

**Part 2A of Form ADV: *Firm Brochure***

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February 3, 2014

**This brochure provides information about the qualifications and business practices of Insero Wealth Strategies, LLC (hereinafter “IWS” or “firm” or “we”). If you have any questions about the contents of this brochure, please contact us at (585) 454-6996 or at [sharon.insero@inserowealthstrategies.com](mailto:sharon.insero@inserowealthstrategies.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration does not imply any certain level of skill or training.**

**Additional information about IWS is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for IWS is 108945.**

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

The information contained in this Disclosure Brochure dated February 3, 2014 relates only to material changes that have occurred since the last update. We define a material change as any change that an average client would consider important to know prior to making an investment decision. The following are short summaries of the material changes that have occurred since our annual update on August 28, 2013 with regard to our services or business operations.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

To obtain our firm brochure and brochure supplements (information regarding each of our financial advisors), our Code of Ethics, or our Privacy Policy, please e-mail us at [sharon.insero@inserowealthstrategies.com](mailto:sharon.insero@inserowealthstrategies.com), telephone us at (585) 454-6996 or mail your request to the address below.

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Cover Sheet – the website for IWS is [www.inserowealthstrategies.com](http://www.inserowealthstrategies.com)

Item 5 and Item 10 – The Managing Member or IWS no longer holds a life insurance license and no longer makes recommendations on insurance products to advisory clients.

## Table of Contents

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

#### **Item 4.        Advisory Business**

##### About Our Firm

Insero Wealth Strategies, LLC is a registered investment advisor located in the state of New York. Our firm was formed in the State of New York in 1998. Frank Insero is the sole managing member of IWS.

##### Advisory Referral Services

IWS has referral relationships with various independent registered investment advisers (“IRIA(s)”) who provide investment advisory services. These IRIsAs are not affiliated with IWS.

IWS will perform searches of various IRIsAs. Based on a client's individual circumstances and needs (as exhibited in the client's initial meeting with us) we will determine which selected IRIsA’s portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected IRIsA. Clients should refer to the selected IRIsA’s disclosure document for a full description of the services offered. We will consult with the client on a regular basis, or as determined by the client, to review the account. If the client engages the IRIsA to provide advisory services to the client, then the IRIsA, not IWS, will act as investment adviser to the client's account(s). Additionally, the client will sign an investment advisory agreement with the IRIsA, and not IWS. At the time of the referral to the IRIsA, IWS will ensure that all federal and/or state specific requirements governing solicitation activities of investment advisers shall be met.

*We do not represent that the IRIsAs and/or programs will provide the highest performance or the lowest cost in providing such services.*

*We make no representation, express or implied, as to the quality of the services to be provided by any IRIsA to any particular client.*

##### Financial Consulting/Assets Under Advisement

We also provide specific consultation and administrative services regarding investment and financial concerns of the client, such as the review of a client’s existing investment portfolio or the review of client assets managed by other investment professionals. Clients may also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. For this service, clients will sign an investment agreement with IWS.

Consulting recommendations are not limited to any specific product or service offered by a broker dealer or insurance company. Consulting services are offered on an ongoing or periodic basis. IWS does not actively manage client portfolios or assets but is responsible for communicating recommendations to the respective broker/dealer or product sponsor.

### Individual Portfolio Management

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We will typically create a portfolio of mutual funds and fixed income investments that follow an agreed upon passive investment strategy whereby the client determines their asset allocation strategy. We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

### Amount of Managed Assets

As of December 31, 2013, we were actively managing \$65,191,065 of clients' assets on a discretionary basis. We do not manage any client assets on a non-discretionary basis.

## **Item 5. Fees and Compensation**

### Advisory Referral Services Fees

We do not charge clients any fees for referrals to an IRIA. Fees for such referrals are paid to us by the IRIA as a percentage of the fees the IRIA receives from the client. Client advisory fees are not increased in any way as a result of our firm's referral to the IRIA. We will typically receive up to 45% of the advisory management fee paid by the client to IRIA. Fees received from the IRIA are paid to IWS within 90 days after they are collected by the IRIA from the client. All refunds of fees paid under this third-party advisory program must be obtained directly from the adviser and/or sponsor, not from our firm. Clients should refer to the IRIA's disclosure documents for information regarding its fees, billing practices, minimum required investments and termination of advisory agreement.

### Financial Consulting and Assets Under Advisement Fees

IWS advisement and consulting service fees are determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a written agreement with the client and the fees are disclosed in the client's agreement with our firm as well.

Our fees for providing advice to clients on their investment and portfolios are charged as a percentage of such investments according to the following fee schedule:

<b><u>Account Value</u></b>	<b><u>Annual Fee</u></b>
Up to \$299,999	1.50%
\$300,000 to \$499,999	1.25%
\$500,000 to \$999,999	1.00%
\$1,000,000 or greater	0.90%

IWS will receive up to 45% of this fee, after the portion taken by the IRIAs involved with the account.

Individual Accounts for immediate family members (such as husband, wife and dependent children) are aggregated, and the fee is charged based on the total value of all family members' Accounts.

Fees are calculated and billed quarterly, in advance, and are based on the market value of the client's account balance on the last day of the month in the prior quarter. The fee is prorated for periods less than a full billing cycle and adjusted to cover any additional contributions made during that period. Fees will be billed directly to the client.

#### **Individual Portfolio Management**

The annualized fee for Investment Supervisory Services are charged as a percentage of assets under management, according to the following schedule:

<b><u>Account Value</u></b>	<b><u>Annual Fee</u></b>
Up to \$299,999	1.50%
\$300,000 to \$499,999	1.25%
\$500,000 to \$999,999	1.00%
\$1,000,000 or greater	0.90%

IWS will receive up to 70% of this fee, after the portion taken by the IRIAs involved with the account.

Individual Accounts for immediate family members (such as husband, wife and dependent children) are aggregated, and the fee is charged based on the total value of all family members' Accounts.

Fees are calculated and billed quarterly, in advance, and are based on the market value of the client's account balance on the last day of the month in the prior quarter. The fee is prorated for periods less than a full billing cycle and adjusted to cover any additional contributions made during that period. Fees will be debited from the account in accordance with the client authorization in the Client Services Agreement.

### Fees in General

As indicated in the Advisory Referral Services section immediately preceding this section, IRIA clients are encouraged to review the disclosure documents and advisory agreements for information regarding the billing practices of their respective IRIA.

Fees and account minimums for services provided by an IRIA may be negotiable based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

### Limited Prepayment of Fees

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

### Account Termination

Clients may terminate without penalty by providing written notice of cancellation to the Advisor within 5 business days of the date of signing the client agreement. Thereafter, either party may terminate without penalty upon thirty days written notice. IRIA clients should review the disclosure documents and advisory agreements of their IRIA for information regarding termination of their advisory agreements and accounts. Upon termination, advisor fees will be prorated to the effective date of termination. Clients will receive a refund of any fees paid but not yet earned through the effective date of termination.

### Mutual Fund Fees and Expenses

All fees paid to an IRIA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. An IRIA client could invest in a mutual fund directly, without the services of an IRIA. In that case, the client would not receive the services provided by the IRIA which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by the IRIA to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

### Brokerage and Custodian Fees

In addition to referral fees paid to our firm by the IRIA as part of the referral services program of IWS, clients will also be responsible for all transaction, brokerage, and custodian fees incurred as part of the account management services provided by the IRIA. We encourage all clients to review the disclosure documents and advisory

agreements of the IRIAs for information regarding their fees, billing practices and minimum required investments.

#### Additional Compensation Received by Us

Mr. Inero is also a Partner at the accounting firm of Inero & Company CPAs, P.C. ("I&C"), with its principal offices located in Rochester, New York. As such, he will spend up to 50% of his time on the business and operations of I&C. Accordingly, approximately 50% of his income is derived from the business and operations of I&C.

Please refer to Item 10 of this Brochure for a more detailed explanation of how our firm handles and mitigates these conflicts of interest.

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

We do not charge any fees based on a share of capital gains on or capital appreciation of the assets of a client. IWS strongly encourages its clients to review the disclosure documents and advisory agreements of their respective IRIA for information regarding any fees being charged based on a share of capital gains on or capital appreciation of the assets of the client.

#### **Item 7. Types of Clients**

Our firm generally provides advisory services to individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, and corporate and business entities.

IWS does not currently have minimum fee/account size requirements.

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

##### Third-Party IRIA Analysis

IWS will perform searches of various IRIAs. Based on a client's individual circumstances and needs (as exhibited in the client's initial meeting with us), we will determine which selected IRIA's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected IRIA. While IWS endeavors to recommend the appropriate IRIA for each of its clients, we do not control or influence the IRIA's day-to-day analysis and client recommendations. Therefore, any client that engages an IRIA, is strongly encouraged to review the IRIA's disclosure document(s) and advisory agreement for a full description of the services offered.

A risk of engaging and investing with a third-party IRIA whose recommendations, services or investments have been successful in the past is that he/she may not be able to



replicate that success in the future. In addition, there is also a risk that an IRIA may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for a client.

#### Asset Allocation

Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

#### Assets Under Advisement

We will perform an on-going evaluation of client holding. In reviewing client accounts and making recommendations, we will look at the client's portfolio holdings, current trends and developments and evaluate the holdings to the client's disclosed risk tolerance and suitability. One risk with this type of evaluation is that our information may not be up-to-date or may be inaccurate and performance for recommendations cannot be guaranteed.

#### Investment Strategies

We use the following passive investment strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

***Long-term purchases.*** We purchase mutual funds with the idea of holding them in the client's account for a year or longer and we want exposure to a particular asset class over time, regardless of the current projection for this class.

***Short-term purchases.*** When utilizing this strategy **at the client's request**, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

***Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.***

#### **Item 9. Disciplinary Information**

Our firm has no reportable disciplinary events to disclose.

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

Mr. Inero may offer tax advice or consulting through the CPA firm, Inero and Company, CPAs, P.C. ("I&C"). Mr. Inero and is also a partner in the accounting firm of I&C, where he is individually licensed and is a practicing Certified Public Accountant providing accounting, tax and business consulting services for separate and typical compensation.

I&C may recommend IWS to clients in need of advisory services. Conversely, IWS typically recommends I&C to advisory clients in need of CPA firm services. Services provided by I&C are separate and distinct from our advisory services, and are provided for separate and typical compensation. There are no referral fee arrangements between our firms for these recommendations. No IWS client is obligated to use I&C for any services and conversely, no I&C client is obligated to use the advisory services provided by us.

Mr. Inero will spend up to 50% of his time in the CPA firm practice.

Clients should be aware that the receipt of additional compensation by our firm and its management persons or employees creates a potential conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. We endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser and take the following steps to address this potential conflict:

1. We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and its employees to earn compensation from advisory clients in addition to our advisory fees;
2. We disclose to clients that they are not obligated to purchase recommended products and services from our employees;
3. We endeavor to collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
4. Our management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
5. We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
6. We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
7. We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

**Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading**

Code of Ethics Disclosure

Our firm has a commitment to ethical conduct and has adopted a Code of Ethics requiring associated persons to adhere to our firm's fiduciary duties and responsibilities to clients. Our Code of Ethics sets forth our practice of supervising the personal securities transactions of supervised persons with access to client information. Individuals associated with our firm may buy or sell securities for their personal accounts identical to or different from those recommended to clients. It is our expressed policy that no person employed by our firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

We require anyone associated with this advisory practice with access to advisory recommendations to provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. IWS requires such access persons to also receive approval from the Chief Compliance Officer prior to investing in any IPOs or private placements. We further require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. We also have a policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline, up to and including termination. A copy of IWS's Code of Ethics is available to any advisory client or prospective client upon request at IWS's principal office address.

**Item 12. Brokerage Practices**

IWS does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

As our firm does not have the discretionary authority to determine the broker/dealer to be used or the commission rates to be paid, clients must direct IWS as to the broker/dealer to be used.

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, we may recommend the use of one of several brokers (Charles Schwab & Co., Inc., Fidelity Brokerage Services, LLC or TIAA-CREF), provided that such recommendation is consistent with our firm's fiduciary duty to the client. Our clients must evaluate these brokers before opening an account. The factors considered by IWS when making these recommendations are the broker's ability to provide professional services, our experience with the broker, the broker's reputation, the broker's quality of execution services and costs of such services, among other factors. Clients are not under any obligation to affect trades through any recommended broker.

We request that clients direct us to place trades through Charles Schwab & Co., Inc., Fidelity Brokerage Services, LLC or TIAA-CREF ("Brokers"). We have evaluated these broker/dealers and believe that they will provide our clients with a blend of execution

services, commission costs and professionalism that will assist our firm to meet our fiduciary obligations to clients.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker other than Charles Schwab & Co., Inc., Fidelity Brokerage Services, LLC or TIAA-CREF if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. In directing the use of Charles Schwab & Co., Inc., Fidelity Brokerage Services, LLC or TIAA-CREF, it should be understood that we will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients (who may direct the use of another broker).

Clients should note, while we have a reasonable belief that Charles Schwab & Co., Inc., Fidelity Brokerage Services, LLC and TIAA-CREF are able to obtain best execution and competitive prices, our firm will not be independently seeking best execution price capability through other brokers. Not all advisers require clients to direct it to use a particular broker/dealer.

As a matter of policy and practice, we do not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

### **Item 13. Review of Accounts**

#### Advisory Referral Services

Typically, we will not provide any ongoing reviews or reports for advisory referral services unless specifically contracted for by the client. Clients are encouraged to review the advisory agreement and disclosure document(s) for their IRIA, in order to best determine the review and reporting requirements of their particular IRIA.

#### Assets Under Advisement and/or Consulting

Reviews: Accounts are reviewed in the context of each client's stated investment objectives, stated requirements and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Frank Insero, Managing Member

Reports: Clients receive quarterly statements and confirmations of transactions from their respective broker-dealer, custodians or sponsor companies. Unless otherwise contracted for, we do not typically provide additional reports regarding investments with third-party managers.

### Individual Portfolio Management

Reviews: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Frank Insero, Managing Member

Reports: In addition to the monthly statements and confirmations of transactions that clients receive from their broker/dealer, we provide quarterly reports summarizing account performance, balances and holdings.

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

As indicated in Item 4, IWS acts as a solicitor for various IRIAs, and for doing so, receives an initial and/or an ongoing fee for referring clients to an IRIA.

These solicitation arrangements create a conflict of interest to the extent that we have an incentive to refer clients to an IRIA who pays the highest fees. We address this conflict of interest in the following ways:

1. We clearly disclose the existence of solicitation arrangements to existing and prospective clients in our disclosure documents so that they can assess the inherent conflicts of interest and make a fully informed investment decision;
2. We provide the following written disclosures to prospective clients prior to the execution of an advisory agreement with the third-party investment adviser:
  - a. The name of the third-party investment adviser;
  - b. The nature of the relationship, including any affiliation, between us and the investment adviser;
  - c. A statement that we will be compensated for our solicitation services by the investment adviser; and
  - d. The terms of such compensation arrangement, including a description of the compensation paid or to be paid to us.
3. We periodically monitor the overall performance and reputation of third-party advisers we recommend to ensure that our continued recommendation of such an adviser remains in the best interest of our clients; and
4. We observe all rules promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940 and/or similar applicable state laws and regulations.

## **Item 15. Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Advisory Referral Service clients should review the advisory agreement and disclosure document(s) of their respective independent registered investment advisers ("IRIA") in order to review specific custody disclosures.

## **Item 16. Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to rebalance the accounts as needed and to do the following without contacting the client:

- determine the mutual fund to buy or sell; and/or
- determine the amount of the mutual fund to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

For clients granting an IRIA discretionary authority to determine which securities and the amounts of securities that are to be bought or sold for their account(s), the IRIA will generally request that such authority be granted in writing, typically in the executed advisory agreement.

Should the client wish to impose reasonable limitations on the discretionary authority or an IRIA, such limitations should be included in this written authority statement. Clients should refer to the disclosure documents and advisory agreement of an IRIA to understand how these limitations can be changed or amended.

**Item 17. Voting Client Securities**

As a matter of firm policy, IWS does not vote proxies on behalf of clients. Clients will receive their proxies and other solicitations directly from their custodian or transfer agent and retain sole responsibility for voting. However, we may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements.

**Item 18. Financial Information**

As an advisory firm that maintains discretionary authority for client accounts, we are required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. We have no such financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

We have not been the subject of a bankruptcy petition at any time during the past ten years.