

Shulman DeMeo Asset Management, LLC

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Shulman DeMeo Asset Management, LLC

Brochure

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This brochure provides information about the qualifications and business practices of Shulman DeMeo Asset Management, LLC (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at (516) 708-9954 or jnd@sd-assetmanagement.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 Shulman DeMeo Asset Management, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to Shulman DeMeo Asset Management, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

There have been no material changes made to Shulman DeMeo Asset Management, LLC's disclosure statement since last year's Annual Amendment filing on March 23, 2012.

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Item 4 **Advisory Business**

- A. The Registrant is a limited liability company formed on September 15, 2006 in the state of New York. The Registrant became registered as an Investment Adviser Firm in April 2007. The Registrant is owned by James N. DeMeo, Jr. and Jason H. Shulman, both of which are the Registrant's Managing Members.

- B. As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a wrap *fee* basis. (*See* discussion below). If a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need.

SHULMAN DEMEO ASSET MANAGEMENT, LLC WRAP PROGRAM

The Registrant provides investment management services on a wrap fee basis in accordance with the Registrant's investment management wrap fee program (the "Program"). The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure a copy of which is presented to all prospective Program participants. Under the Program, the Registrant is able to offer participants discretionary and/or non-discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee is 1.50% of the client's assets under management. The terms and conditions for client participation in the Program are set forth in detail in the Wrap Fee Program Brochure, which is presented to all prospective Program participants in accordance with the disclosure requirements of Part 2A Appendix 1 of Form ADV. The Wrap Fee Program Brochure is incorporated into this Brochure by reference. All prospective Program participants should read both the Registrant's Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program.

The Registrant's annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

Charles Schwab & Co. (“*Schwab*”) shall serve as the custodian for Program accounts.

Please Note: As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by Registrant for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

PORTFOLIO MONITORING SERVICE

For clients who wish to also engage Registrant for a portfolio monitoring service, such clients may engage the Registrant to monitor client portfolios or investments held with other independent registered investment advisers. The Registrant will review various investments, including individual stocks and mutual funds, to determine which of these investments is appropriate for each client, depending on his or her individual needs and circumstances. Client investments will then be monitored on a quarterly or as needed basis. The Registrant will provide this monitoring service on a quarterly basis and will meet with the client at least annually to review performance, allocation of assets, tax liability issues, update the clients profile to reflect any changes in client circumstances, and review and effect any change of beneficiaries. Although the Registrant will not be involved in any way in the purchase or sale of these investments, the Registrant will supervise the clients portfolio and will make investment recommendations to the client as market favors and the client’s needs dictate. The current annual fee for portfolio monitoring services is up to 1.00% of the client’s assets under management. **Please Note:** The client and/or his/her/their/its own investment advisers that maintain trading authority, and not the Registrant, shall be exclusively responsible for the investment performance of any such monitored assets.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Registrant’s planning and consulting fees are negotiable, but generally range from \$2,500 to \$25,000 on a fixed fee basis, and from \$300 to \$700 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth 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 Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including the Registrant’s representatives in their individual capacities as licensed insurance agents. (*See* disclosure at Item 10 C.8). 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 the Registrant. **Please Note:** If the 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. **Please Also Note:** It remains the client’s responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial

situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

MISCELLANEOUS

Additional Fees. The Program's wrap fee does not include certain charges and administrative fees, including, but not limited to, fees charged by mutual funds, transaction charges (including mark-ups and mark-downs) resulting from trades effected through or with a broker-dealer other than *Schwab*, transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are in addition to the Program's wrap fee.

Mutual Fund Fees. All fees paid to the Registrant for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of the Registrant. In that case, the client would not receive the services provided by the Registrant which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial conditions on objectives. Accordingly, the client should review the fees charged by the funds and the fees charged by Registrant as well as the fees charged by the mutual fund to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Non-Investment Consulting/Implementation Services. To the extent requested by the client, the Registrant *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Registrant, nor any of its representatives, serves as an attorney or accountant, and no portion of the Registrant's services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of the Registrant in their separate licensed capacities as discussed below. 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 the Registrant. **Please Note:** If the 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. **Please Also Note:** Each client is advised that it remains the client's responsibility to promptly notify the Registrant if there is ever any change in client's financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

Please Note: Non-Discretionary Service Limitations. Clients that determine to engage the Registrant on a non-discretionary investment advisory basis **must be willing to accept** that the Registrant cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the Registrant will be unable to effect

any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.

Client Obligations. In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant only manages client accounts on a wrap fee basis. As stated above, if a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody) (***See* Item 4.B**). The services included in a wrap fee agreement will depend upon each client's particular need. **Please Note:** When managing a client's account on a wrap fee basis, the Registrant, after its payment of all other costs included in the wrap fee (transaction fees, custodial charges, etc.), shall retain the balance of the wrap fee as compensation for its services.
- E. As of December 31, 2012, the Registrant had \$240,411,089 in assets under management on a discretionary basis and \$20,556,697 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

- A. The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a wrap *fee* basis.

SHULMAN DEMEO ASSET MANAGEMENT, LLC WRAP PROGRAM FEES

If a client determines to engage the Registrant to provide investment management services on a wrap *fee* basis in accordance with the Registrant's Program, the services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants. Under the Program, the Registrant is able to offer participants discretionary and/or non-discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee is 1.50% based upon the amount Program assets.

The Registrant's annual investment advisory fee shall include investment advisory services, and, to the **extent specifically requested** by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the

Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

PORTFOLIO MONITORING

For clients who wish to also engage Registrant for a portfolio monitoring service, such clients may engage the Registrant to monitor client portfolios or investments held with other independent registered investment advisers. The current annual fee for portfolio monitoring services is up to 1.00% of the client's assets under management.

FINANCIAL PLANNING AND CONSULTING SERVICES FEES (STANDALONE)

To the extent specifically requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$2,500 to \$25,000 on a fixed fee basis, and from \$300 to \$700 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that *Schwab* serve as the broker-dealer/custodian for client investment management assets. The Program's wrap fee does not include certain charges and administrative fees, including, but not limited to, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses), transaction charges (including mark-ups and mark-downs) resulting from trades effected through or with a broker-dealer other than *Schwab*, transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts. Such fees and expenses are in addition to the Program's wrap fee.
- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The Registrant generally requires a minimum asset level of \$500,000 per household or corporate entity for investment advisory services. The Registrant, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither the Registrant nor any supervised person of the Registrant accepts performancebased fees.

Item 7 Types of Clients

The Registrant's clients shall generally include individuals, business entities, trusts, estates, and charitable organizations, and pension and profit sharing plans. The Registrant generally requires a minimum asset level of \$500,000 per household or corporate entity for investment advisory services. The Registrant, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

- A. The Registrant may utilize the following methods of security analysis:
- ☐ Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
 - ☐ Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
 - ☐ Technical - (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
 - ☐ Cyclical - (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- ☐ Long Term Purchases (securities held at least a year)
- ☐ Short Term Purchases (securities sold within a year)
- ☐ Trading (securities sold within thirty (30) days)
- ☐ Margin Transactions (use of borrowed assets to purchase financial instruments)

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment

or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, the Registrant may also implement and/or recommend use of margin, a strategy that has a high level of inherent risk. (See discussion below).

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. **Please Note:** To the extent that a client authorizes the use of margin, and margin is thereafter employed by the Registrant in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to the Registrant may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential ***conflict of interest*** whereby the client's decision to employ margin *may* correspondingly increase the management fee payable to the Registrant. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

- C. Currently, the Registrant primarily allocates client investment assets among various individual equity (stocks), debt (bonds), and fixed income securities, mutual funds and/or

exchange traded funds, on a discretionary and/or non-discretionary basis in accordance with the client's designated investment objective(s).

Item 9 Disciplinary Information

The Registrant has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C.
 - 8. **Licensed Insurance Agents.** Certain of Registrant's representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of Registrant's representatives to purchase insurance products on a commission basis.
 - ☐ **Conflict of Interest:** The recommendation by Registrant's representatives that a client purchase an insurance commission product presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. Clients are reminded that they may purchase insurance products recommended by Registrant through other non-affiliated insurance agents. **The Registrant's Chief Compliance Officer, James N. DeMeo, Jr., remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons.” The Registrant’s securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant’s Access Persons.

Item 12 Brokerage Practices

- A. The Registrant generally recommends that all clients participating in the Shulman DeMeo Asset Management Wrap Program appoint *Schwab* as broker dealer/custodian. The Registrant participates in the Schwab Institutional (“SI”) services program offered to independent investment advisers by *Schwab*. As a participant of SI, the Registrant does not have the discretion to choose the broker dealer or commission rates to be paid. *See* Item 12.A.3, below, for further details.

In the event the client that is not a participant in the Shulman DeMeo Asset Management Wrap Program and requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Schwab*.

Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant'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 the Registrant 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 Registrant 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, Registrant's investment management fee. The Registrant'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.

1. 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, Registrant 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 the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant 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 Registrant 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 the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant'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 the Registrant to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

The Registrant's Chief Compliance Officer, James N. DeMeo, Jr. 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.

2. The Registrant does not receive referrals from broker-dealers.
3. As noted above, the Registrant shall utilize *Schwab* for all clients that participate in the Shulman DeMeo Asset Management Wrap Fee Program. The Registrant participates in the Schwab Institutional ("SI") services program offered to independent investment advisers by *Schwab*. As a participant of SI, the Registrant does not have the discretion to choose the broker dealer or commission rates to be paid. The Registrant has evaluated *Schwab* and believes that *Schwab* will provide the Registrant's clients with a blend of execution services, commission costs, and professionalism that will assist the Registrant in obtaining best execution for transactions. While the Registrant has reasonable belief that *Schwab* is able to obtain best execution and competitive prices, the Registrant will not be independently seeking best execution price capability through other broker dealers. The Registrant reserves the right to decline acceptance of any client account that directs the use of a broker dealer other than *Schwab*, if the Registrant believes that this would adversely affect the Registrant's duty to obtain best execution.

Clients should be aware that by utilizing *Schwab*, the Registrant is not in a position to negotiate terms and arrangements for client accounts with *Schwab*, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant.

The Registrant's Chief Compliance Officer, James N. DeMeo, Jr. remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless

the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant 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 the Registrant’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. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom Registrant provides investment advisory services, account reviews are conducted on an ongoing basis by the Registrant’s Principals and representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, the Registrant may receive an indirect economic benefit from *Schwab*. The Registrant, without cost (and/or at a discount), may receive support services and/or products from *Schwab*.

Registrant’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 the Registrant to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

The Registrant’s Chief Compliance Officer, James N. DeMeo, Jr., 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 any such arrangement may create.

- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any

corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

Item 15 Custody

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Please Note: To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

Item 16 Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at anytime, impose restrictions, **in writing**, on the Registrant'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 the Registrant's use of margin, etc.).

Item 17 Voting Client Securities

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for:
- (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and
 - (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS: The Registrant's Chief Compliance Officer, James N. DeMeo, Jr., remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.