including, but not limited to, IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for transfers of securities. If management begins after the start of a quarter, fees will be prorated accordingly. Fees are normally debited directly from client account(s), unless other arrangements are made.

Either Cephas or the client may terminate their Investment Management Agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid

but unearned fees will be promptly refunded to the client, and any fees due to Cephass from the client will be invoiced or deducted from the client's account prior to termination.

#### Schwab Wrap Fee Program Fees

The fee assessed by Schwab may vary depending upon the Manager selected and the size of the account. All fees will be disclosed to the client in advance of any services being provided under the Schwab Wrap Program.

#### Other Compensation

Michael J. Iannarino and Erin M. Gaeta are also registered representatives of BCG Securities, Inc. ("BCG"), an SEC registered broker/dealer and member of FINRA and SIPC. As such, they are entitled to receive commissions or other remuneration on the sale of insurance and other products. In order to protect client interests, Cephass's policy is to fully disclose all forms of compensation before any such transaction is executed. Normally, clients will not pay both a commission to Mr. Iannarino or Ms. Gaeta and also pay an advisory fee to Cephass on assets held in the same account. These fees are normally exclusive of each other.

### **Item 5 - Account Requirements and Types of Clients**

Cephass serves individuals, pension and profit-sharing plans, trusts, estates, and state or municipal government entities. With some exceptions, the minimum portfolio value eligible for conventional investment advisory services is \$500,000. Minimum annual fees may apply. Under certain circumstances and in its sole discretion, Cephass may negotiate such minimums.

### **Item 6 - Portfolio Manager Selection and Evaluation**

The Cephass Wrap Program was designed to simplify for clients the payment of management fees and brokerage expenses. Cephass is the Portfolio Manager for nearly all accounts in the Program, but may utilize one or more Managers available through the Schwab Wrap Program when appropriate for a client's individual circumstances. Generally Cephass only utilizes one other Manager, RiverFront Investment Advisors, LLC ("RiverFront"). Riverfront is used as a Manager for accounts that are best-served with a pure ETF portfolio.

When Cephass manages the client portfolio, various combinations of individual stocks, ETF's and mutual funds are used as appropriate and in accordance with the Investment Plan. For a pure ETF portfolio, RiverFront was selected based on performance history, fee structure, adherence to stated objectives and other factors. Cephass relies on RiverFront to report its performance on each managed account.

#### Performance-Based Fees and Side-By-Side Management

Cephass does not have any performance-based fee arrangements. "Side by Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because Cephass has no performance-based fee accounts, it has no side-by-side management.

## Methods of Analysis

In accordance with the Investment Plan, Cephas will primarily invest in common stocks, bonds, mutual funds, and ETF's. In certain circumstances and as appropriate, as described earlier Cephas may use RiverFront to manage ETF portfolios.

In selecting individual stocks for an account, Cephas generally applies traditional fundamental analysis including, without limitation, the following factors:

- Financial strength ratios;
- Price-to-earnings ratios;
- Dividend yields; and
- Growth rate-to-price earnings ratios

Fixed income investments may be used as a strategic investment, as an instrument to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation. Cephas may evaluate and select individual bonds or bond funds based on a number of factors including, without limitation, rating, yield and duration.

Mutual funds, ETFs and other Managers are generally evaluated and selected based on a variety of factors, including, without limitation, past performance, fee structure, portfolio manager, fund sponsor, overall ratings for safety and returns, and other factors.

## Investment Strategies

Cephas's strategic approach is to invest each portfolio in accordance with the Plan that has been developed specifically for each client. Cephas is generally a long-term investor, meaning that securities are purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

## Risk of Loss

While Cephas seeks to diversify clients' investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

*Management Risks.* While Cephas manages client investment portfolios based on Cephas's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that Cephas allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that Cephas's specific investment choices could underperform their relevant benchmarks.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, Cephas may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still

subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*Equity Market Risks.* Cephas will generally invest portions of client assets directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

*Fixed Income Risks.* Cephas may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Foreign Securities Risks.* Cephas may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

#### Voting Client Securities

As a policy and in accordance with Cephas's client agreement, Cephas does not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to the client. Clients may contact Cephas with questions relating to proxy procedures and proposals; however, Cephas generally does not research particular proxy proposals.

#### Best Execution and Benefits of Brokerage Selection

When given discretion to select the brokerage firm that will execute orders in client accounts, Cephas seeks "best execution" for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, Cephas may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third party



research (or any combination), and may be used in servicing any or all of Cephas's clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

Cephas may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets. Cephas may also effect trades for client accounts at Schwab, or may in some instances, consistent with Cephas's duty of best execution and specific agreement with each client, elect to execute trades elsewhere. Although Cephas may recommend that clients establish accounts at Schwab, it is ultimately the client's decision to custody assets with Schwab. Cephas is independently owned and operated and is not affiliated with Schwab.

Schwab provides Cephas with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as Cephas maintains a pre-established minimum amount of client assets in accounts at Schwab Advisor Services. Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Cephas client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab Advisor Services also makes available to Cephas other products and services that benefit Cephas but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Cephas accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist Cephas in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Cephas's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Advisor Services also offers other services intended to help Cephas manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Cephas. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Cephas. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of Cephas personnel. In evaluating whether to recommend that clients custody their assets at Schwab, Cephas may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### Directed Brokerage

Clients may direct Cephas to use a particular broker for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. Accordingly, a client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

The arrangement that Cephas has with Schwab is designed to maximize efficiency and to be cost effective. By directing brokerage arrangements, the client acknowledges that these economies of scale and levels of efficiency are generally compromised when alternative brokers are used. While every effort is made to treat clients fairly over time, the fact that a client chooses to use the brokerage and/or custodial services of these alternative service providers may in fact result in a certain degree of delay in executing trades for their account(s) and otherwise adversely affect management of their account(s).

By directing Cephas to use a specific broker or dealer, clients who are subject to ERISA confirm and agree with Cephas that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries, that the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

### Aggregated Trade Policy

Cephas may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rata basis between all accounts included in any such block. Block trading allows Cephas to execute equity trades in a timelier, equitable manner, and may reduce overall costs to clients.

Cephas will only aggregate transactions when it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients, and is consistent with the terms of Cephas's Investment Advisory Agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all Cephas's transactions in a given security on a given business day, with transaction costs generally shared pro-rata based on each client's participation in the transaction. On occasion, owing to the size of a particular account's pro rata share of an order or other factors, the commission or transaction fee charged could be above or below a breakpoint in a pre-determined commission or fee schedule set by the executing broker, and therefore transaction charges may vary slightly among accounts. Accounts may be excluded from a block due to tax considerations, client direction or other factors making the account's participation ineligible or impractical.

Cephas will prepare, before entering an aggregated order, a written statement (“Allocation Statement”) specifying the participating client accounts and how it intends to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, it will generally be allocated pro-rata, based on the Allocation Statement, or randomly in certain circumstances. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment, and the reason for different allocation is explained in writing and is approved by an appropriate individual/officer of Cephas. Cephas’s books and records will separately reflect, for each client account included in a block trade, the securities held by and bought and sold for that account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients’ cash nor their securities will be held collectively any longer than is necessary to settle the transaction on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement, and Cephas will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

### Cross Trades

From time to time, Cephas may direct a “cross trade” of securities (including, without limitation, fixed income securities) between client accounts, whereby Cephas arranges for one client account to purchase a security directly from another client. In such cases, Cephas will seek to obtain a price for the security from one or more independent sources. Cephas is not a broker-dealer and receives no compensation from a cross trade; however, the broker-dealer facilitating the cross trade normally charges administrative fees to the clients’ accounts.

Cephas may direct a cross trade when Cephas believes that the transaction is in the best interest of the clients, that no client will be disfavored by the transaction, and that the transaction receives the best execution.

### Custody

Schwab is the custodian of nearly all client accounts at Cephas. From time to time however, clients may select an alternate broker to hold accounts in custody. In any case, it is the custodian’s responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify Cephas of any questions or concerns. Clients are also asked to promptly notify Cephas if the custodian fails to provide statements on each account held.

From time to time and in accordance with Cephas’s agreement with clients, Cephas will provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. At times there may be small differences due to the timing of dividend reporting, pending trades and other factors.

### Investment Discretion

As described in the **Advisory Business** section, Cephas will accept clients on either a discretionary or non-discretionary basis. For *discretionary accounts*, a Limited Power of Attorney (“LPOA”) is executed by the client, giving Cephas the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client; and, the withdrawal of advisory fees directly from the account. Cephas then directs

investment of the client's portfolio using its discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client's investment advisory agreement with Cephas and the requirements of the client's custodian.

For *non-discretionary* accounts, the client also generally executes an LPOA, which allows Cephas to carry out trade recommendations and approved actions in the portfolio. However, in accordance with the investment advisory agreement between Cephas and the client, Cephas does not implement trading recommendations or other actions in the account unless and until the client has approved the recommendation or action. As with discretionary accounts, clients may limit the terms of the LPOA, subject to Cephas's agreement with the client and the requirements of the client's custodian.

## **Item 7 - Client Information Provided to Portfolio Managers**

Other than accounts managed by RiverFront, all accounts are managed directly by Cephas, so no other Managers receive information on Cephas accounts. Cephas decides which of the Model Portfolios offered by RiverFront is most appropriate for the client. Therefore, no information other than the name and account number of the managed account is shared with RiverFront.

## **Item 8 - Client Contact with Portfolio Managers**

Clients with questions regarding their account managed by RiverFront will generally discuss such questions with Cephas. However, RiverFront is also available to discuss the account with the client if requested. No restrictions are placed on client's ability to contact or consult with Cephas.

## **Item 9 - Additional Information**

### Disciplinary Information

Cephas has no disciplinary events to report.

### Other Financial Industry Activities and Affiliations

As noted in ***Services, Fees and Compensation***, Mike Iannarino and Erin Gaeta of Cephas are also registered representatives of BCG Securities, Inc, a FINRA and SIPC member and registered broker/dealer. Please see ***Services, Fees and Compensation*** for more information.

### Code of Ethics and Personal Trading

Cephas has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. Cephas's Code has several goals. First, the Code is designed to assist Cephas in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, Cephas owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires Cephas associated persons to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for Cephas's associated persons (managers, officers and employees). Under the Code's Professional Standards, Cephas expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard,

Cephas associated persons are not to take inappropriate advantage of their positions in relation to Cephas clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time Cephas's associated persons may invest in the same securities recommended to clients. Under its Code, Cephas has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

#### Participation or Interest in Client Transactions

As outlined above, Cephas has adopted procedures to protect client interests when its associated persons invest in the same securities as those selected for or recommended to clients. In the event of any identified potential trading conflicts of interest, Cephas's goal is to place client interests first.

Consistent with the foregoing, Cephas maintains policies regarding participation in initial public offerings (IPOs) and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If a Cephas associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer. If associated persons trade with client accounts (e.g., in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with Cephas's written policy.

#### Review of Accounts

Managed portfolios are reviewed at least quarterly, but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by Cephas. These factors may include but are not limited to, the following: change in general client circumstances (marriage, divorce, retirement); or economic, political or market conditions. Michael J. Iannarino, Cephas's Managing Member, reviews all accounts.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. In addition, Cephas provides at least an annual report for each managed portfolio. This written report normally includes a summary of portfolio holdings and performance results. Additional reports are available at the request of the client.

#### Client Referrals and Other Compensation

As noted above, Cephas may receive some benefits from Schwab based on the amount of client assets held at Schwab. Please see "Portfolio Manager Selection and Evaluation" for more information. However, neither Schwab nor any other party is paid to refer clients to Cephas.

### Financial Information

Cephas does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore has no disclosure required for this item.

### **Item 10 - Requirements for State-Registered Advisers**

As the principal executive officer and management person of Cephas, Michael J. Iannarino's background information is provided elsewhere in this Form ADV. Other than this, no disclosure is required under this item.

**Brochure Supplement for**  
**Michael J. Iannarino, CFA, CFP®**

**CRD# 1258453**

**of**

**Cephas Capital Management, LLC**

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February 9, 2012

This brochure supplement provides information about Mike Iannarino, and supplements the Cephas Capital Management, LLC ("Cephas") brochure. You should have received a copy of that brochure. Please contact Cephas at (614) 268-9153 if you did not receive Cephas's brochure, or if you have any questions about the contents of this supplement.

Additional information about Mike Iannarino is available on the SEC's website at  
[www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

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***Educational Background and Business Experience***

Michael J. Iannarino (year of birth 1958) is Managing Partner of Cephas Capital Management, LLC. Mike is a lifelong resident of Columbus, Ohio. He is a 1983 graduate of The Ohio State University with a BSBA in Accounting and over 25 years of experience in the financial services industry. Mike incorporated Cephas in December 2006, and registered the firm as an independent investment adviser in 2009. His goal became reality by assembling other professionals to offer clients a specialized wealth management boutique. Cephas combines a personal financial planning discipline for clients and their families, with in-house money management. Cephas is also a Family Life Office that works closely with clients' children to ease asset transition to the next generation.

Mike began his career as a Financial Advisor with E.F. Hutton from 11/1984 to 02/1988. Then he joined Merrill Lynch from 11/1988 to 11/1997. In October, 1997, he made a transition to First Union Capital Markets Corporation. There were several mergers after that beginning with First Union Securities in 10/1999 to Wachovia Securities in 2002 and then Wells Fargo in December 2006. Finally, in 12/2009, Mike made a transition to Purshe Kaplan Sterling Investments, where he remained until 10/2011. He then moved his business to BCG Securities, Inc. where he is currently a registered representative.

Mike is a CERTIFIED FINANCIAL PLANNER™ professional\*, as well as a CFA charterholder\*\* and a member of the Columbus Financial Analyst Society.

\* The CFP® certification is granted by Certified Financial Planner Board of Standards, Inc. (CFP Board). To attain the certification, the candidate must complete the required educational, examination and experience requirements set forth by CFP Board. Certain designations, such as the CPA, CFA and others may satisfy the education component, and allow a candidate to sit for the CFP® Certification Examination. The Examination tests the candidate's ability to apply financial planning knowledge to client situations. The 10-hour exam is divided into three separate sessions over a 2-day period. At least 3 years of qualifying full-time work experience are required for certification. Qualifying experience includes work in the area of the delivery of the personal financial planning process to clients, the direct support or supervision of others in the personal financial planning process, or teaching all, or any portion, of the personal financial planning process.

\*\* The Chartered Financial Analyst® ("CFA") designation is a professional designation given by the CFA Institute that measures the competence and integrity of financial analysts. The CFA® Program is a graduate-level self-study program that combines a broad-based curriculum of investment principles with professional conduct requirements. Candidates are required to pass three levels of examinations covering areas such as accounting, economics, ethics, money management and security analysis. Before a candidate is eligible to become a CFA charterholder, he/she must meet minimum experience requirements in the area of investment/financial practice. To enroll in the program, a candidate must hold a bachelor's degree.

### ***Disciplinary Information***

There is no disciplinary information to report regarding Mike.

### ***Other Business Activities***

Mike is also a registered representative of BCG Securities, Inc. ("BCG"), an SEC registered broker/dealer and member of FINRA and SIPC. As such, he is entitled to receive commissions or other remuneration on the sale of insurance and other products. In order to protect client interests, Cephas's policy is to fully disclose all forms of compensation before any such transaction is executed. Normally, clients will not pay both a commission to Mike and also pay an advisory fee to Cephas on assets held in the same account. These fees are normally exclusive of each other.

Other than the sale of insurance and other products, Mike is not engaged in any other investment-related business or occupation, and does not earn compensation for the sale of any other products or services.

### ***Additional Compensation***

Other than as stated above, Mike has no other income or compensation to disclose.

### ***Supervision***

As the Managing Partner of Cephas Capital Management, LLC, Michael Iannarino supervises all duties and activities of the firm, and is responsible for all advice provided to clients. His contact information is on the cover page of this disclosure document.



***State Requirements for State-Registered Advisers***

Mike has no event to disclose with respect to this item.

**Brochure Supplement for**

**Erin M. Gaeta, CFP®**

**CRD# 4724535**

**of**

**Cephas Capital Management, LLC**

3478 N. High Street  
Columbus, Ohio 43214

(614) 268-9153

[www.Cephascm.com](http://www.Cephascm.com)

February 9, 2012

This brochure supplement provides information about Erin Gaeta, and supplements the Cephas Capital Management, LLC ("Cephas") brochure. You should have received a copy of that brochure. Please contact Cephas at (614) 268-9153 if you did not receive Cephas's brochure, or if you have any questions about the contents of this supplement.

Additional information about Erin Gaeta is available on the SEC's website at  
[www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

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***Educational Background and Business Experience***

Erin M. Gaeta (year of birth 1974) is a Partner of Cephas Capital Management, LLC. Erin received her BSBA Master of Science degree in Family Financial Management from The Ohio State University in 2005 and earned her CERTIFIED FINANCIAL PLANNER™ certification\* in 2007. There her research interests centered on the investment decision-making process of individuals and households, specifically within qualified retirement plans. As a graduate teaching and research assistant, Erin assisted teaching undergraduate financial planning courses and worked on federal initiatives regarding the use and improvement of investment disclosures at The Federal Reserve Board in Washington D.C.

In May 2005, Erin began her career as a Financial Consultant with Wachovia Securities. Then, as the merger from Wachovia to Wells Fargo was taking place, she was named Vice President of Investments at Wells Fargo and a Partner of Cephas.

In December 2009, Cephas began working with Purshe Kaplan Sterling Investments, and later transitioned to BCG Securities, Inc. in October, 2011, where she is currently a registered representative.

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### ***Disciplinary Information***

There is no disciplinary information to report regarding Erin.

### ***Other Business Activities***

Erin is also a registered representative of BCG Securities, Inc. ("BCG"), an SEC registered broker/dealer and member of FINRA and SIPC. As such, she is entitled to receive commissions or other remuneration on the sale of insurance and other products. In order to protect client interests, Cephas's policy is to fully disclose all forms of compensation before any such transaction is executed. Normally, clients will not pay both a commission to Erin and also pay an advisory fee to Cephas on assets held in the same account. These fees are normally exclusive of each other.

Other than the sale of insurance and other products, Erin is not engaged in any other investment-related business or occupation, and does not earn compensation for the sale of any other products or services.

### ***Additional Compensation***

Erin has no other income or compensation to disclose.

### ***Supervision***

Michael Iannarino, Managing Partner, of Cephas Capital Management, LLC, is responsible for supervising Erin and for reviewing accounts. Michael Iannarino can be reached at (614) 268-9153.

### ***State Requirements for State-Registered Advisers***

Erin has no event to disclose with respect to this item.