

**Checks & Balances, Inc.**

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**FORM ADV PART 2  
BROCHURE**

**This brochure provides information about the qualifications and business practices of Checks & Balances, Inc. If you have any questions about the contents of this brochure, please contact us at (404) 233-0560 or [fran@thefamilyoffices.com](mailto:fran@thefamilyoffices.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Checks & Balances, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Checks & Balances, Inc. is 112145.**

**Checks & Balances, Inc. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.**

## Table of Contents

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

## Advisory Business

Form ADV Part 2A, Item 4

Checks & Balances, Inc. was formed in 1987 to run "family offices" for wealthy individuals. The business is now largely maintained to support the families of the principals, Starr Moore and Fran Rogers. Most of the accounts, and a very large percentage of the revenue, relate to either the family of Starr Moore or Fran Rogers. Fran Rogers is the only employee of the firm authorized to perform investment advisory services.

Starr Moore, a graduate gemologist, was born in 1946 and obtained her Bachelor of Arts degree from Hollins College and a Master of Arts degree from New York University. Starr has been a principal with Checks & Balances, Inc since its formation in 1987 and she is a principal of Starr Moore & Associates, a jewelry design firm.

Frances G. Rogers was born in 1961 and obtained a Bachelor of Science degree in Economics from the Georgia Institute of Technology. She holds the CFP and CFA designations and has passed the Series 65 (Uniform Investment Adviser Law Examination). Prior to forming Checks & Balances in 1987, she worked for an investment counseling firm for 6 years.

*CFP is short for Certified Financial Planner. This designation is issued by the Certified Financial planner Board of Standards, Inc. (CFPBS) and is granted to individuals who complete the CFP Certification Examination and meet the following prerequisites: bachelor's degree from an accredited college or university and three years of full time personal financial planning experience. Once issued, certificate holders are required to complete 30 hours of continuing education every two years and must continuously meet the standards administered by CFPBS.*

*CFA is short for Chartered Financial Analyst. This designation is issued by the CFA Institute and is granted to individuals who meet one of the following prerequisites: possess an undergraduate degree and four years of professional experience investment decision making; or four years qualified work experience. The candidate is required to follow a self study program involving 250 hours of study for each of the following three disciplines: Level One: Ethics & Professional Standards; Level Two: Investment Tools & Asset Classes; and Level Three: Portfolio Management & Wealth Planning. Once the designation is issued (upon successfully passing exams on all Levels), no further continuing education is required.*

In addition to other services, Checks & Balances, Inc. provides investment advisory services to clients. Our principal focus is to invest our clients' funds to achieve long-term capital appreciation utilizing exchange-listed, over-the-counter, and foreign-issuer securities; corporate debt securities; municipal securities; United States government securities; mutual fund shares; and exchange traded funds. We do not trade securities on margin or short individual securities, though we may purchase exchange traded funds that are, in essence, the equivalent of shorting an asset class. Our investment decisions are generally made using fundamental and cyclical analysis. The main sources of information are financial newspapers and magazines, annual reports and prospectuses, inspection of corporate activities, company press releases, and filings with the SEC.

Checks & Balances, Inc. tailors advisory services to the individual needs of its clients. In addition to asset management, services include bill paying, accounting, bookkeeping, compilation of tax and performance information, filing insurance claims, managing household employees, and financial/estate planning. Our long list of services, provided to our clients, allow us to tailor services to their individual needs. For instance, some clients require more income than others and thus their portfolios would be structured appropriately. Some clients have resources that allow some of their investment portfolios to contain more risk than others might tolerate. Clients may impose restrictions on investing and have lots of input in the investment management process.

Checks & Balances, Inc. does not participate in any wrap fee programs.

All of the money managed by Checks & Balances, Inc. is on a discretionary basis. As of 12/31/2014, Checks & Balances managed \$148,533,777 in marketable securities. Of this amount, \$111,374,168 (75%) related to accounts belonging to the families of either Starr Moore or Fran Rogers.

## **Fees and Compensation**

Form ADV Part 2A, Item 5

Checks & Balances, Inc. is compensated for advisory services based upon a percentage of the market value at the end of each quarter. Fees are paid for in arrears.

Fees are negotiable, primarily determined by the size and nature of the account. Given fees are negotiable and vary by account, it is difficult to provide a fee schedule. However, in no case do fees exceed 75bp per year.

Some accounts pay 75bp per year (.1875 per quarter) on all the assets in an account. Others pay 75bp per year for equities, 20bp per year for bonds, and 0bp for cash. One large client pays 50bp per year for stocks, bonds, and cash but a much smaller amount for "alternative" type securities we simply monitor for them.

**Checks & Balances, Inc. does not accept new clients and thus there is no published fee schedule.**

Clients determine the way they pay their fees (by check or automatic draft). Fees are paid quarterly, in arrears. In some cases fees are deducted from their brokerage accounts on a quarterly basis as reports are prepared and distributed. Others prefer to initiate, by fax or conversation, the quarterly fee deduction. In cases where fees are automatically deducted, clients are given, in writing, the amount of the fee being deducted.

In addition to money management fees paid to Checks & Balances, Inc., clients may pay other fees in connection with our services. These include, but may not be limited to: brokerage commissions (very low rates ranging from \$8.95 to \$12.95 per trade – no limit on number of shares), SEC fees on sale of securities, wire transfer fees, mutual fund expenses, or checking-related charges. Checks & Balances, Inc. works with client to keep fees to a minimum.

Clients are not allowed to pay any fees in advance.

Money management services are only provided by Fran Rogers. She does not accept compensation for the sale of securities or other investment products. Checks & Balances is a fee only manager as described above.

Checks & Balances, Inc. derives 100% of *its investment advisory fees* from a percentage of assets under management or flat fee. No fees are earned from commissions or selling investment products. Fees charged for the other services referenced on page 1 are billed on a flat fee basis.

Checks & Balances, Inc. does not charge commissions or markups.

### ***Performance-Based Fees and Side-By-Side Management***

Form ADV Part 2A, Item 6

Checks & Balances, Inc. does not accept any performance based fees. The only fees charged are referenced on page 2 and 11.

### ***Types of Clients***

Form ADV Part 2A, Item 7

Checks & Balances, Inc. is primarily in the family office business. Our accounts include retirement accounts, individual accounts, foundations, trusts, and corporations. There are no minimum requirements for an account size. New accounts may be opened if they relate to an existing client or family, but new investment advisory clients are not accepted.

### ***Methods of Analysis, Investment Strategies and Risk of Loss***

Form ADV Part 2A, Item 8

Checks & Balances, Inc. manages money utilizing individual stocks, bonds, mutual funds, or exchange traded funds. A lot of attention is paid to asset allocation and diversification. Portfolios are “adjusted” based upon individual client needs as well as relative valuation of assets across various asset classes.

In an attempt to minimize risk, analysis is performed on portfolios to understand sector weights, country weights, equity size and style, fixed income quality, etc. Portfolios are managed based upon individual client objectives.

Clients are reminded that investing in securities involves risk of loss.

Our investment decisions are made primarily using fundamental and cyclical analysis. The main sources of information are financial newspapers and magazines, annual reports and prospectuses, company press releases, and SEC filings.

Checks & Balances, Inc. does not utilize a specific investment strategy, or method of analysis, that might lead to frequent trading of securities. Securities are generally purchased for the long term and thus turnover is low. Diversification is a key component of our management process.

## ***Disciplinary Information***

Form ADV Part 2A, Item 9

**Checks & Balances, Inc., nor any of its employees, have ever been the subject of any disciplinary action. To be more specific:**

Checks & Balances, Inc., nor any of its employees, have ever been convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses .

Checks & Balances, Inc., nor any of its employees, have been named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;

Checks & Balances, Inc., nor any of its employees, have been found to have been involved in a violation of an investment-related statute or regulation; or was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

Checks & Balances, Inc., or any employee, has never had an administrative proceeding before the SEC, or any other federal regulatory agency, any state regulatory agency, or an foreign financial regulatory authority whereby it was found to (1) have caused an investment-related business to lose its authorization to do business; or (2) was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority (a) denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business; (b) barring or suspending your firm's or a management person's association with an investment-related business; (c) otherwise significantly limiting your firm's or a management person's investment-related activities; or (d) imposing a civil money penalty of more than \$2,500 on your firm or a management person.

Checks & Balances, Inc., nor any of its employees have ever been subject to a self-regulatory organization proceeding in which the firm or a management employee was found to have caused an investment-related business to lose its authorization to do business or found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500.



## ***Other Financial Industry Activities and Affiliations***

Form ADV Part 2A, Item 10

Checks & Balances, Inc., nor any of its employees, are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

Checks & Balances, Inc., nor any of its employees, are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.

Checks & Balances, Inc., nor any of its employees, have a relationship or arrangement that is material to our advisory business with any of the institutions or individuals below:

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships.

Checks & Balances does **not** recommend or select other investment advisers for our clients or receive compensation directly or indirectly from any other adviser.

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

Form ADV Part 2A, Item 11

Checks & Balances, Inc. has a duty of utmost good faith to act solely in the best interests of each of our clients. Our clients entrust us with their funds, which in turn places a high standard on our conduct and integrity. Our fiduciary duty compels all employees to act with the utmost integrity in all of our dealings. This fiduciary duty is the core principle underlying our Code of Ethics and Personal Trading Policy (both policies available upon request), and represents the expected basis of all of our dealings with our clients. All employees are required to be bound, by and subscribe to, the Checks & Balances, Inc. Code of Ethics and Personal Trading Policy.

All employees sign statements regarding prohibition against the use of material nonpublic information and are expected to exercise diligence and care in maintaining and protecting client's nonpublic, confidential information. In addition, employees are trained in procedures to safeguard client information (such as the appropriate use of shredders, locks, passwords, etc). Further, our offices are in a building with 24 hour security and we are "keyed off the master" and do not allow the office suite to be cleaned after hours.

Checks & Balances does not allow purchase or sells for client accounts, securities in which we, or any of our employees, have a material financial interest.

At least 75% of the money managed at Checks & Balances, Inc. is for accounts related to the principals. Many publicly traded security purchases are bought at the same time for clients, both family related and otherwise. When practical, client trades in the same security will be bunched in a single order (block) in an effort to obtain the best execution at the best security price available. When employing a block trade we will attempt to fill client orders by the end of the day. If a block order is not filled by the end of the day, Fran Rogers will allocate shares executed to underlying accounts on a pro rata basis, adjusted as necessary to keep client transaction costs to a minimum and in accordance with specific account guidelines. Nonrelated clients are given priority over family related accounts.

While Fran Rogers is the only person responsible for investment advisory functions, and her trading policies are handled as referenced above, all employees are required to submit quarterly personal transaction reports related to trading in their investment accounts.

## **Brokerage Practices**

Form ADV Part 2A, Item 12

Checks & Balances, Inc. does not engage in any soft dollar arrangements.

Checks & Balances, Inc. does not pay for research utilizing client commissions or obtain any products or services at the expense of our clients.

Checks & Balances, Inc. does not have an incentive to select or recommend a broker-dealer. All clients utilize discount brokers.

Checks & Balances, Inc. does not engage in any activity that would cause a client to pay commissions in return for soft dollar, or any, other benefit.

Checks & Balances, Inc. does not accept new clients and has never received client referrals from a broker-dealer or third party.

Our clients, the majority of whom are related parties, utilize Charles Schwab as their custodian, and this was at the recommendation of Checks & Balances, Inc. The relationship is driven by our institutional relationship with the firm that provides low commission rates to our clients, a high level of customer service, and good execution practices. Schwab, like other brokerage firms, have web based systems for trading, on-line account access, and research. We do not believe this relationship creates any conflict of interest.

We do not take new clients and thus do not anticipate any problems concerning directed brokerage accounts. If the issue arises, Checks & Balances, Inc. would explain any potential increases in costs that might pertain to clients who wish to direct their trades to a specific brokerage.

When necessary, Checks & Balances, Inc. places block trades at Charles Schwab. The securities purchased or sold are then allocated to specific clients, with each client paying or receiving the same price.

## ***Review of Accounts***

Form ADV Part 2A, Item 13

Fran Rogers is responsible for review of all client accounts and financial planning.

Account investment activity is downloaded each business day into client accounts. These records are reviewed on an ongoing basis. Statements are formally balanced monthly, but software allows accounts to be reconciled on a continuous basis.

Clients receive detailed, written, quarterly reports for each of their investment advisory accounts. In some cases, depending upon unexpected performance, shifting market conditions, or changing client preferences or circumstances, reports may be distributed more often.

Clients receive a brokerage statement from the custodian on a monthly basis. Clients are encouraged to reconcile brokerage statements to reports prepared by Checks & Balances, Inc. Clients quarterly receive a detailed investment report from Checks & Balances detailing many aspects of their investment portfolio's. These aspects include, but are not limited to: asset allocation, sector and style analysis, account performance, income and expenses, purchases and sales, realized gains and losses, and management fees.

Clients are encouraged to have quarterly, in-person, meetings with Fran Rogers to discuss their investment accounts.

Clients can also access their account information directly from their custodian utilizing Internet resources.

### ***Client Referrals and Other Compensation***

Form ADV Part 2A, Item 14

Checks & Balances, Inc. does not have any arrangements whereby someone provides an economic benefit to the firm for providing investment advice or other advisory services to our clients.

Checks & Balances, Inc. does not accept new clients and has never compensated anyone for client referrals.

Checks & Balances, Inc. is only compensated in two ways (a percent of assets for money management fees and a flat monthly or quarterly fee for bookkeeping and administrative services). Money management fees are determined solely by the market value of accounts at the end of each quarter multiplied by the applicable fee percentage and are always paid in arrears. Bookkeeping and Administrative fees are a flat fee negotiated with the client. No other compensation is paid to Checks & Balances, Inc. or its employees.

## ***Custody***

Form ADV Part 2A, Item 15

Checks & Balances does not have custody of investment advisory accounts for non-related clients.

Any transactions in investment advisory accounts, other than purchase and sale of securities, must be initiated by the client.

In all cases, for both related and non-related accounts, clients receive statements directly from the custodian. Checks & Balances does not custody assets. Clients are encouraged to compare the statements they receive from their custodians to those prepared by Checks & Balances, Inc.

### ***Investment Discretion***

Form ADV Part 2A, Item 16

Checks & Balances, Inc. has authority to purchase securities on a discretionary basis. Clients do not generally place limitations on this authority. A brokerage trading authorization form is executed to allow such trading. In no cases can Checks & Balances, Inc. withdraw or transfer client funds from nonrelated accounts. The authorization pertains to investment decisions only.

## Voting Client Securities

Form ADV Part 2A, Item 17

**Voting Procedures:** When clients open brokerage accounts they have the ability to ask Checks & Balances to vote their proxies or to receive the information themselves. Clients are notified that our Voting Policies and Procedures are available upon request. In addition we keep detailed proxy voting records and documents including statements received regarding client securities, records of proxy votes cast on behalf of each client, records of client requests for proxy voting information (including a record of the information provided), and documents prepared by C&B that were material to making the decision of how to vote. We will keep these records for a minimum of 5 years.

If a client wishes to direct us to vote their shares in a particular manner, that direction would be followed. If Checks & Balances determined a voting conflict of interest exists, or might exist, we would refer the proxy to the client, or a representative of the client, for voting purposes, or disclose the conflict and seek their consent to vote the proxy prior to casting the vote.

If a client chooses to vote their own proxies, they would receive solicitation directly from their custodians.

*Checks & Balances, Inc will generally support management's recommendations on proxy issues, since management's ability is a key factor we consider in selecting equity securities for client portfolios. However, when we believe the company's management is acting in an inconsistent manner with our clients' best interests, we will vote against management's recommendations.*



### ***Financial Information***

Form ADV Part 2A, Item 18

A Balance Sheet is not attached as Checks & Balances, Inc. does not require, solicit, or allow, prepayment of investment fees or have custody of non-related client investment accounts.

Checks & Balances, Inc., nor any of its employees, have been the subject of a bankruptcy petition at any time.