

DISCLOSURE BROCHURE

(FORM ADV, PART 2A)

SHAYNE & CO., LLC
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March 31, 2014

This brochure provides information about the qualifications and business practices of Shayne & Co., LLC. If you have any questions about the contents of this brochure, please contact us at 615-250-1600. 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.

Additional information about our firm is also available at the SEC's website at www.adviserinfo.sec.gov.

Summary of Material Changes

Compared to our last disclosure brochure (Form ADV, Part 2A) dated 4/22/2013, the following brochure makes these material changes:

- 1) We have updated the information on the amount of discretionary assets that we manage for clients. (See the section titled “Advisory Business.”)
- 2) We have added a discussion of the risks of electronic communication. (See section B titled, “Methods of Analysis, Investment Strategies and Risk of Loss.”)

Shayne & Co., LLC
March 31, 2014

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Note: In this document, the word “we” refers to our firm, Shayne & Co., LLC. “You” means the reader, as a prospective or current client. We often speak about how things would be if you opened an account with us, even if you have not already.

Advisory Business

A) Description of our firm

We manage investment securities for our clients. Jonathan (Jon) Shayne is the chief executive officer, and owner, of our firm. Jon started the firm in 1994.

B) Description of our services

We offer ongoing portfolio management based on fundamental analysis of corporate financial statements. (See section titled “Methods of Analysis, Investment Strategies and Risk of Loss” for further details on our investment style.) We manage your account on a discretionary basis.

If there are assets marked “special” on the portfolio appraisals we will send you quarterly, we provide either no management services on them, or only such services as we have agreed upon with you.

C) Tailoring our services to individual needs and restrictions on investing

We manage your portfolio with the purpose of reaching investment goals that are suitable for you. We will refuse your account if your goals are not compatible with one of our investment styles. Your account will be separate, not pooled, and held at a brokerage firm or other custodian independent of us. Your name will be on the account and you will retain all indicia of ownership.

You may impose restrictions on investing in certain securities or types of securities.

D) Wrap fee programs

We do not participate in a wrap fee program.

E) Assets under management

As of March 12, 2014, we managed \$210.2 million in discretionary assets. Beyond that amount, our clients had an additional \$9.1 million in “special holdings” in their accounts. “Special holdings” are assets for which clients have restricted our discretion to sell. We do not provide regular and continuous management services for special holdings in client accounts.

Fees and Compensation

A) How we are compensated for our services

We charge an annual fee of 1% of assets under management, payable quarterly, for new accounts. Our fee is generally not negotiable, but may be in special cases, and for older accounts. As a general rule, we waive the advisory fee on cash and near cash instruments, except for FPA New Income, until an account is 90% or more in equities. At present, we also substantially reduce our fee on equity mutual funds and exchange-traded funds, generally to 0.35%.

B) How we bill for our fees

Our clients pay us a quarterly management fee. You may choose to pay by check, or have us deduct it from your account. We calculate quarterly fees on the ending value of your account as of the previous quarter's end. For example, fees for the third quarter (July 1 to September 30) are calculated based on the value of your portfolio as of June 30, generally excluding the value of any special assets. The invoice shows how we calculate your fee. With the invoice, we include a portfolio appraisal that shows the holdings in your account.

When you pay our management fee directly, payment is due by the end of the quarter. When you allow us to deduct fees directly from your account, we typically will do so during the middle of the last month of the quarter (for example, for the third quarter, we deduct fees around September 15).

C) Other fees or expenses paid in connection with our advisory services

In addition to the advisory fee that clients pay us, clients also pay brokerage fees, and fees charged by any mutual fund or exchange-traded fund (together, "fund" or "funds") that they hold.

For brokerage services, we typically use the institutional division of Charles Schwab & Co., Inc., where brokerage fees are discounted compared to what traditional, full-service retail firms charge.

We have made use of some funds in our investing, and expect to do so in the future. Our investing generally emphasizes individual securities, such as common stocks and U.S. Treasury debt, rather than funds. Your investment return will be reduced by fees and expenses that a fund you hold charges. When evaluating our services, you should take into account both the fees that we charge and the fees charged by funds in your account. Funds can charge management fees, fund expense fees, and distribution fees. Some mutual funds impose an initial or deferred sales charge (although we try not to buy funds that have sales charges for our clients). Funds deduct fees from your investment in the fund. Some funds, such as FPA New Income, which we may use for your account, charge a 2% fee for redemption within 90 days of purchase. You will find a description of a

fund's fees and expenses in its prospectus. You can invest in a fund on your own, without using our services. See also heading A of this section, above.

We currently recommend the use of Charles Schwab & Co., Inc., as the custodian of your account. Schwab does not charge our clients a custodial fee. Schwab charges incidental fees, such as \$25 for a wire transfer or to settle a trade placed with another broker. If you specify a particular custodian, we are not responsible for negotiating the custody fees your custodian charges you.

When we purchase or sell issues that trade over-the counter, we use a broker to execute the trade, or place the trade directly with a market maker. If we place the trade with a broker, the broker will charge you a commission. If we place the trade with a market maker, the market maker will typically charge you a mark-up or mark-down on the security being traded.

We ask for your written authority to negotiate commission rates with the broker we recommend. You may impose limitations on such authority.

We generally make trades as a block when possible and advantageous to you. This permits the trading of aggregate blocks of securities coming from or going to multiple client accounts. When your account participates in an aggregate trade, the price for the security will be the average cost per unit for the block.

Broker transaction costs are shared equitably among clients, but may still vary from account to account. Schwab, for example, currently offers a discounted brokerage fee for accounts held by households that custody \$1 mm there.

Our negotiated rate with a brokerage firm can cause a minimum commission to be charged on smaller trades. Smaller accounts are more likely to trigger minimum commissions than larger accounts.

A fixed-income dealer may add a markup to the unit price of a fixed-income trade that is based on the number of accounts participating in the trade. If your account value is larger, you may pay a higher percentage of the markup than a client with a smaller account. We try to place large trades with dealers who don't do this type of mark-up, but it is conceivable that we would if we faced very limited options on a particular trade.

Despite such differences among accounts, we still believe the overall trading costs you will pay, even if you receive no discount, are reasonable.

See section titled "Brokerage Practices" of this brochure for additional information.

D) Refund of fees at termination of advisory contract

You may terminate our investment advisory contract at any time, without previous notice. We have the right to do the same. If you or we terminate our services, we will refund all

unearned fees you have paid us. Under our billing method, described above under the heading, “How we bill for our fees,” if you allow us to deduct our fee directly from your account, you may have prepaid our quarterly fee by up to half a month. (To calculate your refund at termination, we divide our quarterly management fee by the number of days in the quarter to arrive at a per-day rate for our services. Starting at the day after you or we terminated the contract, we count the days left in the quarter and multiply it by the per-day rate that applies to your account for the quarter. The product amount becomes your refund, which will be returned to you.)

E) Compensation for the sale of securities or other investment products

We do not accept compensation for the sale of securities or other investment products. We do receive benefits (see section titled “Brokerage Practices”) through participation in the institutional service program at Schwab. However, the benefits we receive do not depend upon the amount of brokerage commissions we direct to them.

Performance-Based Fees and Side-by-Side Management

We do not currently bill clients based on performance. We would consider negotiating such an arrangement when it is of interest to a client, regulation permitting.

Types of Clients

We offer investment advice to individuals, pension and profit sharing plans, trusts, charitable organizations, and businesses.

We generally prefer a dollar value of \$1,000,000 to open an account for you. This figure is negotiable, and can vary depending on the client and our willingness at any time to undertake new business. In some cases, we would impose no minimum.

Methods of Analysis, Investment Strategies and Risk of Loss

A) Method of analysis and investment strategy used in formulating investment advice

We manage your portfolio with a long-term approach to investing. In some situations, we might use other techniques, primarily shorter-term purchases and sales, but that is not our focus. We follow a strategy of concentrating investments in a fewer number of securities than is typical for most investment advisory firms. We believe this approach allows us to focus on our best investment ideas and that over time this approach is preferable to holding a more diversified portfolio involving a large number of positions.

Your account will likely make use of money market funds to hold cash balances. Your account may also make use of mutual funds or exchange-traded funds.

You might not be invested in the same securities as other clients. For example, we may consider a security worth holding for a client who has already bought it, but determine that the same security is not priced low enough in relation to our estimate of its intrinsic worth to be an appropriate investment for a new client, or for new additions of capital by existing clients. One outcome of this approach to investing is that newer clients often will not hold some securities that older clients have bought and continue to hold.

You may have capital not invested in equities for a period of months or years during times that we do not find equities we deem appropriate. At certain times, generally when we believe equities are expensive, we believe we are more likely to refrain from buying equities for you than other investment firms. We often hold U.S. Treasury securities when we are not finding stocks or other investments we want to buy. In many accounts we have also used a fixed-income fund, FPA New Income, for part of such non-equity capital.

In cases in which clients wish to have total exposure to equities at all times, or at least a minimum percentage exposure, we can change the mandate of the account to accommodate this. In most cases, however, we recommend that clients let us have the full range of discretion.

We analyze securities using fundamental methods to determine the value of a security. The main sources of information we use for doing our research are annual reports, prospectuses, other filings with the SEC, financial newspapers and magazines, research services such as Value Line and Bloomberg, research materials prepared by others, and company press releases.

While we attempt to make our investing productive for you, investing in securities inherently means taking the risk of loss, which you must be prepared to bear.

B) Risk involved in our investment strategy

Despite our belief in the long-term desirability of focusing capital in a relatively few securities, concentration can expose your portfolio to greater company-specific and industry-related risk. One or more particular investments could perform poorly. You should consider the risk that greater concentration poses, weigh it against the possible benefits (which are not guaranteed and may not occur), and seek investment advice elsewhere if you would prefer a more diversified approach.

All portfolios of stocks can suffer losses, of course. Risk to equity investments can come from declines in the whole stock market, or from declines in particular sectors or individual securities. Global, national, and regional risks, such as war or recession, can also cause losses. Industry-specific and company-specific problems, such as changes in the nature of a business, or adverse legal or regulatory developments, are possible causes of loss as well.

Investments other than common stocks can also suffer losses. For example, fixed-income instruments (such as bonds, notes and bills) typically decline in value when interest rates rise (and increase in value when rates decline). Also, the bonds of a company that suffers a credit agency rating downgrade, or that cannot make scheduled bond payments, will generally decline in price.

Inflation may erode the purchasing power of an investment. It is possible that an investment that has returned a positive amount in nominal terms may not have kept up with inflation, particularly after taxes, and thus could still have a negative “real” (inflation-adjusted) return, or a return less than other investments, including index funds.

As described above in “Fees and Compensation -- How we are compensated for our services,” we charge different fees on different assets. This creates a conflict of interest, because in theory, this might lead us to buy, or not to sell, assets that pay us more. We pride ourselves on always trying to do what is right for you, regardless of which asset pays us more or less. If, however, we fail in disregarding the differential rate of compensation that different assets pay, it may lead us to construct a poorer investment portfolio for you than we otherwise would have.

Our firm is highly reliant on the availability of the services of our founder, Jon Shayne. Should his services become unavailable to us, we may choose to cease operations after notifying you.

We make reasonable efforts to secure data related to your account, especially when information is transferred electronically. However, each medium of communication, including ground mail, fax, electronic file transfer and email, has its own risks. We advise against sending sensitive information such as account numbers by electronic means such as file transfer or email unless you use encryption or a strong password. We provide an encrypted upload/download portal, through a third-party vendor, at no charge, for electronic communication with us. There is still always the risk of loss despite your efforts, and ours, to keep data from being compromised. We cannot guarantee the safety of this data, despite our reasonable efforts to protect it. Clients should be aware of this risk and monitor their accounts accordingly.

Again, we do attempt to make investing productive financially for you. There are risks, however, of the kind we have enumerated. There can be no guarantee of success, and losses are possible.

C) Risk involved in our security selection

While we may provide advice on a number of different types of securities, our primary focus is on exchange-listed and over-the-counter equity securities and United States government securities.

As discussed above, the securities that we focus on carry systematic risk (associated with fluctuation in the general level of securities prices and overall market risks) and

unsystematic risk (associated with individual events that affect a particular security). Even a security we analyze properly may lose money for our clients. We analyze securities in good faith, but our judgment may be incorrect, causing losses for our clients.

Disciplinary Information

With regard to the regulatory record of our firm and employees:

A) Our firm and employees have not been involved in any legal event involving a criminal or civil action in a domestic, foreign or military court of competent jurisdiction.

B) Our firm and employees have not been involved in any administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

C) Our firm and employees have not been involved in any self-regulatory organization proceeding.

Other Financial Industry Activities and Affiliations

A) Broker-dealer registration

Not applicable.

B) Other industry registrations

Not applicable.

C) Affiliations

Jon Shayne maintains a license to practice law in the State of Tennessee. He does not do legal work for clients of our firm, and his practice is essentially inactive. We advise you to obtain independent legal counsel for legal issues that may arise relating to your finances.

D) Selection of other investment advisers

We manage your account in-house and we do not rely on outside advisers (other than those who run mutual funds or exchange-traded funds we buy for you). We receive no compensation if we refer you to a lawyer, accountant, or other professional.

Code of Ethics, Participation or interest in Client Transactions and Personal Trading

A) Code of Ethics

We have adopted a code of ethics that affirms honesty, our fiduciary duty to you, and our legal and regulatory compliance in business matters. Our code requires us to report and review securities holdings and trading of our officers and employees.

We will send a copy of our code to you if you request one.

B) Recommendation of securities to clients in which our firm or a related person has a material financial interest

We do not recommend securities to you for which our firm or employees have a material financial interest.

C) Investment in the same securities as clients

Our firm and our employees may buy or sell securities identical to those we recommend to you. Historically, this has been our practice, and we expect it to continue. We have a policy that no person employed by us may purchase or sell a security in such a way as to disadvantage you. We have established the following procedures to avoid a conflict of interest so that we can meet our fiduciary responsibilities to you:

- Our firm and employees shall not buy or sell securities for their portfolios when their decision is derived from information gathered while working at our firm, unless the information is also available to the investing public on inquiry.
- Our firm and employees shall not make any personal gain from the market impact of a trade by our firm on your behalf.
- We maintain a list of securities holdings for everyone associated with our firm. We review employee transactions on a regular basis.
- We require that our employees act in accordance with applicable federal and state laws, and rules and regulations governing registered investment advisory practices.
- Employees not in observance of the above are subject to termination.

D) Timing of the firm's or related person's trading

We allow our firm and employees to trade securities at the same time we trade for you, if the trading is done as part of an allocated trade where clients and the firm/employees are

on equal footing. We do not allow the firm and our employees to use trading to take advantage of clients, and we and they cannot knowingly trade before clients.

Brokerage Practices

A) Factors for selecting broker-dealers

The text of our standard investment advisory contract provides us with authority to determine the broker-dealer to be used for your securities transactions. You may impose limitations on the authority.

We use Charles Schwab & Co., Inc., and sometimes other unaffiliated broker/dealers, to provide transaction services to us that are useful in managing your account.

We select and recommend broker-dealers to you based on the quality of execution services, the reasonableness of commissions and other charges, and the minimization of possible administrative problems and expense with the settlement of your trade. We also consider the reputation of the broker-dealer. Price is important to us, but it is not the only factor we consider.

A1) Research and soft dollar benefits

We participate in Schwab's institutional program. There is no link between the investment advice we give you and our participation in the program. The program does provide us with economically useful benefits, however. These benefits include:

- receipt of duplicate copies of your confirmations and statements
- access to an exclusive trading desk for your trades
- access to block trading (which provides us with the ability to aggregate security transactions and then allocate shares to your account)
- the ability to have our investment advisory fee deducted directly from your account (if you so authorize)
- access to an electronic communication network that allows us to allocate trades to your account and to view information about your account
- free compliance publications and newsletters
- access to mutual funds which are available only to institutional investors
- free software in connection with our trading activity which includes real-time price quotations

Schwab provides us with software that is dedicated to processing and holding information downloads from their network. Schwab also provides data about your account to a third-party software and data processing vendor we use in order to be able to generate reports about your account.

Schwab provides customer service to our clients and our firm that we believe is superior to that received by Schwab's retail customers.

Schwab does not charge us for any of these benefits.

We believe our firm qualifies for a higher level of goods and services (described above) from Schwab because of the amount of assets our clients have with them.

A2) Brokerage for client referrals

We do not recommend broker-dealers based on referrals.

A3) Directed Brokerage

As mentioned above in this section, we ask you to allow us to control the selection of the broker-dealers used for your account. We generally trade through Schwab. We do this because we believe there are great efficiencies to be had from concentrating our volume with a limited number of brokerage firms. Also, were we to place a trade through multiple brokers at once, or in rapid succession, we might give the impression of too much activity in a stock or other security, which could cause it to run up in price when we are buying, or down in price when we are selling.

We do not ordinarily accept limitations on our authority to control the selection of a broker-dealer, although some other advisory firms do. If you direct us to use a particular broker-dealer, and if we make an exception and consent to this restriction, you should understand that we may not be authorized to negotiate trading costs and may not be able to achieve volume discounts or best execution for you. Under these conditions, you might pay higher trading costs and commissions than other clients.

B) Aggregate trades

When we have a trade to do for multiple clients, we typically place the trade in a block, except when trading open-end mutual funds. (Because open-end funds trade only at close-of-day prices, there is no advantage to trading them in a block.)

Our policy is to prepare, in advance of the trade, a written pre-trade allocation showing how we will allocate to clients the securities bought or sold.

Sometimes we can fill an order only partially. In that case, we allocate pro-rata, subject to a minimum fill amount. We use a minimum fill amount to avoid the cost and inefficiency of placing numerous small trades in your account. Our minimum fill policy will often cause our allocation of the partial fill to deviate from a strict pro-rata allocation. We have adopted a policy of rotating through our allocation list when making such partial fills, based on a neutral mathematical formula, so that the system is fair to all clients.

If we deviate from our pre-trade allocation and our standard treatment of partial fills, it is our policy that such deviation be fair and equitable. Jon Shayne must approve the deviation. We also keep a record of the deviation.

See also the section titled “Fees and Compensation,” above.

Review of accounts

A) Frequency and nature of review

Under Jon’s supervision, our analyst Tom Chapman performs a weekly review of your account to see if it has funds available for investment, and the mix of securities in it. Every other week, Tom reviews only the cash or cash-equivalent positions. Tom, who is an analyst, and Jon, our chief executive, consult frequently on issues that may arise in this process.

B) Other than periodic review of accounts

We may make a more frequent review of your account if there are unusual market, economic or political events, or if there is a need or opportunity to execute a trade.

C) Reports provided to clients

Jon writes and sends our clients a newsletter each quarter. He includes a written performance report of your account with the fourth quarter newsletter.

See section titled “Custody” below for reports that your custodian will provide to you.

Client Referrals and Other Compensation

A) Economic benefits to our firm from sources other than clients

We receive payments for our services only from clients. We receive certain economic benefits through our use of Charles Schwab & Co., Inc. We describe these above in the section, “Brokerage Practices.” These benefits are customary and largely directed toward helping us service accounts efficiently. We do not believe they create a conflict of interest.

B) Compensation to persons outside of our firm for referrals

We do not compensate any person outside of our firm for client referrals.

Custody

The broker on a trade will send you a confirmation for each security transaction. Your custodian will send you a statement at least quarterly. The statement will show all cash, cash-equivalent, and security transactions in your account as well as account balances and market value of your account. As required by regulation, we advise you to review custodial statements carefully, and to compare portfolio appraisals of your account from us to your custodian's statement.

Investment Discretion

We manage your account on a discretionary basis. We request that new clients give our firm written authority to determine the securities we buy or sell for you, the amount of securities we buy or sell for you, and the broker-dealer we use for your securities transactions. You may impose limitations on our discretionary authority at any time.

If we manage an account for you, you will sign a limited power of attorney that gives us the authority to trade in your account. When you execute our Investment Advisory Contract, you grant us written authority to have investment discretion over your account.

Voting Client Securities

A) Authority to vote client securities and voting policies

Our Investment Advisory Contract allows you the choice either of voting your own proxies, or, as we generally recommend, of giving us the authority to vote them. We have adopted policies and procedures that govern our voting of your proxies. If you have given us general permission to vote for you, it is not possible logistically for you to vote on individual solicitations. You may revoke our proxy voting authority for future votes, however.

The goal of our proxy voting policies is to be sure that we vote the proxies when appropriate, and that we vote them in a client's best interest. If there is ever a conflict between a client's interest and the interest of our firm and employees, the client's interest controls how the vote is cast.

We will provide a copy of our full proxy voting policy to you upon written request to the address on the cover of this brochure. You may also write to ask that we provide a copy of how we voted the proxies in your account.

B) When authority to vote client securities is not given to us

You can decide to retain proxy voting privileges by checking a section on your contract and by checking a section on the Schwab account application, or by making arrangements

with another custodian you may have chosen for your account. If you retain voting privileges, you will receive your proxy and other solicitations directly from your custodian.

If you decide to vote your own proxies and have a question about how to vote on a matter relating to a security we manage for you, you may write or call us. Please allow two weeks. If this is an issue we have already researched for other clients, we will tell you how we recommend you vote it.

Financial Information

Not applicable.

Brochure Supplements (Form ADV, Part 2B)

See the following attached two Forms ADV, Part 2B for additional information on Jon Shayne and Tom Chapman.

BROCHURE SUPPLEMENT

(FORM ADV, PART 2B)

This supplement supplies information on the following supervised person of
Shayne & Co, LLC:

Jonathan A. Shayne

(Contact information for him is the same as firm information below)

SHAYNE & CO., LLC

4015 Hillsboro Pike, Suite 203
Nashville, TN 37215
615-250-1600 (phone)

March 31, 2014

Information on Jon Shayne

This document provides information about Jon Shayne that supplements the proceeding attached disclosure brochure (ADV, Part 2A) on Shayne & Co., LLC.

Additional information about Jon is also available at the SEC's website at www.adviserinfo.sec.gov.

Educational Background and Business Experience

Jon Shayne was born in 1961. He has the following degrees:

Harvard University, AB, 1985;
Vanderbilt University School of Law, JD, 1993.

Since he founded it in 1994, Jon has been the chief executive officer of our firm.

Disciplinary Information

None.

Other Business Activities

Jon Shayne engages in some activities that, on occasion, take some of his time during working hours. He estimates that these together amount to less than 10% of his work week. Thus we understand that these would generally not be considered material according to SEC guidelines. These activities consist of service on a not-for-profit independent school board, educational requirements related to maintenance of his law license, and occasional media projects. Regarding the law license, please note that Jon does not act as legal counsel to Shayne & Co. clients and does not maintain a law practice, so you should consult your own lawyer on legal matters.

Additional Compensation

As the owner of our firm, Jon benefits from the advisory fees you pay.

Supervision

Jon does not have a supervisor, because he is both the chief executive officer of our firm, and the chief compliance officer. This is a function of the size of our firm; it consists of Jon, and two other full-time people that he hired.

While Tom Chapman and Pam Wilmoth do not supervise Jon, they are involved in keeping the quality of our work high. For example, Tom Chapman reviews the portfolios along with Jon, as described in the section found in the main part of this brochure titled "Review of accounts," and Pam Wilmoth reviews our trade log to help make sure that our trades comply with our policies.

BROCHURE SUPPLEMENT

(FORM ADV, PART 2B)

This supplement supplies information on the following supervised person of
Shayne & Co, LLC:

Thomas W. Chapman

(Contact information for him is the same as firm information below)

SHAYNE & CO., LLC

4015 Hillsboro Pike, Suite 203

Nashville, TN 37215

615-250-1600 (phone)

March 31, 2014

Information on Tom Chapman

This document provides information about Thomas Chapman that supplements the proceeding attached disclosure brochure (ADV, Part 2A) on Shayne & Co., LLC. Additional information about Tom is also available at the SEC's website at www.adviserinfo.sec.gov.

Educational Background and Business Experience

Tom Chapman, Analyst, was born in 1970. He received a B.A. from Indiana University in 1993.

For the preceding five years Tom has been an Analyst with our firm.

Disciplinary Information

None

Other Business Activities

Tom is not involved in any investment-related business or occupation, outside of his work at our firm.

Additional Compensation

Tom receives a salary from the firm. We also compensate him through a profit-sharing arrangement. Further, we compensate him under special arrangement for accounts that he both refers and manages, and his compensation for his efforts in relation to such accounts include all management fees paid by such an account.

Supervision

Our firm is a relatively small, one-office company. Thus, our primary method of supervising one another is simply the fact that we work together in close proximity.

Jon Shayne is Tom's supervisor. Jon, who is our chief executive and also our chief compliance officer, can be reached at the phone number on the front of this supplement. Jon supervises Tom's advisory work by inspecting the holdings in the portfolios Tom manages from time to time, and by discussing the portfolios with Tom. Tom has very wide latitude in his investment decisions, however, and Jon cannot recall ever directing or contravening any investment decision by Tom. The accounts that Tom advises are held by members of Tom's family.