



# Lara, May & Associates

A FOCUS FINANCIAL PARTNER

## ADV Part 2A Brochure

Firm Disclosure \* 10/7/2013

*This Brochure provides information about the qualifications and business practices of Lara, May & Associates, LLC ("LMA" or "Firm"). If you have any questions about the contents of this Brochure, please contact us at (703)-827-2300 or [information@laramayllc.com](mailto:information@laramayllc.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. LMA is a Registered Investment Adviser with the SEC. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser are intended to provide you with information to help you determine whether to hire or retain an Adviser. Additional information about LMA also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## Item 2 – Material Changes

This section will address only specific material changes that are made to the Brochure and provide clients with a summary of such changes. It will also reference the date of the last annual update of this brochure. In the past, information about LMA's qualifications and business practices has been offered or delivered to clients on at least an annual basis. Pursuant to new SEC Rules, clients will receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of the business' fiscal year end (12/31). Other ongoing disclosure information about material changes may be provided as necessary. A new Brochure will be provided as necessary based on changes or new information, at any time, without charge.

Material Changes since last annual filing in March, 2013:

1. Under Item 5:
  - a) Content has been added to explain the Account Termination process & liquidation procedures, if applicable.
  - b) Fee ranges for the discretionary programs of Robert Waltermann, Paul Corley and the Lara Options Program have been separately listed.
  - c) Mutual Funds- disclosure of wholesaler activities in regards LMA employees, such as luncheons, contributing funds to client events, charitable contributions, and hosting educational conferences.

For any questions regarding the content of this Brochure, or to request a copy, please contact the Chief Compliance Officer at (703) 761-3907 or [information@laramayllc.com](mailto:information@laramayllc.com). This Brochure is also available online at [www.laramayllc.com](http://www.laramayllc.com) under the Consumer Information page, both free of charge.

Additional information about LMA is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with LMA who are registered, or are required to be registered, as Investment Adviser Representatives ("IAR") of LMA.

Your LMA Advisor Representative is available to service your account and answer any questions or concerns that you may have. In the unfortunate event that you wish to submit a complaint about your experience please contact the proper individual as follows: Lara, May & Associates, LLC, Jennifer L. Szaro at 7600 Leesburg Pike, Suite 120 East, Falls Church, VA 22043, call 703-827-2300 or email [information@laramayllc.com](mailto:information@laramayllc.com).

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## Item 4 - Advisory Business

Lara, May & Associates, LLC (“LMA”) is a dually registered, independent broker/dealer (Member FINRA/SIPC) and Registered Investment Advisor with the Securities and Exchange Commission (“SEC”). LMA provides investment supervisory and advisory services to its clients, including Wealth Management and Financial Planning Services. The services may include personal and/or business planning, asset allocation, portfolio management, estate planning, tax planning, educational planning, advisory services for businesses and retirement planning. LMA may advise clients directly and/or invest client funds through other investment advisers, investment managers and/or sub-advisors.

The foundation of LMA began in 1981 with E. Ronald Lara, CFP®. On October 1, 2007 Lara, May & Associates, LLC was established and became part of the Focus Financial Partners, LLC (“Focus”) network. As such, LMA is now a wholly-owned subsidiary of Focus Operating, LLC (100%), which is a wholly-owned subsidiary of Focus Financial Partners, LLC (Focus). LMA’s Advisory assets on a non-discretionary basis are \$351million and \$14million per a discretionary basis as of 12/31/2012.

### INVESTMENT SUPERVISORY AND ADVISORY SERVICES

LMA’s Investment Advisor Representatives (“IAR”) provide recommendations and supervisions for client’s specific portfolios or investment accounts. IARs provide ongoing advice to a client regarding investment of client funds based on the individual needs and suitability of the client. Through personal discussions client’s particular circumstances, goals, and objectives are established. The IAR then develops a personal profile for the client and recommends investments based on that profile. IARs may manage advisory accounts on a discretionary or nondiscretionary basis. Account supervision is guided by the stated objectives of the client. Clients may impose restrictions in certain securities or types of securities and should bring these to the attention of their IAR. A general client financial profile is developed to determine appropriate investments, investment time-frames, and risk levels.

The profile is developed as follows:

1. Gather client information.
2. Consult with client to determine goals and objectives.
3. Review financial and client/entity profile data which may include; current assets and liabilities, employment and marital status, cash flow, tax status, short-term events, long-term goals, risk management, and estate structures.
4. Identify the need for additional outside professional advice re: legal, tax, estate, etc.
5. Create an investment plan recommendation.
6. Implement the plan. Clients are presented with investment recommendations and may enter into Investment advisory or management agreements or agreements with, or for, 3rd party managers - depending on the program or manager selected.
7. Update plan as needed; such as, in response to market conditions, changes in the client’s lifestyle or needs.

LMA also offers more comprehensive, trademarked, planning processes: The Lifetime Success Solution® and the Retirement Success Solution®.

Please note: *Non-Discretionary Service Limitations*. Clients who determine to engage LMA on a non-discretionary investment advisory basis must be willing to accept that LMA cannot effect 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, your IAR will be unable to effect account transactions (as they would for a discretionary client) without first obtaining the client’s verbal consent.

## **DISCRETIONARY PORTFOLIO MANAGEMENT**

Clients may enter into a discretionary management agreement with a specific LMA IAR. The IAR selects the securities and manages per the IAR's program strategy and the client's account objective. Details of the programs are outlined in the applicable discretionary management agreement.

## **WRAP FEE PROGRAM**

LMA sponsors several wrap fee programs whereby the client pays one fee that includes the fees/costs for a sub-advisor. The fee typically covers trade transaction costs, the sub-advisor's management fee, and the LMA IAR's fee – thus the term “wrap” as the fees are wrapped together. A single contract is entered into between the client and the IAR for the designated sub-advisor to provide discretionary asset management. A separate LMA WRAP Fee Disclosure form should be provided along with the WRAP Program Agreement. *Refer to Item 5 for additional information regarding Fees and Compensation.*

## **ADVISORY CONSULTATION WITHOUT ASSET MANAGEMENT**

LMA IAR's are able to provide clients with consultation services of their assets held outside of LMA. The client and IAR would enter into a consultation agreement based on a pre-determined fee payable per the agreement.

## **PROJECT BASIS**

Financial planning, investment analysis and other services may be provided by an IAR on a “per project” basis. The IAR and client will discuss the scope of the project and agree upon a set fee. The client is then invoiced for the service upon completion.

## **MISCELLANEOUS**

Non-Investment Consulting/Implementation Services. To the extent specifically requested by a client, LMA may provide limited consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither LMA, nor any of its IAR's, serve as an estate attorney or licensed accountant, and no portion of LMA's services should be construed as such. To the extent requested by a client, LMA may recommend the services of 3<sup>rd</sup> party professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional and those professionals may charge fees separate from LMA of which the client will be responsible for. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from LMA. 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.

## **CLIENT OBLIGATIONS**

In performing its services, LMA 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 LMA if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising LMA's previous recommendations and/or services.

## **Item 5 – Fees and Compensation**

### **FEES AND COMPENSATION**

LMA currently does not implement a Firm Fee Schedule. Fees are set by the IAR based on the individual's services provided, the investments selected, the program agreement and/or the managers selected, industry standards, and are negotiated between the IAR and the client. LMA may offer programs provided through

the Firm's clearing firm, RBC Correspondent Services, a division of RBC Capital Markets, LLC, member NYSE/FINRA/SIPC ("RBC") and with 3rd party managers such as those with Morningstar Managed Portfolios, Charles Schwab, CAIS, Altegris, Envestnet, or other separate account managers and platforms. Fees and compensation details are provided in the respective program agreements so please read them carefully. The IAR and/or LMA will not directly debit or withdrawal fees from a client's account, nor do they have authority to do so.

A program agreement must include: the services offered, the terms of management, authority of IAR and/or sub-advisor, fees charged and how they will be calculated, applicable disclosures, arbitration clause, address custody, reporting, complaint reporting, liability and standard of care, brokerage (if applicable), risks, assignment, termination terms, and other standard contractual requirements. The client, IAR on the account, and a LMA Firm principal must sign and date the agreement. Should the fee indicated on the agreement change, a Fee Schedule Change amendment must be completed and signed by the client, IAR and a LMA Firm principal in order for the new fee to take effect.

LMA offers investment advisory services for compensation in the following manners:

#### **A. A PERCENTAGE OF ASSETS UNDER MANAGEMENT**

LMA is able to offer fee-based investment management with a typical fee range of 0.75% - 2.00% and sub-advisory or 3rd party manager programs with a typical fee range of 1% - 3% through LMA's clearing firm and other platforms as mentioned above.

For discretionary programs, the fees are set by the investment manager. Robert Waltermann manages the Waltermann Financial Management program with a typical fee range of 1.75% - 2.25%. Paul Corley manages a discretionary program focused on equities and his typical fee range is 1.9% - 2.45%. E. Ronald Lara manages a discretionary program utilizing options and covered call writing with a typical fee range of 1.00% - 1.50%. Curtis Congdon offers discretionary account management on a case-by-case basis with a typical fee range of 0.75% - 1.50%.

The annual compensation for the services provided to clients under these programs shall be calculated and payable quarterly in advance. The fee provides for: an initial analysis of the client's investment objectives and needs, periodic re-evaluations, consulting services as to an appropriate investment strategy, and trading execution costs. There may be other fees associated with the clients account charged by the custodian for maintenance, client account requests, or other specific account fees. These are typically incidental and are detailed in the client's program agreement and custodial new account agreement.

#### **FEE BASED ACCOUNTS AT RBC**

For accounts held at RBC fees will be calculated and payable quarterly in advance based on the value of the assets in an Account, which will be determined according to the Valuation Methodology (refer to RBC's client Program Agreement), as of the last business day of the preceding calendar quarter or alternative quarter as elected. Where permitted, Client may elect to be billed on an alternative quarterly cycle. The Program fee may be negotiated between the IAR and Client and is set forth in the Client Agreement. Minimum initial account values are generally required. The initial Program fee will be calculated on the value of the initial assets in the Account (valued as of the Effective Date of the Program Agreement) and shall cover the initial quarter pro-rated based on the number of remaining days in such quarter. If the Program Agreement is terminated prior to the last day of a calendar quarter, a pro-rated portion, based upon the days remaining in such quarter, of the quarterly fee paid in advance will be refunded to Client. Program fees will be automatically deducted from the Account unless Client elects, in accordance with the instructions in the Client Agreement, to be billed directly for the Program fees or to have the fees deducted from another LMA account held by RBC.

**Fees are assessed on all account assets under management, including securities, cash, margin balances and money market fund, RBC Bank Deposit Program balances or Credit Interest Program balances.** Program fees will be automatically deducted from the Account unless Client elects, in accordance with the instructions in the Client Agreement, to be billed directly for the Program fees or to have the fees deducted from another Correspondent Firm account held by RBC. Fee deductions will be funded first from the redemption of amounts in the Cash Sweep Option, then from the proceeds of the sale of securities in the Account. If Client has elected to be invoiced for Program fees and such fees and/or other Program charges are not paid within sixty (60) days of the date on the invoice for such fees and/or charges, RBC CM will debit the applicable Account for the invoiced amounts due from Client.

The fee covers the asset management, trade execution, custodial and reporting services provided by LMA, sub-advisor, RBC and their respective affiliates. In addition, the fee does not cover, and the client may be responsible and charged for: (i) commissions, mark-ups, spreads and other transactional charges on securities transactions effected through or with brokers and dealers other than RBC; (ii) interest on debit account balances, where applicable; (iii) the entire public offering price (including underwriting commissions or discounts) on securities purchased from an underwriter or dealer (including RBC) involved in a distribution of securities; (iv) bid-ask spreads, odd-lot differentials, exchange fees, transfer taxes and other fees required by law; (v) RBC Investment Access® Account fees, where applicable; (vi) Individual Retirement Account fees, qualified retirement plan account fees and other account maintenance fees; (vii) redemption fees imposed by certain mutual funds (see applicable fund prospectus for details); (viii) RBC's usual and customary transaction charges on the liquidation of assets not eligible for the specific Program; (ix) any contingent deferred sales charge assessed on the sale or liquidation of mutual fund shares, where applicable; (x) check reordering costs and fees, where applicable; (xi) management and other fees on open-end and closed-end mutual funds and UITs; (xii) margin interest; (xiii) short-term trading charges for purchases and corresponding redemptions of certain mutual fund shares (see applicable fund prospectus for details) made within short periods of time (these short-term trading charges are imposed by the mutual funds to deter "market timers" who trade in fund shares.); (xiv) safe-keeping fees for physical securities; (xv) RBC bank deposit program fees; and (xvi) any other fees on securities transactions mandated by law.

#### **FEE BASED ACCOUNTS AT CHARLES SCHWAB & CO, INC. ("Schwab")**

LMA also offers programs custodied at Schwab (Member SIPC). The client will set up a separate agreement with Schwab to pay for custodial account fees. This agreement is separate from any agreement with a 3<sup>rd</sup> party manager and the LMA IAR. Upon written notification, either LMA or the client may terminate the agreement. Prorated fees will be charged based on the market value on the date the notice is received. Billed quarterly, the fee will be based on taking the average of the account value on the 1st and last day of the quarter. The fee will be deducted from the clients account in arrears. The client will receive monthly statements from Schwab indicating their account holdings.

A quarterly report is also available if the client elects to receive it. This would include; the market value, cash flows, gains and losses, asset allocation, and performance as it relates to market indices. Annually, the client will receive a tax report for the account. Advisory contracts may be terminated by the client without penalty by giving written notice of termination within five business days. After the five-day period, clients may terminate the agreement at any time with written notice. Fees due will be pro-rated to the date of termination.

#### **WRAP FEE PROGRAMS at RBC**

LMA sponsors certain wrap fee programs. As part of the wrap fee program, LMA meets with clients to establish the financial circumstances, investment objectives and investment restrictions of each wrap fee client, typically through a client profile questionnaire. Each client completes the questionnaire and enters into an advisory agreement with LMA. The advisory agreement establishes the services to be provided to the client by or on behalf of LMA. These services may include, among other things: (1) assisting clients

with choosing certain independent sub-advisor(s) to manage the investment of clients' cash, securities and other property in the client's account based on the client's individual goals and investment objectives as presented by the client to LMA; (2) execution, clearing and settlement services, generally without a transaction-specific commission or charge; (3) custodial services; and/or (4) ongoing monitoring and reviewing of such sub-advisor(s), client account performance and client's investment objectives. LMA generally insists on a minimum account size for each wrap fee client. Under the program, the client will receive advisory services from LMA and discretionary investment management services from the sub-advisor(s) and brokerage, custodial and reporting services, for a single specified fee. The specific terms and conditions pertaining to each wrap fee program sponsored by LMA are also set forth in the applicable LMA Wrap Program Brochure, which should be read carefully by each client prior to engaging LMA to provide advisory services in accordance with the terms and conditions of the wrap program. Wrap fee clients should consider that, depending on the rate of the wrap fee charged, the amount of account activity, the value of custodial and other services provided and other factors, the wrap fee may exceed the aggregate costs of the services provided if they were to be obtained separately with respect to brokerage, transaction-based commissions. LMA may accept or reject a wrap fee client for any reason, including, but not limited to, such client's investment goals and restrictions.

For Wrap accounts held at RBC, clients may also be subject to additional fees and expenses (e.g., commissions on transactions executed away from the program's designated broker-dealers, dealer mark-ups or mark-downs on principal transactions and certain costs or charges imposed by 3rd parties including odd-lot differentials, exchange fees and transfer taxes mandated by law). The program fee generally ranges from an annual rate of 2% to 3% of total account assets under management and is charged on a quarterly basis in advance. *Refer to the section above titled "FEE BASED ACCOUNTS AT RBC" for details regard fee calculation and payment.* As compensation for the investment management services rendered to the client, the applicable sub- advisor(s) will receive a portion of the program fee paid by the client. A client's participation in the program may cost the client more or less than purchasing such services separately. In addition, the program fee may be higher or lower than that charged by sponsors of other comparable wrap fee programs. LMA, in its sole discretion, may charge some clients higher or lower fees depending on considerations such as the size of the client's account, the amount of time that the client has had an account or accounts with LMA and/or the sub- advisor(s), the total amount of business that the client conducts through LMA and/or the sub-advisor(s), the types of securities and services provided, anticipated future earning capacity, anticipated future additional assets and other relevant criteria.

## **FEE BASED ACCOUNTS AT MORNINGSTAR MANAGED PORTFOLIOS**

We offer Portfolios managed by Morningstar Investment Services ("MIS"): Mutual Fund Portfolios, Exchange Traded Fund ("ETFs") Portfolios, and their Select Stock Baskets. The following firms provide custodial and administrative services for the Morningstar Managed Portfolios program sponsored by Morningstar Investment Services: BNY Mellon Investment Servicing Trust Company ("BNY Mellon"), Fidelity Brokerage Services LLC and National Financial Services, LLC (collectively, "Fidelity") and Schwab. The annual program fees and structure vary depending on the Portfolio and custodian selected. There is an annual fee charged quarterly in arrears by LMA and is calculated from a breakpoint schedule that is based on the average daily account value during the previous quarter (pro-rated for partial quarters). There is a separate MIS manager charge and custodian charge that may either be in the form of a "per transaction" charge or as a flat percentage basis point "bps". The individual fees and terms are outlined and described in the MIS Proposal and Application. The LMA advisory fees range from 0.75% - 1.10%, the MIS fees range from 0.30 – 0.55, and the custodians charges range from \$7.95/trade to \$10.95 or 0.10% in a flat basis point format. (Minimum fees apply) The specifics of what the fees cover are detailed in the Account Proposal, Application and custodial agreements. The Agreement may be terminated at any time (including within five business days of entering into the agreement) without the imposition of any penalty on written notice by the client or MIS to the other and termination will become effective on receipt of such notice. If the value of an account falls below the minimum size of \$50,000



due to withdrawals or market action, MIS may terminate the account. Any termination by MIS or the client will not, however, affect the liabilities or obligations of the parties incurred or arising from transactions in Fund Shares initiated under the Agreement before such termination.

## **B. HOURLY AND FIXED CHARGES**

For current investment or financial analysis, financial planning or services that are out of the normal investment advisory or management service, such as estate planning, investment consultation, transition planning, or for *The Lifetime Success Solution*® and *The Retirement Success Solution*® Programs a fixed or hourly fee may be used for the services provided payable as determined between the client and the IAR. For the Retirement and Lifetime Success Solutions, Program Planning fees can range from \$1,500 to \$5,000. For the delivery of an Estate Plan Flow Chart the fee ranges from \$500 to \$1,500. For the Retirement Funding Analysis fees begin at \$500. Fee based wealth management consultation start at .25% of assets under consultation, with a \$1 million asset minimum.

For the projects mentioned above, an hourly fee may be applied as negotiated between the client and the IAR which ranges from \$100 - \$150/hour. Unless otherwise agreed upon, the fee is paid via an invoice at the beginning and end of the engagement. The project is outlined and the total fee is presented before the project is initiated. Agreement is necessary from the client before work is commenced. If the client is not satisfied with the completed service, a full refund of all consulting fees paid, less any out-of-pocket LMA expenses, may be obtained upon the client's written request to LMA within 30 days of the receipt of completed service.

## **C. SUBSCRIPTION FEES**

Aggregation and performance reporting software service is offered through LMA on an annual subscription basis. The subscription fee is a total of the per account charge for inclusion in Blackdiamond's aggregation. The Fee is prorated for the remainder of the calendar year. The subscription fee is \$250 for the first 5 accounts, \$50 for each account thereafter, billed and invoiced annually, in advance, as of January 1 for the full calendar year. For users terminating their subscription service with 30 days written advanced notice, the unused portion of their Subscription Fee will be refunded. This fee may be waived for the client by a Firm principal.

## **MUTUAL FUNDS**

Typically, clients investing in mutual funds under an Advisor/Fee based platform receive the net asset value (NAV) purchase price, which is without a sales charge. However, in non-retirement accounts the IAR may be eligible to receive 12b-1 fees paid by the fund. Mutual fund company and product wholesalers often visit LMA and employees to provide education about their products and services. We have set aside Wednesday at noon to hold wholesaler meetings for those employees that are interested. The wholesaler typically provides lunch for meeting. On occasion, wholesalers will also sponsor client events, which are indicated at the events, or may make charitable contributions to events where an LMA employee is involved. Employees may also attend fund company or product seminars or conferences that are paid by the fund company or product sponsor. The attendance by an employee requires CCO prior-approval. This could create a conflict of interest in the selection of choosing one fund over the other. Per the LMA Code of Ethics and LMA's general guiding principles, an IAR should do what is in the client's interest. Therefore, should a client have any concerns about the reasoning for recommending one fund over another, please discuss any concerns with the IAR.

## **ACCOUNT TERMINATION**

If you choose to terminate your Agreement with an investment advisory Program, we can liquidate your Account if you instruct us to do so. If so instructed we will liquidate your Account in an orderly and efficient manner or if the account is managed by a 3<sup>rd</sup> party manager, per their stated instructions for liquidation, if applicable. We do not charge for such redemption; however, you should be aware that certain mutual funds impose redemption fees as stated in their fund prospectus. You should also keep in mind that liquidating security issues or mutual funds may result in tax consequences. Please discuss such actions with your tax advisor.

We are not responsible for market fluctuations in your Account from the time of written notice for termination until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner. Factors that may affect the orderly and efficient liquidation of an Account might be size and types of issues, liquidity of the markets, and execution abilities of the market makers.

Should the necessary securities markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate an advisory Account, termination orders cannot be considered market orders. It may take several business days under normal market conditions to process your request.

Upon termination, you will receive a refund of the portion of the prepaid asset-based fee which is not earned by us. Please refer to the individual Program agreement for details regarding termination of fees and pro-rated fee calculations.

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

LMA does not charge performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

LMA generally provides wealth management and investment planning services to individuals, high net worth individuals, home owner associations, businesses, corporate pension and profit-sharing plans, ERISA plans, charitable institutions, foundations, endowments, and trusts. There is not a Firm wide minimum asset requirement for opening or maintaining an account. However each IAR may set their own client account minimums and each custodian has account value thresholds that may trigger additional fees for low account balances or inactive accounts.

## **Item 8 – Methods of Analysis, Investment Strategies and Risks**

### **METHODS OF ANALYSIS**

Investing in securities involves risk of loss that clients should be prepared to bear. IAR's create an investment plan based on the client's unique needs and circumstances. As part of this process, IAR's consider several factors when developing investment strategies and analyzing specific securities, categories, products or types of investment vehicles. IARs are able to conduct their analysis independently and based on their unique expertise and style. Generally, methods of analysis available to IARS are: industry research reports, access to subscription ranking and reporting services, public reports, facts sheets and industry discussions with product providers, trade shows, and industry events.

## INVESTMENT STRATEGIES

Each IAR at LMA has developed their own areas of expertise and has individual style preferences. In general, we believe that the more we know about the client, the better job we will do. We feel that when tax planning and considerations are factored into the investment plan, the stronger it will be.

As an independent firm, LMA IARs are able to search the financial market worldwide for available products and services. We have an extensive list of selling agreements and established relationships to provide our clients with a variety of investment vehicles to address their needs. If there is interest in a product that is not offered through our clearing firm or 3rd party sub-manager we already have access to, it may require the Firm to enter into a selling agreement. Before the Firm decides whether to enter into a selling agreement, the product and the providing company must be reviewed and approved by the LMA Investment Committee. The Committee is comprised of members from the LMA management team, Operations, and a selection of IARs. The group collaborates to conduct due diligence and to review product details to the best of our ability and knowledge, and decide if it will be offered at LMA. LMA typically does not engage the services of outside council or other 3rd party services when reviewing new products through the Investment Committee.

## DISCRETIONARY PROGRAMS

- a) Robert Waltermann's and Paul Corley's discretionary programs invest primarily in equity securities. Equity securities represent ownership in the business; stockholders become equity holders in the business. Ownership of common stock is open-ended; the stockholder can own the stock as long as he or she wants. Equity securities can appreciate in value over time, but equities are not guaranteed to increase in value, and they can decrease in value or a client could lose their entire investment. Equity securities may or may not pay dividends. Clients generally purchase equity securities for their appreciation potential.
- b) The Lara Options Strategy involves the writing and selling of options – typically equity covered calls and cash secured puts in the way of having available cash to cover the cost of the put if exercised. Options involve risk and are not suitable for all clients. Some risks and considerations for Option Sellers include; an option writers being assigned an exercise at any time during the period the option is exercisable. The writer of a covered call forgoes the opportunity to benefit from an increase in the value of the underlying security above the option price, but may continue to bear the risk of a decline in the value of the underlying security. Also, while the writer owns the security they bear the market and investment risks associated with that particular security. In the case of an equity security the risks can include market fluctuation in the price of the security and could result in the loss of initial investment. The writer of a put option bears a risk of loss if the put is exercised and the value of the underlying security declines below the exercise price, and such loss could be substantial if the decline is significant. The client would be exposed to the investment risk of the underlying security. If a trading market in an option should become unavailable, or if the writers of the option are otherwise unable to engage in closing transactions, the writers of that option would remain obligated until expiration or assignment.
- c) Curtis Congdon offers discretionary account management on a case-by-case basis.

The Characteristics and Risks of Standardized Options booklet and Supplements are written and published by The Options Clearing Corporation, and must be read by a client prior to buying or selling options contracts. This booklet explains the purposes and risks of options transactions. Clients are encouraged to learn more about options at <http://www.cboe.com>. The Brochure and Supplements may also be requested by asking your IAR or contacting Jennifer Szaro at 7600 Leesburg Pike, Suite 120 East, Falls Church, VA 22043 or [information@laramayllc.com](mailto:information@laramayllc.com).

## **RISKS**

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 LMA) will be profitable or equal any specific performance level(s).

### *Capital Risk*

Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100 percent of your money. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

### *Credit Risk*

Credit risk can be a factor in situations where an investment's performance relies on a borrower's repayment of borrowed funds. With credit risk, a client can experience a loss or unfavorable performance if a borrower does not repay the borrowed funds as expected or required. Investment holdings that involve forms of indebtedness (i.e. borrowed funds) are subject to credit risk.

### *Currency Risk*

Fluctuations in the value of the currency in which your investment is denominated may affect the value of your investment and thus, your investment may be worth more or less in the future. All currency is subject to swings in valuation and thus, regardless of the currency denomination of any particular investment you own, currency risk is a realistic risk measure. Currency risk is generally a much larger factor for investment instruments denominated in currencies other than the most widely used currencies (U.S. dollar, British pound, Euro, Japanese yen, etc.).

### *Economic Risk*

The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

### *Financial Risk*

Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Lehman Brothers and Enron or many of the "dot com" companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

### *Higher Trading Costs*

For any investment instrument or strategy that involves active or frequent trading, you may experience larger than usual transaction-related costs. Higher transaction-related costs can negatively affect overall investment performance.

### *Inflation Risk*

Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not be worth what they are today. Throughout time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely get you less than what it can today.

### *Interest Rate Risk*

Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once a client has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

### *Legal/Regulatory Risk*

Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments and thus, can have a negative impact on the overall performance of such investments.

### *Liquidity Risk*

Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

### *Margin Risk*

- You can lose more funds than you deposit in a margin account. A decline in value of securities that are purchased on margin may require you to provide additional funds to the custodian holding your margin account in order to avoid a forced sale of those securities or other securities in your account.
- The custodian holding your margin account can force the sale of securities in your margin account. If the equity in your account falls below the margin maintenance level required by law or below the custodian's "house" requirement, the custodian can sell the securities in your account to cover the margin deficiency. You will be responsible for any shortfall in the account after such sale.
- Securities can be sold without contacting you prior to sale. Some clients mistakenly believe they must be contacted before a margin call becomes valid and that securities in their accounts cannot be liquidated to meet the call unless they have been contacted ahead of time. Most firms will attempt to notify you of margin calls; however, they are not required to do so. Even if the custodian has contacted you to provide a specific date by which you can meet a margin call, the custodian can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to you.
- You are not entitled to choose which securities in your margin account are liquidated or sold to meet your margin call. Because the securities are used as collateral for the margin loan, the custodian has the right to decide which securities to sell in order to protect its interests.
- The custodian can increase its "house" maintenance requirements at any time and is not required to provide you with advance, written notice. These changes in policy can take effect immediately and may result in the issuance of a margin maintenance call. Your failure to satisfy this call may cause a forced liquidation in your account.
- You are not entitled to an extension of time on a margin call. While an extension of time to meet margin requirements may be available to clients under certain conditions, a client does not have the right to the extension.

### *Market Risk*

The market value of an investment will fluctuate as a result of the occurrence of the natural economic forces of supply and demand on that investment, its particular industry or sector, or the market as a whole. Market risk may affect a single issuer, industry or sector of the economy or may affect the market as a whole. Market risk can affect any investment instrument or the underlying assets or other instruments held by or traded within that investment instrument.

### *Operational Risk*

Operational risk can be experienced when an issuer of an investment product is unable to carry out the business it has planned to execute. Operational risk can be experienced as a result of human failure, operational inefficiencies, system failures, or the failure of other processes critical to the business operations of the issuer or counter party to the investment.

### *Past Performance*

Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment's future potential by analyzing its past performance and other related statistics. In particular, technical analysis often times involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future and thus, clients should realize that even the most diligent and thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer.

### *Strategy Risk*

There is no guarantee that the investment strategies discussed in this document will work under all market conditions and you should evaluate your ability to maintain any investment you are considering in light of your own investment time horizon. Investments are subject to risk, including possible loss of principal.

### *Investment-Specific Risks*

There is no single type of investment instrument that we predominantly recommend, however, please be mindful that all investments carry some form and degree of risk. Certain types of investments carry greater types and levels of risk than others and you should make sure that you fully understand not only the investment product itself but also the attendant risk factors associated with such products.

*(Source for definitions: Hays Advisory)*

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of LMA or the integrity of LMA's management. LMA has no information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

### **BROKER DEALER** (other business activity)

LMA is also a fully disclosed, introducing broker/dealer (Member FINRA/SIPC). Many IAR's are also broker agents. Broker agents may only execute securities transactions for residents of states that they are registered in or are exempt from registration. Broker agents typically receive compensation in the way of commissions on the products they sell or for effecting transactions.

Clients should consider the type of investment plan they wish to establish. For some situations, one fee structure and arrangement may be more beneficial over the other (fee based vs. brokerage). An account with

a 'buy and hold' strategy may cost the client less to establish a brokerage account where the client pays a broker commission on trades in that account. The expectation is that there should be little trading in the account, thus lower costs. However, if a client wishes to utilize the recommendations, experience and research from an IAR which could entail ongoing reviews, rebalancing of investments and periodic changes, a fee- based program may be more suitable. Clients may view industry broker reports through FINRA's BrokerCheck at [www.finra.org](http://www.finra.org).

#### **INSURANCE AGENCY (other business activity)**

Lara, May & Associates, LLC is also an insurance agency. Many IARs are also licensed insurance agents. LMA Insurance agents may only sell insurance products that have a current selling agreement with LMA and which proper carrier appointments, educational and applicable state licensing requirements has been met. An insurance agent may receive a commission from the insurance product company for policies sold. The insurance commissions they may receive are in addition to broker agent trading commissions for securities bought or sold or investment advisor fees earned as part of any other service.

The recommendation by an LMA representative that a client purchase a security or insurance commission product sold by the Firm 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. However it is part of the Firm's culture and policies that a recommendation should be based on the needs and suitability for the client, not on the commission received by the representative. No client is under any obligation to purchase any security or insurance commission product from LMA and/or its representatives. Clients are reminded that they may purchase securities and insurance products recommended by LMA through other, non-affiliated broker-dealers and/or insurance agencies.

#### **CONTINUING EDUCATION PROVIDER**

LMA may offer continuing education seminars for certified public accountants (CPAs). Educational presentations that comply with the applicable state criteria are occasionally held for CPA's attendance and qualify for the respective number of continuing education credits toward their CPA designation. LMA does not charge a fee for these services. CPA's could refer their clients to LMA for LMA services. No solicitation or referral arrangement exists unless as indicated in Item 14.

#### **AFFILIATIONS**

LMA is part of the Focus Financial Partners, LLC ("Focus") network. As such, LMA is a wholly-owned subsidiary of Focus Operating, LLC, which is a wholly-owned subsidiary of Focus. Focus also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial service firms (the "Focus Partners"). The Focus Partners provide wealth management, benefit and investment consulting services, serving individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds or limited liability companies as disclosed on their respective Form ADV Schedule D.

LMA clients are not solicited to invest in any other Focus Partners advisory services. LMA does not have a business/referral arrangement with another Focus Partner firm. No transactions are executed through another Focus Partner's affiliated broker dealer. Further, the Focus Partners do not market their services or share client information amongst each other without prior client consent. Management personnel of other Focus Partners are not involved in the management of LMA.

A list of the related persons investment advisors and broker dealers can be found on LMA's Form ADV Part I Schedule D and additional information about Focus can be found at [www.focusfinancialpartners.com](http://www.focusfinancialpartners.com).

E. Ronald Lara, CFP® and Jennifer L. Szaro each hold a 25% ownership interest in The Lara Group, Ltd. ("TLG") (CRD 115607), a Registered Investment Advisor with the State of Virginia engaged in the management of U.S. Treasury Securities and related instruments. Client accounts of The Lara Group, Ltd are

managed and held separately from those of LMA. To address conflicts of interest, the TLG model may be recommended to clients of LMA by Ron Lara. Accounts outside of LMA whereby TLG is the discretionary manager are managed separately by Jennifer L Szaro. Trades executed for TLG clients are submitted through the TLG client's custodial broker/dealer. Pricing may vary and is subject to the quality of execution of the TLG clients broker/dealer. Ron Lara is a sub-advisor to TLG.

## **ECONOMIC BENEFITS**

LMA receives some economic benefit from non-clients in connection with giving advice to clients in the form of receiving client account statements and reports from its clearing firm, RBC Correspondent Services ("RBC"). LMA does not receive soft dollars. Furthermore, in connection with its clearing arrangement with RBC, LMA receives a rebate from RBC on certain money market fund balances held by RBC for LMA's clients, including its wrap program clients. On occasion LMA receives economic assistance from asset management companies in the form of reimbursement for postage, food for meetings, seminar charges and/or printed materials.

## **Item 11 – Code of Ethics**

All personnel of LMA whether employees, broker agents, or investment advisor representatives ("Registered Persons"), shall abide by the standards of fair and ethical conduct in all dealings with the public and others. The Code of Ethics addresses the following topics: prohibited activities, personal securities transactions, outside business activities and gifts.

In addition to the foregoing Firm standards, all IAR's and employees of LMA must adhere to the following industry standards in all dealings with the public so as to ensure fair and ethical dealing with clients: excessive and unauthorized trading are not permitted, excessive mark-ups or commissions are not permitted, use of margin accounts is only allowed after internal review; Under no circumstances may a IAR open a discretionary trading account for a client without the approval of the Firm's CCO; Registered persons are not permitted to receive securities or hold client funds (i.e. cash, checks or drafts that are made payable to the individual person); Registered persons may not engage in any form of fraudulent activity, such as opening fictitious accounts to execute transactions that would otherwise be prohibited; in making recommendations to clients as to the purchase of securities or mutual funds registered persons shall not make recommendations beyond a client's capability; free riding and withholding by clients is strictly prohibited (i.e. purchased securities must be paid for before they can be sold; sold securities must be delivered before cash proceeds can be used for other purposes); known or suspected illegal or unethical behavior must be promptly reported to a Firm principal, the Chief Compliance Officer ("CCO") or Chief Executive Officer ("CEO"); and no retaliatory action of any kind will be permitted against anyone making such a report, and the Firm's managing partners and officers will strictly enforce this prohibition.

### *Fiduciary Principles*

All IAR's must comply with all applicable federal securities laws, including the Securities Act of 1933 (the "Securities Act"), the Exchange Act, the Sarbanes-Oxley Act of 2002, the Investment Company Act of 1940, the Advisers Act, Title V of the Gramm-Leach-Bliley Act, any rules adopted by the SEC under any of these statutes, the Bank Secrecy Act as it applies to mutual funds and investment advisers, and any rules adopted there under by the SEC or the Department of the Treasury.

IARs must place clients' interests first and foremost. All IARs must comply with MSRB Rule G-17 in the conduct of their municipal securities or municipal advisory activities and shall deal fairly with all persons and shall not engage in any deceptive, dishonest, or unfair practice.



If any person covered by this Code becomes aware of any violation(s) or potential violation(s) of any of the provisions of this Code or any amendments thereto, they have an affirmative obligation to report such violation(s) or potential violation(s) promptly to the CCO. Failure to report in a prompt manner any violation of this Code or any amendments thereto of which a registered person is aware will be considered itself a violation of the Code and subject to possible disciplinary actions. In the event that a matter implicates the CCO, notice of the violation may be provided to the CEO and/or the General Counsel of Focus Financial Partners, LLC.

*Pre-Clearance Requirement for Certain Securities Transactions and Prohibited Securities Transactions*

All Registered persons are required to obtain pre-clearance prior to making any and all securities transactions in prohibited or restricted securities. Registered persons may be prohibited from purchasing certain securities due to Advisor's or Advisor's affiliates' activities. Advisor has policies and procedures in place with regard to purchasing securities for personal accounts, which are incorporated in "LMA's Written Supervisory and Procedures Manual."

NOTE: A copy of LMA's complete Code of Ethics will be provided upon request by contacting 703-827-2300 or [information@laramayllc.com](mailto:information@laramayllc.com).

**PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS.**

LMA is an introducing broker-dealer and submits retail buy and sell orders for securities and mutual funds and may receive brokerage commissions on these trades. Trades are monitored for suitability, as pertaining to the client's goals and risk tolerances. A registered principal of the Firm reviews all trades. Trades are placed on an individual basis by each advisor based on the needs of the client. The Firm in itself does not engage in "block trades" on a principal basis. IAR's may affect a block trade, such as for discretionary programs, whereby multiple clients are purchasing or selling the same security. The executed price would be averaged for all accounts.

As IAR's operate independently of each other there could be disparity among clients between securities held, price and execution times. It is also possible that at any given time, while one IAR is recommending to a client to "buy" another IAR could be recommending to another client the same security to "sell." Likewise, 3rd party managers may be buying or selling the same security without knowledge of the activity of the client's investments held elsewhere. Investments into fee-based asset allocation programs are also reviewed before submission. Fee-based advisor clients do not pay commissions on assets eligible under the annual asset management fee of the program.

An agency cross transaction occurs when an investment adviser acting either as a registered broker-dealer or through an affiliated broker-dealer executes for a fee a transaction between an advised client and a client of the broker-dealer. If LMA recommends an agency cross transaction it must first disclose to the client in writing the capacity in which it is acting and obtain the client's consent to the transaction. Where it is determined that restitution is called for or that a trade must be cancelled and/or corrected, all or part of the disputed trade will be placed in LMA's Error account and corrected accordingly. Any profit resulting from subsequent trade(s) may go to LMA; if determined, losses will be the responsibility of the IAR at fault as determined at the exclusive discretion of the designated LMA principal.

Related persons of LMA (such as employees, IAR's or broker agents of the Firm) may buy or sell for themselves or family accounts, securities that they also recommend to clients. It is common practice that if an IAR is buying or selling securities for a personal or related account that they also recommend to clients, the trades will be aggregated as a block trade with the average price applied. If a security is bought/sold for a client at the same time it is bought/sold by the IAR the lowest/highest price will go to the client. If the IAR is unable to block the trade for their personal account and the clients account (such as if the account types are different) the IAR will submit the client's trade first if the IAR is doing the same. If the client and IAR's

activity is opposite, the IAR will submit their transaction first. Unsolicited trades will be executed per the client's request and will not apply to these practices. Personal and related accounts are coded as such and trades are monitored by a Firm principal. Additionally statements of personal accounts outside of LMA are reviewed monthly for conflicts of interest. Clients should consult with the IAR regarding any conflicts of interest or concerns.

## **Item 12 – Brokerage Practices**

LMA is a fully disclosed introducing broker-dealer (Member FINRA/SIPC), as introducing broker for RBC Capital Markets. LMA IARs are able to use this brokerage relationship and avoid paying additional commission charges that may otherwise be charged by a 3rd party broker. LMA also has relationships with other custodians or broker/dealers such as Schwab and TD Ameritrade. Advisor programs may be held at these custodians depending on the managers selected and the investment plan needed. The client should discuss the advantages and disadvantages of these options in order to determine which is most suitable for their needs. LMA may receive referrals for recruiting new advisors from RBC, Schwab and TD Ameritrade.

IARs Robert Waltermann, E. Ronald Lara CFP® and Paul Corley offer discretionary asset management programs as a fee-based platform. Clients pay a negotiated fee (typical fee range: 1.00% - 2.00%) with no transactional trading costs. Other account servicing and request charges may apply. Programs managed by Robert Waltermann, E. Ronald Lara CFP® and Paul Corley are custodied at RBC Correspondent Services. LMA recommends using RBC's broker/dealer firm to execute trades for LMA's investment strategies. Trades are generally expected to be executed only with the broker/dealer with which the client has entered into a contract. LMA does not receive research services from another broker/dealer. Clients should refer to their program agreement for details on what the investment fee covers and what the client is responsible for.

LMA sponsors certain wrap fee program(s). By participating in the program, clients instruct the applicable sub-advisor(s) to its program account to direct all orders for the purchase and sale of securities for the client's account. In addition, clients may further direct LMA to execute, clear and settle all client orders received by LMA from the applicable sub- advisor(s) through a specified broker-dealer with whom LMA has entered into a clearing agreement.

By directing brokerage to LMA, or designated broker-dealer(s), the client may not necessarily receive best execution on each transaction. As a result of directing brokerage transactions to LMA and the designated broker-dealer(s), the client may pay higher brokerage fees or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the client's account than would otherwise be the case if the applicable sub-advisor(s) had the discretion to place orders for the purchase and sale of securities for the client's account through other broker-dealers. Furthermore, the sub-advisor(s) to the client's account may execute trades for the same securities for its other clients through other broker-dealers ahead of client's trades. By executing non-directed trades ahead of the client's directed trades, the client may receive less favorable executions prices to such sub-advisor's other clients due to, among other things, market movements. In addition, at times the sub-advisor(s) may aggregate trades ("Block Trades") of its other clients through other broker-dealers for the same securities as those being traded by the sub-advisor(s) through LMA for the client. Block Trades may obtain more favorable prices and brokerage charges than transactions excluded from the Block Trades.

In connection with its participation in various wrap programs (including those sponsored by LMA and by 3rd parties), LMA may recommend 3rd parties for custody or brokerage services. LMA may receive direct or indirect benefits through participation in these programs, such as receipt of client statements and confirmations, access to research related products and tools, discounts for conference attendance or prepared presentation materials and sales literature. Furthermore, in connection with its clearing arrangement with

RBC, LMA receives a rebate from RBC on certain money market fund balances held by RBC for LMA's clients, including its wrap program clients.

### **BEST EXECUTION**

LMA periodically reviews best execution practices of custodial and broker-dealer relationships to help LMA clients achieve best execution for their investment plans, including competitive commission rates, and securities transaction fees. Among several factors LMA considers are: custodians and broker-dealer costs, skills, reputation, dependability, industry compliance practices, and compatibility with the client. Based on the results of this best execution analysis, LMA may recommend clients establish an account with certain custodians that may be able to offer the best alternative to implement their investment plan.

LMA as a whole, does not aggregate customer orders. See “PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS.” *Refer to Item 11 for more information.*

### **UNAFFILIATED PRIVATE INVESTMENT FUNDS**

LMA representatives, in their separate capacities as registered representatives of LMA, an SEC registered and FINRA member broker-dealer, may also offer clients investments in unaffiliated private investment funds on a non- discretionary commission basis.

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Valuation. In the event that LMA references private investment funds owned by the client on any supplemental account reports prepared by LMA, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price.

### **Item 13 – Review of Accounts**

Accounts are reviewed by the IAR on an annual or quarterly and as-needed basis to ascertain whether the current asset allocation is consistent with the client's objectives and goals. If a client has a significant change in their suitability profile, financial or lifestyle situation or goals they should notify their IAR promptly to update their information and ascertain if their current investment plan is still suitable or if changes need to be made. Likewise, if there are significant market changes or industry occurrences, these could also trigger an investment review. Each IAR is responsible for reviewing their client's investment plan and making recommendations.

Clients may receive oral and/or written reports and updates regarding their accounts from the IAR. The IAR's utilize 3<sup>rd</sup> party software packages to generate reports for illustration purposes for the client. Client will receive account statements directly from the custodian of their account(s) on a quarterly and, if applicable, on a monthly basis. Clients should always refer to the reports provided directly from the custodian for account values. Clients may also receive confirmations of transactions directly from the custodian as generated.

Clients participating in LMA's Wrap Fee Program should refer to LMA's Schedule H - Wrap Program Brochure for more information on the nature and frequency of reports they are to receive.

### **Item 14 – Client Referrals and Other Compensation**

LMA has current client referral arrangements with Centennial Bank (previously Millennium Bank), Eide Bailly, LLP, McPherson Enterprises, LLC and David Beauregard of Monument Square Advisors, LLC. Clients referred to LMA as a result of these arrangements will not be charged higher or additional fees due to the establishment of these arrangements. Compensation to the solicitor as part of these arrangements range from 20 – 50% of fees earned from clients referred. Arrangements are made in accordance with SEC Rule 206(4)-3 and with consideration of the client's state of residence. Clients who are referred must receive a Solicitor's Disclosure document for them to sign their acknowledgment of the solicitor's arrangement along with this ADV 2A Brochure. Clients may be referred to and from The Lara Group, Ltd. with no additional compensation paid to either party in connection with such referrals. *Note: As of the date of this publishing E. Ronald Lara, CFP®, CEO, owns 3,895 shares of Millennium Bank private stock and 4,800 of CIC Bancshares Class A.*

### **Item 15 – Custody**

LMA as a Firm, LMA IARs and employees are prohibited from having custody of client accounts or funds. No employee or IAR shall accept securities, hold client checks, directly debit or withdrawal from a client's account at the custodian for fees, serve as sole trustee for clients, have check writing authority on behalf of clients, have full power of attorney, serve as general partner of a private placement/private fund or managing member of a LLC for a pooled vehicle or be in possession of a client's account username and password that would enable them to effect transactions or withdrawal funds. Clients interested in bookkeeping services will be referred to an unaffiliated 3rd party outside of LMA. Clients should receive at least quarterly statements from their qualified custodian that holds (has custody) and maintains the client's investment assets. LMA urges clients to carefully review such statements and compare such official custodial records to any reports that LMA provides. Statements from different custodians may vary from one to another based on their accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

For those clients wishing to participate in an established Discretionary Program offered by an IAR, LMA requires discretionary authority from the client at the onset of the advisory relationship. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account and in accordance to the Programs guidelines and strategy.

When selecting securities and determining amounts, the IAR observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions placed by the client must be provided to the respective IAR in writing.

### **Item 17 – Voting Client Securities**

As a matter of Firm policy and practice, LMA does not have any authority to and does not vote proxies on behalf of advisory clients.

## **Item 18 – Financial Information**

Investment Advisors are required in this Item to provide you with certain financial information or disclosures about LMA's financial condition. LMA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.