

Laurel Wealth Advisors, Inc.

Client Brochure

This brochure provides information about the qualifications and business practices of Laurel Wealth Advisors, Inc.. If you have any questions about the contents of this brochure, please contact us at (760) 473-4109 or by email at: lee.tripodi@gmail.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 Laurel Wealth Advisors, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. Laurel Wealth Advisors, Inc.'s CRD number is: 157139

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Registration does not imply a certain level of skill or training.

Version Date: March 2012

Item 2: Material Changes

Laurel Wealth Advisors, Inc. is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure. At this time, there are no material changes to report about our Brochure.

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Item 4: Advisory Business

A. Description of the Advisory Firm

Laurel Wealth Advisors, Inc. is a Corporation organized in the state of California.

This firm has been in business since March 2011, and the principal owner is Lee Alfred Tripodi.

B. Types of Advisory Services

Laurel Wealth Advisors, Inc. (hereinafter "LWA") offers the following services to advisory clients:

Investment Supervisory Services

LWA offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. LWA creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- | | |
|-----------------------|--------------------------------|
| • Investment Strategy | • Personal Investment Policy |
| • Asset Allocation | • Asset Selection |
| • Risk Tolerance | • Regular Portfolio Monitoring |

LWA evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. LWA will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Financial Planning

Financial plans and financial planning may include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. These services are based on fixed fees or hourly fees and the final fee structure is documented in Exhibit II of the Financial Planning Agreement.

In offering financial planning, a conflict exists between the interests of the investment adviser and the interests of the client. The client is under no obligation to act upon the investment adviser's recommendation, and, if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment adviser. This statement is required by California Code of Regulations, 10 CCR Section 260.235.2.

Selection of Other Advisors

LWA may direct clients third party money managers. LWA will be compensated via a fee share from these advisors to which it directs those clients. This relationship will be disclosed in each contract between LWA and each of the third party advisors. The fees shared will not exceed any limit imposed by any regulatory agency. Before selecting other advisors for clients, LWA will always ensure those other advisors are properly licensed or registered as investment advisor.

Services Limited to Specific Types of Investments

LWA limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, REITs, insurance products including annuities, and government securities. LWA may use other securities as well to help diversify a portfolio when applicable.

C. Client Tailored Services and Client Imposed Restrictions

LWA offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent LWA from properly servicing the client account, or if the restrictions would require LWA to deviate from its standard suite of services, LWA reserves the right to end the relationship.

D. Wrap Fee Programs

LWA offers wrap fee programs as further described in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure") of the Brochure. LWA wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. LWA does not manage wrap fee accounts in a different fashion than non-wrap fee accounts. As further described in LWA's Wrap Fee Program Brochure, we receive a portion of the wrap fee for our services.

E. Amounts Under Management

LWA manages \$120,000,000.00 on a discretionary basis and \$0 on a non-discretionary basis as of December 31, 2011.

Item 5: Fees and Compensation

A. Fee Schedule

Investment Supervisory Services Fees

| Total Assets Under Management | Annual Fee |
|--------------------------------------|-------------------|
| \$1 - \$1,000,000 | 2.5% |
| \$1,000,001 - \$2,000,000 | 2% |
| \$2,000,001 - \$5,000,000 | 1.5% |
| Above \$5,000,000 | 1.25% |

These fees are negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are paid quarterly in advance, and clients may terminate their contracts with thirty days' written notice. In the event that clients wish to terminate LWA's services, LWA will refund the unearned portion of the advisory fee to clients. Upon receipt of client letter of termination, LWA will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Lower fees for comparable services may be available from other sources.

Financial Planning Fees

Fixed Fees

Depending upon the complexity of the situation and the needs of the client, the rate for creating client financial plans is between \$250 and \$5,000. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund is necessary. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract. Lower fees for comparable services may be available from other sources.

Hourly Fees

Depending upon the complexity of the situation and the needs of the client, the hourly fee for these services is \$150. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. Fees are paid in arrears upon completion. Because fees are charged in arrears, no refund is necessary. Clients may terminate their contracts without penalty within five business days of signing the advisory contract. Lower fees for comparable services may be available from other sources.

Selection of Other Advisors Fees

LWA may direct clients to third party money managers. LWA will be compensated via a fee share from these advisors to which it directs those clients. This relationship will be disclosed in each contract between LWA and each of the third party advisors. The fees shared will not exceed any limit imposed by any regulatory agency. The fee schedule for these money managers are as follows:

| AUM | This RIA's Split | Third Party's Split |
|----------------------|-------------------------|----------------------------|
| \$1 - \$1,000,000 | 1.90% | 0.60% |
| 1,000,0001-2,000,000 | 1.50% | 0.50% |
| 2,000,001-5,000,000 | 1.15% | 0.35% |
| Above \$5,000,000 | 1.00% | 0.25% |

Fees are paid quarterly in advance.

B. Payment of Fees

Payment of Investment Supervisory Fees

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance.

Payment of Financial Planning Fees

Hourly Financial Planning fees are paid via check in arrears upon completion. Because fees are charged in arrears, no refund is necessary.

Fixed Financial Planning fees are paid via check in arrears upon completion. Because fees are charged in arrears, no refund is necessary.

C. Description of Any Other Types of Fees or Expenses

Non-Wrap fee Clients will incur transaction charges for trades executed in accounts. These transaction fees are separate from LWA's fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which LWA does not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

Wrap fee clients will receive LWA's Form ADV, Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"). Wrap fee clients will not incur transaction costs for trades. More information about this is disclosed in LWA's separate Wrap Fee Program Brochure.

D. Prepayment of Fees

LWA collects its advisory fees in advance.

E. Outside Compensation For the Sale of Securities to Clients

Neither LWA nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

LWA may charge qualified clients¹ "performance fees" – that is, fees based on a share of capital gains on or capital appreciation of the managed assets of a client. LWA charges performance based fees as follows:

Assets Under Management

All Assets

Annual Percentage of Assets Charge*:

2%

*LWA's fees are paid quarterly in arrears, and clients may terminate their contracts with ten days' written notice. Because fees are charged in arrears, no refund is necessary.

LWA also charges a performance based fee quarterly in arrears at the end of each quarter as follows:

¹ LWA is currently permitted to charge performance based fees only to clients with at least \$750,000 under management with our firm or a net worth of at least \$1.5 million. It is expected that the SEC will revisit this standard in the near future and tie the definition of a qualified client to inflation. It is unclear at this time whether the SEC will grandfather or exempt existing qualified clients being charged performance based fees from a greater financial threshold for meeting the qualified client standard should the definition change.

20% of the net profits (i.e., profits after LWA's management fee has been deducted) achieved for the previous quarter of account management if annual return is equal to or greater than of 7%-10% (i.e., profits after LWA's management fee has been deducted and the account has achieved a 7%-10% net return) achieved for the previous year or pro-rata portion thereof (in cases where the client terminates before year's end or engages LWA's services mid-year) of account management. Performance fees will also be subject to a "High Water Mark" provision wherein performance fees will only be payable if the aforementioned return minimums are achieved and:

- The client's account exceeds its initial value at inception;
- The client's account exceeds its highest value from any preceding calendar year end; a
- All provisions are analyzed net of deposits and/or withdrawals.

In charging performance fees to some client accounts, LWA faces a conflict because LWA can potentially receive greater fees from client accounts having a performance-based compensation structure than from those accounts LWA only charges a fee unrelated to performance (e.g., an asset-based fee). As a result, LWA may have an incentive to direct the best investment ideas to, or to allocate or sequence trades in favor of, the account that pays a performance fee.

LWA has taken several important steps to ensure that our performance based accounts are not favored over our client's non-performance fee based accounts. These steps include:

- 1) A periodic comparison of our performance based and non-performance accounts. LWA's comparison will entail a review of our ten most profitable and ten least profitable (including unrealized gain or loss) investment decisions based on total return of positions opened and closed for each investment strategy or mandate offered to clients. LWA keeps track of securities ticker symbol, purchase date, sale date, percentage of gain and/or loss, and dollar amount of the gain and/or loss. In the event that LWA finds performance based accounts are being unduly (i.e., consistently) favored over non-performance based accounts, LWA would take action to address the situation. This could include allowing non-performance based accounts to trade before performance based accounts to the extent practicable, or if the problem persists, not allowing new performance based accounts, waiving performance based fees or cancelling performance based fee arrangements altogether and in some cases, termination of firm personnel.
- 2) The use of block trades and allocations made based on client's risk tolerance, investment objectives and restrictions. A periodic review of the block trade allocations to detect whether profitable trades are being disproportionately allocated to performance based accounts, while unprofitable trades are being disproportionately allocated to pure-fee based accounts with no performance fee. If LWA detects a problem in the allocation of block trades, remedies are the same as those outlined above.

Item 7: Types of Clients

LWA generally provides investment advice and/or management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Trusts, Estates, or Charitable Organizations

Minimum Account Size

There is an account minimum, \$100,000, which may be waived by the investment advisor, based on the needs of the client and the complexity of the situation.

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

LWA's methods of analysis include charting analysis, fundamental analysis, technical analysis, and cyclical analysis.

Charting analysis involves the use of patterns in performance charts. LWA uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Technical analysis involves the analysis of past market data; primarily price and volume.

Cyclical analysis involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

Investment Strategies

LWA uses long term trading, short term trading, short sales, margin transactions, options writing (including covered options, uncovered options, or spreading strategies).

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

B. Material Risks Involved

Methods of Analysis

Charting analysis strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

Investment Strategies

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading, short sales, margin transactions, and options writing generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

C. Risks of Specific Securities Utilized

LWA generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it will utilize short sales, margin transactions, and options writing. Short sales, margin transactions, and options writing generally hold greater risk of capital loss and clients should be aware that there is a material risk of loss using any of those strategies.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

D. Our Practices Regarding Cash Balances in Client Accounts

LWA generally invests client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, LWA tries to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that LWA may debit advisory fees for our services related to Investment Advisory Services, as applicable.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of LWA's management.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither LWA nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither LWA nor its representatives are registered as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Lee Alfred Tripodi is the director of Tripodi Advisory Group, LLC a consulting company regarding financial business issues including expert witness. LWA always acts in the best interest of the client.

Lee Alfred Tripodi is a licensed insurance agent. From time to time, he will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. LWA always acts in

the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of LWA in their capacity as an insurance agent.

All material conflicts of interest under Section 260.238 (k) of the California Corporations Code are 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.

D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections

LWA may direct clients to the third party money managers; Sterling Wealth Management, Hearthstone, and Althema. LWA will be compensated via a fee share from these advisors to which it directs those clients. This relationship will be disclosed in each contract between LWA and each of the third party advisors. This creates a conflict of interest in that LWA has an incentive to direct clients to the third party money managers that provide LWA with a larger fee split. LWA will always act in the best interests of the client, including when determining which third party manager to recommend to clients. LWA will ensure that all recommended advisors or managers are licensed or notice filed in the states in which LWA is recommending them to clients.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts². In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

² For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures.

We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

B. Recommendations Involving Material Financial Interests

LWA does not recommend that clients buy or sell any security in which a related person to LWA has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of LWA may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of LWA to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. LWA will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of LWA may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of LWA to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. LWA will always process clients' transactions before its own when similar securities are being bought or sold.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

The Custodian, Schwab Institutional, a division of Charles Schwab & Co., Inc., was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. LWA will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

1. Research and Other Soft-Dollar Benefits

LWA receives research, products, or services other from its broker-dealer or another third-party in connection with client securities transactions ("soft dollar benefits"). There is no minimum client number or dollar number that LWA must meet in order to receive free research from the custodian or broker/dealer. There is no incentive for LWA to direct clients to this particular broker-dealer over other broker-dealers who offer the same services. The first consideration when recommending broker/dealers to clients is best execution.

2. Brokerage for Client Referrals

LWA receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. Clients Directing Which Broker/Dealer/Custodian to Use

LWA allows clients to direct brokerage. LWA may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients money because without the ability to direct brokerage LWA may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

B. Aggregating (Block) Trading for Multiple Client Accounts

LWA maintains the ability to block trade purchases across accounts. While block trading may benefit clients by purchasing larger blocks in groups, we do not feel that the clients are at a disadvantage due to the best execution practices of our custodian.

Item 13: Reviews of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Client accounts are reviewed at least quarterly only by Lee Alfred Tripodi, President. Lee Alfred Tripodi is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at LWA are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Lee Alfred Tripodi, President. There is only one level of review and that is the total review conducted to create the financial plan.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client will receive at least quarterly a written report that details the clients account which may come from the custodian.

Clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

Our firm may recommend that clients establish brokerage accounts with Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), registered broker-dealers, Members SIPC, to maintain custody of Clients' assets and to effect trades for their accounts. Our firm is independently owned and operated and not affiliated with Schwab. Our firm may also recommend that Clients establish accounts with firms other than Schwab.

Our firm places trades for its Clients' accounts subject to its duty to seek best execution and its other fiduciary duties. Our firm may use broker-dealers other than Schwab to execute trades for client accounts maintained at Schwab, but this practice may result in additional costs to clients so that we are more likely to place trades through Schwab rather than other broker-dealers. Schwab's execution quality may be different than other broker-dealers. For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Some of the products, services and other benefits provided by Schwab benefit us and may not benefit our firm's client accounts. Our recommendation/requirement that a client place assets in Schwab's custody may be based in part on benefits Schwab provides to us, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

Schwab also makes available to our firm other products and services that benefit us but may not benefit clients' accounts. These benefits may include national, regional or specific to our firm, educational events organized and/or sponsored by Schwab Institutional. Other potential benefits may include occasional business entertainment of personnel of our firm by Schwab Institutional personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist us in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of our firm's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to us other services intended to help our firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to our firm by independent third parties.

Schwab Institutional 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 us. While, as a fiduciary, Our firm endeavors to act in its clients' best interests, our recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to our firm of the availability of some of the foregoing products and services and other arrangements 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.

But for soft dollar arrangements, we would have to obtain the aforementioned services and products for cash. As a result of receiving such products and services for no cost, we may have an incentive to continue to place Client trades through broker-dealers that offer soft dollar arrangements. This interest conflicts with the Clients' interest of obtaining the lowest commission rate available. Therefore, our firm must determine in good faith, based on the "best execution" policy stated above that such commissions are reasonable in relation to the value of the services provided by such executing broker-dealers.

From time-to-time our firm may make an error in submitting a trade order on a client's behalf. When this occurs, we may place a correcting trade with the broker-dealer which has custody of the client's account. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should have received the gain, it is not permissible for the client to retain the gain, or our firm confers with the client and the client decides to forego the gain (e.g., due to tax reasons). If the gain does not remain in the client's account and Schwab is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, we will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in the client's account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in the client's account, they may be netted.

B. Compensation to Non – Advisory Personnel for Client Referrals

LWA does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

Item 15: Custody

LWA, with Client's written authority, has limited custody of client's assets through direct fee deduction of LWA's Fees only. Constructive custody of all client's assets and holdings is maintained primarily at Schwab Institutional, a division of Charles Schwab & Co., Inc. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Item 16: Investment Discretion

For those clients' accounts where LWA provides ongoing supervision, the client has given LWA written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides

LWA discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

Item 17: Voting Client Securities (Proxy Voting)

LWA will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18: Financial Information

A. Balance Sheet

LWA does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither LWA nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

LWA has not been the subject of a bankruptcy petition in the last ten years.