

**FORM ADV Uniform Application for Investment Adviser Registration**  
**Part 2A: Investment Adviser Brochure and Brochure Supplements**  
**Item 1: Cover Page**



**Registered | Investment | Advisor**

**216 Route 299, Suite 5  
Highland, NY 12528  
(845) 691-4035**

**www.FocusedWealthMgmt.com  
SEC File # 801-71860  
Firm CRD# 154828**

**March 2013**

*This brochure provides information about the qualifications and business practices of Focused Wealth Management, Inc and its supervised personnel. If you have any questions about the contents of this brochure, please contact us at the phone number listed above.*

*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. Please note, where this brochure may use the terms "registered investment adviser" and/or "registered", registration itself does not imply a certain level of skill or training.*

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

<b>Item 2: Material Changes</b>
---------------------------------

The purpose of this Item 2 is to disclose material changes that have been made to this Brochure since the last annual update of this Brochure.

No material changes have been made to this Brochure since its last annual update. The last annual update of this Brochure was dated March 2012.

### Item 3: Table of Contents

Topic	Page #
<b>Item 1:</b> Cover Page .....	1
<b>Item 2:</b> Material Changes .....	2
<b>Item 3:</b> Table of Contents (this page) .....	3
<b>Item 4:</b> Advisory Business .....	4
<b>Item 5:</b> Fees & Compensation .....	6
<b>Item 6:</b> Performance-Based Fees and Side by Side Management .....	9
<b>Item 7:</b> Types of Clients .....	9
<b>Item 8:</b> Methods of Analysis, Investment Strategies, & Risk of Loss .....	10
<b>Item 9:</b> Disciplinary Information .....	11
<b>Item 10:</b> Other Financial Industry Activities & Affiliations .....	11
<b>Item 11:</b> Code of Ethics, Participation or Interest in Client Transactions, & Personal Trading .....	12
<b>Item 12:</b> Brokerage Practices .....	12
<b>Item 13:</b> Review of Accounts .....	13
<b>Item 14:</b> Client Referrals & Other Compensation .....	13
<b>Item 15:</b> Custody .....	14
<b>Item 16:</b> Investment Discretion .....	14
<b>Item 17:</b> Voting Client Securities .....	14
<b>Item 18:</b> Financial Information .....	15

## **Item 4: Investment Advisory Business**

Established in 2010 by firm Principal Philip J. DeAngelo, Focused Wealth Management, Inc. ("FWM"), offers several different advisory services to Individuals, Charities, Municipal Entities, Corporations, Trusts, Institutions, Not-for-Profits, Public and Private Endowments, Pension Funds, Foundations and Contingency Funds with 501(c)(3) plans sizes ranging from \$10 - \$25 Million.

### **Financial Advisors Program and LifeGuide Program**

FWM provides investment advisory services through two programs offered by Securities America Advisers, Inc. ("SAA"), a SEC registered investment adviser. The Financial Advisors Program (FAP) and/or LifeGuide Program (LifeGuide) are *wrap-fee*<sup>1</sup> programs providing investment advisory services, custody, execution, and clearing services for one inclusive fee. These services are all included in the stated investment management fee. In addition, clients will pay the ticket charges for discretionary and non-discretionary trades made in their account, though the client's ticket charge may be reimbursed at the firm's discretion.

In both programs, FWM will assist the client in establishing an FAP or LifeGuide Account with SAA. A complete description of the FAP and LifeGuide investment services and related fees are described in their respective Wrap Fee Brochures. These disclosure documents will be presented to each client prior to or at the time an FAP or LifeGuide Account is established.

All brokerage transactions in these programs will be processed by Securities America, Inc. ("SAI"), an affiliated registered broker-dealer and then cleared and held custody with National Financial Services, LLC ("NFS"). SAA has also entered into agreements with various insurance companies that allow for the management and valuation of client variable annuity accounts within SAA's FAP and/or LifeGuide programs. At no time will FWM, SAA or SAI have possession or act as custodian of client accounts.

### **Focused Wealth Wrap Fee Program**

The firm also offers similar portfolio management services as a sponsor of a wrap fee arrangement with TD Ameritrade, Inc., a FINRA registered broker-dealer. Within the program, accounts are continuously monitored by the Focused Wealth's Investment Committee. Primarily consisting of Exchange Traded Index Funds and similar types of investments, the program is offered to those accounts with a minimum of \$25,000, although exceptions may be granted to this minimum at the firm's discretion. Focused

---

<sup>1</sup> *Wrap Fee*: Any one fee charged for a bundle of services, including brokerage, management, and administrative costs.

Wealth's fee is based on a percentage of the client's assets under firm management. Where the account incurs certain brokerage-related costs, such costs are absorbed by the firm and paid to TD Ameritrade from a specified portion of the firm's management fee. Participating accounts will be held custody with TD Ameritrade, and may be subject to additional charges not covered by the wrap fee arrangement. Questions related to this program and others may be addressed directly with the firm and its personnel.

### **Investment Management Services**

FWM provides investment advisory services to clients on a discretionary and non-discretionary basis through TD Ameritrade Institutional program, Charles Schwab, & Company, Inc. ("Charles Schwab"), and various variable annuity providers. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent FINRA member broker-dealer.

The firm's investment management strategy is implemented in conjunction with client's investment objectives, risk tolerance level, liquidity needs, tax and/or legal implications and other concerns where applicable.

FWM will assist the client in establishing an account with TD Ameritrade, Charles Schwab, and/or various variable annuity companies. Clients may place reasonable restrictions and investment guidelines on transactions in certain types of securities or industries. A minimum of \$25,000 in total assets under management per household is typically required to establish an account, although exceptions may be granted to this minimum at the firm's discretion. At no time will FWM act as custodian of any client account, nor will the firm have access to a client's funds and/or securities.

### **Financial Planning**

FWM also offers financial planning services in the form of written or oral, comprehensive or modular financial plans. A comprehensive plan can include, but is not limited to, the areas of retirement planning, estate planning, insurance planning and analysis, education planning and analysis, long term care planning and analysis and benefit plan analysis. Fees for financial plans can be either hourly or fixed, at the client's discretion. At the initial meeting, for which there is no charge, FWM will gather information from the client regarding his/her current financial situation and goals and objectives. If the client elects to proceed with a written or oral plan and selects an hourly fee, the FWM will inform the client of the estimated hours it will take to complete the service. Terms and conditions will be agreed to in writing.

### **Consultations/Ongoing Consultations**

Clients not wishing to purchase a financial plan may also contract with the firm for consultations on any topic of interest to them. Fees will be charged on an hourly basis. The client and FWM will jointly determine how many hours are required to complete the requested consultation services.

Clients desiring more than two consultations on financial planning, investment or other matters may contract with FWM for ongoing consultation services. These services will be provided on a semi-annual basis, renewable on each six-month anniversary date if the client elects to do so. The associated person will provide the client with an estimate of the hours needed during the six month contract period to complete the requested services; the client will also assist in determining the time required.

Clients desiring ongoing consultations on 401(k), qualified or other benefit plans will be charged on a percentage of assets under management. This fee is negotiable based upon the complexity of the client's situation and the actual services provided.

### **Newsletters**

FWM prepares several periodic newsletters about the economy and markets for clients. Firm representative Michael Passante prepares a market commentary each day which is sent out to clients via the internet. The firm also sends out a monthly and annual newsletter to clients reviewing market conditions and performance of the respective prior month and year.

Jerry Schwartz, also a firm representative, periodically prepares general, educational and informational newsletters for his clients. Newsletters are provided to his clients, as well as other FWM clients.

All Newsletters are provided free of charge to clients.

As of December 31, 2012, FWM managed \$244,978,495 in discretionary assets and \$21,086,982 in non-discretionary assets.

## **Item 5: Fees and Compensation**

### **ASSET MANAGEMENT PROGRAM FEES**

#### **Financial Advisors Program and LifeGuide Program**

The annual management fee charged for this service will be negotiated with each client, with 3% being the maximum management fee that may be charged to clients, unless the Account only has mutual funds and then the maximum will be 2.25%. Fees are charged

in advance and are automatically deducted from the client's account, as authorized by the client in writing. SAA retains up to 15 basis points (0.15%) of the annual management fee for FAP accounts and up to 15% of the annual management fee for LifeGuide accounts.

### **Focused Wealth Wrap Fee Program (TD Ameritrade)**

Participating accounts are charged up to 2.0% annually. The fee is charged in arrears on a monthly basis and automatically deducted from the client's account as held with TD Ameritrade, as authorized by the client in writing. This fee includes Focused Wealth's management fee and covers certain brokerage-related costs. Clients are encouraged to review Appendix 1 of this brochure for further information related to this program.

### **Investment Management Services**

The annual management fee charged for this service will be negotiated with each client based upon the complexity of the client's financial situation, the complexity of the services provided and the dollar amount of assets under management. The maximum annual fee charged for this service will be 2% annually. FWM will quote an exact percentage to clients for services being provided. The fee will be charged in arrears on a monthly basis and will be automatically deducted from the client's account as authorized in writing by the client.

### **Additional Fee Disclosure**

Where clients may incur additional expense (that not covered by the wrap fee) from brokerage-based activities, clients should be aware that all custodial and execution fees remain separate and distinct from those fees charged by FWM for its asset management services.

All fees paid to FWM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or variable annuities to their shareholders (FWM clients). These fees and expenses are described in each fund's and annuity's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution or trailer fee. If the fund or annuity imposes sales charges, a client may pay an initial or deferred sales charge.

Clients should note that the firm and its representatives may receive additional compensation in the form of commissions and 12b-1 distribution fees from the respective mutual fund and variable annuity investments made through SAI.

Accordingly, clients should review both the fees charged by the mutual funds and variable annuities and the advisory fees charged by FWM to fully appreciate the total amount of fees to be paid by the client. All National Integrity contracts sold after July 1,

2011 cannot be charged a management fee, pursuant to National Integrity Life Insurance Companies policy change.

FWM and/or the client may terminate the account agreement, in whole or in part, at any time with written notice. Upon termination, any fees paid in advance will be prorated to the date of termination and any excess shall be refunded. The Client's advisory agreement with FWM is non-transferable unless consented-to in writing by the client.

Focused Wealth Management has been provided with a loan from an affiliate of Securities America, Inc. for \$189,000, forgivable over 4 years at \$47,250 per year. The terms of the agreement maintain that the representative must produce annual revenue of at least \$564,482 for the preceding 12 months. The loan is forgivable if the minimum annual revenue is met or exceeded.

### **Financial Planning**

If the client elects to proceed with a written or oral plan and selects an hourly fee, the representative of record will inform the client of the estimated hours it will take to complete the service at a rate not to exceed \$150 per hour. The hourly rate is negotiable based upon the complexity of the client's situation and the actual services provided. These factors are also considered when estimating the hours needed to complete the requested services.

The firm's hourly fee will be negotiated and agreed upon by the parties in advance. Hourly fee-based clients are billed on a monthly basis upon completion of the work performed.

FWM may charge a fixed fee for comprehensive financial planning services that will range from \$100 to \$1,000 per plan depending upon the complexity of the client's financial situation and the actual services to be provided. Fixed fees may be negotiated in advance based on the sole discretion of the firm.

Whether hourly or fixed, all fees will be disclosed to the client prior to any services being provided. For hourly fees, clients will be billed for the actual time expended. If less time is needed than the original estimate, the client will be charged for the actual time expended by the associated person. Either FWM or the client may terminate services by providing written notice to the other party, and the notice will be effective upon receipt. Upon termination, any fees paid in advance will be prorated to the date of termination and any excess shall be refunded.

## **Consultations/Ongoing Consultations**

The hourly rate for consultations/ongoing consultations will not exceed \$150 per hour and is negotiable based upon the complexity of the client's situation and the actual services to be provided. All fees will be disclosed to the client prior to any services being provided. For consultation services that will be completed with one or two meetings, payment is due at the time the agreement for services is signed. Both parties may terminate services by providing written notice to the other party, and the notice will be effective upon receipt. Upon termination, any fees paid in advance will be prorated to the date of termination and any excess shall be refunded.

Clients desiring ongoing consultations on 401(k), qualified or other benefit plans will be charged on a percentage of assets under management. This fee is negotiable based upon the complexity of the client's situation and the actual services provided. The fee will be billed quarterly in advance and will generally not exceed \$3,000 per quarter. Fees will be disclosed to clients prior to any services being provided. Both parties may terminate services by providing written notice to the other party, and the notice will be effective upon receipt. Upon termination, any fees paid in advance will be prorated to the date of termination and any excess shall be refunded.

## **Item 6: Performance-Based Fees and Side by Side Management**

As FWM's advisory services do not incorporate performance fees or the offering of any additional investment services, side-by-side management does not apply to those services rendered by FWM.

## **Item 7: Types of Clients**

FWM provides investment advisory services to Individuals, Charities, Municipal Entities, Corporations, Trusts, Institutions, Not-for-Profits, Public and Private Endowments, Pension Funds, Foundations and Contingency Funds with 501(c)(3) plans sizes ranging from \$10 - \$25 Million. FWM requires its investment management clients to maintain a minimum account size of \$25,000. This minimum account size remains negotiable, under certain circumstances, and at the sole discretion of the firm.

SAA's recommended minimum investment amount for establishing and maintaining a FAP and LifeGuide Account is \$25,000 and \$50,000, respectively. Exceptions may be granted to these minimums upon request.

The firm's sponsored Wrap Fee program with TD Ameritrade requires participating accounts to maintain a minimum of \$25,000 at all times. Exceptions may be made on a limited basis.

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

FWM utilizes a fully integrated and comprehensive Investment Manager and Investment Product search to identify, select, and monitor the best-in-class asset managers and exchange traded funds (ETF's) for each asset class and style to be represented. This is conducted quarterly.

The process begins by utilizing proprietary and quantitative screening methodology designed to narrow the field of investment choices to only those funds and ETF's meeting standards set by the firm's Investment Selection and Monitoring Committee. Factors considered in this analysis may include:

- Trading platform availability: Investment Managers or ETF's must trade with no loads and should use a common trading platform to eliminate transaction costs and wiring fees.
- Regulatory oversight: Each Investment Manager or ETF should be part of a regulated bank, an insurance company, a mutual fund organization, or a registered investment adviser.
- Correlation to style or peer group: Investment Managers or ETF's should consistently correlate to its stated investment style.
- Performance relative to a peer group: The product's performance is evaluated against its peer group's average annualized return for 1-, 3- and 5-year periods and, in addition; take into account year-by-year performance.
- Performance relative to assumed risk: The Investment Manager's portfolio or ETF's risk will be evaluated against its peers and the overall market the manager is attempting to represent
- Manager tenure: The Investment Manager should have several years managing the fund or a fund with similar investment characteristics.
- Assets under management: The Investment Manager must meet minimum assets under management size within each asset class.
- Stability of the organization: The firm looks for stable and consistent management; the same portfolio management team should be in place for at least two years.

The Committee then further reviews all funds and ETF's applying additional analytical and subjective measures to narrow its investment recommendations for each investment style.

Other variables considered in this analysis may include:

- Growth in assets the previous two quarters and one year
- Shifting from its designated style

- Name recognition
- Other statistical risk measurements
- Review of analyst's commentary

Recommended funds and ETF's are placed on a formal Investment Product Selection List outlining all the statistical data utilized in the selection of fund(s) within each style group. It is then distributed to FWM for use in the selection of investment fund(s) and ETF's for their clients.

The Suitability of the investment products and investment managers will be monitored on a quarterly basis and it is at the Committee's discretion to take corrective action by replacing a manager, or ETF if deemed appropriate.

**Risk of Loss:** Investing in securities involves a certain amount of risk of loss that clients should be prepared to bear. Where short term trading methods are employed, the cost of more frequent trades can often incur more expense than that of a more conservative or long term purchase approach. Questions regarding these risks and/or increased costs may be directed to the firm and its representatives.

#### **Item 9: Disciplinary Information**

Rule 206(4)-4 of the Investment Advisers Act of 1940 requires investment advisers to provide clients with disclosures as to any legal or disciplinary activities deemed material to the client's evaluation of the adviser. Please note, neither the firm nor its personnel have any disciplinary, regulatory, criminal, civil, or otherwise reportable history to disclose at this time.

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

FWM's investment adviser representatives are also registered representatives with SAI, a FINRA registered broker/dealer. Through this arrangement, registered representatives may purchase or sell securities for SAI client accounts for additional commission based compensation.

Clients should note that the firm and its representatives may receive additional compensation from mutual fund sales loads and 12(b)-1 distribution fees made through SAI. Additionally, they may receive additional compensation from variable annuity sales or trail commissions made through SAI or other firms for various variable annuity investments.

Investment adviser representatives serve as separately licensed insurance agents and, as such, are involved with the sale and servicing of life and health insurance products on

behalf of various insurance providers. If a client elects to purchase insurance products through representatives associated with FWM, these individuals will be compensated by the provider on a commission basis.

The firm maintains a fiduciary obligation to place its clients' interests first. However, clients should be aware that the receipt of additional compensation itself can create a conflict of interest, and may affect the judgment of this individual when making investment recommendations. In order to properly handle such potential conflicts of interest, the firm has adopted a Code of Ethics. Please see Item 11 (below) for further discussion related to the firm's Code of Ethics.

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

Pursuant to Rule 204 (A)-1 of the Investment Advisers Act of 1940, FWM has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the firm. FWM and/or its representatives may purchase or sell investments for their personal accounts that they have similarly recommended to clients.

The Code of Ethics describes the firm's fiduciary duties and obligations to clients, and sets forth the firm's practice of supervising the personal securities transactions of employees who maintain access to client information.

FWM collects and maintains records of securities holdings and transactions made by employees. The firm reviews the personal trading practices of its employees to identify and resolve any potential or realized conflicts of interest. The firm's Code of Ethics is available upon request.

### **Item 12: Brokerage Practices**

FWM maintains the investment discretion to place transactions and select brokers without prior approval of clients. Accordingly, the firm seeks to obtain the most favorable net results for client's price, execution quality, services and commissions. FWM does not allow clients to direct brokerage to other broker-dealers than the custodians typically used by the firm for trade execution. Not all advisers require clients to direct brokerage to the brokerage firm typically used by the adviser. As a result of this requirement, FWM may be unable to achieve most favorable execution of client transactions, which may cost clients more money. As discussed below, the firm has a fiduciary duty to seek best execution and act in the clients' best interests.

FWM maintains a fiduciary duty to seek best execution pricing for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given

transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the client.

All accounts are managed separately. FWM does not employ any blocking or bunching techniques in the management of accounts. In addition, the firm does not receive any research, products, client referrals, or other services from a broker-dealer or third party in connection with client-based securities transactions (i.e. no soft dollars).

The custody of all funds and securities are generally maintained by NFS, TD Ameritrade, and Schwab.

### **Item 13: Review of Accounts**

The firm's FAP modules are reviewed daily by a member of the Investment Committee. Investment Accounts are monitored on a weekly basis by FWM's Investment Committee. Accounts will be reviewed more frequently as necessary to respond to significant changes in client circumstances or changes in market conditions. Triggering factors to warrant more in depth review could include the following;

- Awareness of a change in investment objective
- change in market conditions
- change in employment status
- re-balancing of assets to maintain proper asset allocation
- other activity discovered as the account is normally reviewed.

FWM periodically reviews reports provided to the client and contacts the client at least annually to review the client's financial situation and objectives. As a result of this contact, the firm may communicate information to the third party investment adviser as necessary. Clients are encouraged to notify FWM of any changes in their financial situation, investment objective or account restrictions.

Clients will receive written brokerage or custodial statements each month. Reporting by third party advisers may vary, but typically is quarterly.

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

FWM may enter into written agreements with third-parties for the solicitation of advisory clients, through which FWM compensates the soliciting party for client referrals. The terms of these written arrangements are disclosed to the referred client in a Solicitors Disclosure Statement provided to the client by the solicitor at the time of solicitation, along with a copy of this FWM brochure, in compliance with Rule 206(4)-3 of the

Advisers Act. At the time of this filing, has entered into such an agreement with Vanacore, De Benedictus, DiGiovanni & Weddell LLP. Individuals associated with this firm may provide client referrals to FWM for a fee.

FWM does not receive any economic benefit from a non-client for the provision of advisory services to the firm's clients.

### **Item 15: Custody**

Other than the client authorized direct deductions of fees from accounts, FWM does not maintain or accept custody\* of client funds or securities.

\*Custody means holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them. *Rule 206(4)-2 Investment Advisers Act of 1940.*

### **Item 16: Investment Discretion**

FWM maintains limited discretionary authority over the selection and amount of securities to be bought or sold in client accounts, as well as the broker or dealer to be used to place such transactions, without obtaining prior consent or approval from clients. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by the firm.

Discretionary authority will only be authorized upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an agreement containing all applicable limitations to such authority. All discretionary trades made by FWM will be in accordance with each client's investment objectives and goals.

FWM does maintain client accounts in which they do not exercise discretion and all recommendations can only be executed with the consent or approval of the client. These purchases and/or sales are also subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by the firm.

### **Item 17: Voting Client Securities**

FWM will not vote, nor advise clients how to vote, proxies for securities held in client accounts. Clients may contact FWM with questions regarding a particular solicitation; however, the client maintains the authority and responsibility for the voting of these proxies. The firm and its clients agree to this by contract. Clients will receive such proxies or other similar solicitations directly from the transfer agent or other third party designee where applicable.

## **Item 18: Financial Information**

Under Rule 206(4)-4 of the Investment Advisers Act of 1940, investment advisers are required to disclose certain information about their business practices that might serve as material to the client's decision in choosing an investment adviser.

As of the date of this filing, FWM does not require the payment of more than \$1,200 in fees six months or more in advance or maintain any financial hardships or other conditions that might impair its ability to meet its contractual obligations to clients.