



# MARQUIS

## Wealth Management Group

Personalized Financial Services

[Item 1](#)   [Cover Page](#)

Marquis Wealth Management Group

SEC File Number: 801 – 60851

Marquis Wealth Management Group

Brochure

Dated March 17, 2015

Contact: Richard E. Krichbaum, Chief Compliance  
Officer

6216 Whiskey Creek Drive, Suite A

Ft. Myers, Florida 33919

[www.marquiswealthgroup.com](http://www.marquiswealthgroup.com)

This brochure provides information about the qualifications and business practices of Marquis Wealth Management Group (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at (239) 454-1117 or [rickk@marquiswealthgroup.com](mailto:rickk@marquiswealthgroup.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 Marquis Wealth Management Group also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References herein to Marquis Wealth Management Group, as a “registered investment adviser” or any reference to being “registered”, does not imply a certain level of skill or training.

## **Item 2        Material Changes**

There have been no material changes made to this Brochure since the previous Annual Amendment filing on March 14, 2014.

### **Item 3      Table of Contents**

Item 1	Cover Page.....	1
Item 2	Material Changes .....	2
Item 3	Table of Contents.....	3
Item 4	Advisory Business.....	4
Item 5	Fees & Compensation .....	8
Item 6	Performance-Based Fees and Side-by-Side Management .....	10
Item 7	Types of Clients .....	10
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss .....	10
Item 9	Disciplinary Information.....	12
Item 10	Other Financial Industry Activities and Affiliations .....	12
Item 11	Code of Ethics .....	13
Item 12	Brokerage Practices.....	14
Item 13	Review of Accounts.....	17
Item 14	Client Referrals and Other Compensation.....	18
Item 15	Custody .....	18
Item 16	Investment Discretion .....	19
Item 17	Voting Client Securities.....	19
Item 18	Financial Information .....	20

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

- A. Marquis Wealth Management Group (the “Registrant”) is a limited liability company formed on January 25, 1999 in the State of Florida. The Registrant became registered as an Investment Adviser Firm in April 1999. The Registrant is principally owned by Richard E. Krichbaum, the Registrant’s Managing Member.
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, pension and profit sharing plans, trusts, estates and charitable organizations, etc.) investment advisory services, and, to the extent specifically requested by a client, financial planning and related consulting services.

#### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a fee basis. The Registrant’s full service annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management. Before Registrant provides investment advisory services, an investment adviser representative will ascertain each client’s investment objectives. The Registrant will then allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent specifically requested by a client, the Registrant *may* provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Registrant’s planning and consulting fees are negotiable, depending upon the level and scope of the service(s) required and the person(s) rendering the service(s).

Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due as a deposit from the client prior to Registrant commencing services.

If requested by the client, Registrant may recommend the services of other professionals for implementation purposes; including certain of the Registrant’s

representatives in their individual capacities as licensed insurance agents and/or certified public accountants (***See*** disclosure at Item 10 C.6 and 10 C.8). The client is under no obligation to engage the services of any such recommended professional.

The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

## **MISCELLANEOUS**

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, the Registrant may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Registrant, nor any of its representatives, serves as an attorney and no portion of the Registrant's services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including representatives of the Registrant in their separate licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

## **INDEPENDENT MANAGERS**

The Registrant may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s), including independent managers sponsored by Charles Schwab & Co., Inc. ("Schwab"), Fidelity Investments ("Fidelity") or Envestnet Asset Management (Envestnet) shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant shall continue to

render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which the Registrant shall consider in recommending Independent Manager(s) include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. Registrant shall receive an annual investment advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Manager(s) (between 0.50% and 1.50%).

**Retirement Plan Rollovers-No Obligation/Conflict of Interest:** A client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in his/her former employer's plan, if permitted, (ii) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted, (iii) rollover to an IRA, or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). The Registrant may recommend that a client roll over plan assets to an Individual Retirement Account ("IRA") managed by the Registrant. As a result the Registrant and its representatives may earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave his or her plan assets with his/her former employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to the Registrant (unless clients engage the Registrant to monitor and/or manage the account while maintained at his/her employer). The Registrant has an economic incentive to recommend that a client roll plan assets into an IRA that the Registrant will manage **or** to engage the Registrant to monitor and/or manage the account while maintained at the client's employer. There are various factors that the Registrant may consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus the Registrant's, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. **No client is under any obligation to rollover plan assets to an IRA managed by the Registrant or to engage the Registrant to monitor and/or manage the account while maintained at the client's employer. The Registrant's Chief Compliance Officer, Richard E. Krichbaum, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.**

## **PRIVATE INVESTMENTS**

Registrant may provide investment advice regarding unaffiliated private investment funds. The Registrant's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the

fund(s) shall be included as part of “assets under management” for purposes of Registrant calculating its investment advisory fee. Registrant’s clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

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

**Please Also Note: Valuation.** In the event that the Registrant references private investment funds owned by the client on any supplemental account reports prepared by the Registrant, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. If the fund sponsor does not provide a post-purchase valuation, then the valuation shall reflect the initial purchase price (and/or a value as of a previous date) or the current value(s) (either the initial purchase price and/or the most recent valuation provided by the fund sponsor). If the valuation reflects the initial purchase price, (and/or a value as of a previous date) then the current value(s) (to the extent ascertainable) **could be significantly more or less than the original purchase price.** The client’s advisory fee shall be based upon such reflected fund value(s).

**Please Note: Non-Discretionary Service Limitations.** Clients that determine to engage the Registrant on a non-discretionary investment advisory basis **must be willing to accept** that the Registrant cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the Registrant will be unable to effect any account transactions (as it would for its discretionary clients) **without first obtaining the client’s verbal consent.**

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client’s other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or

investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant's written Brochure as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement or Financial Planning Agreement

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2014, the Registrant had total assets under management of \$155,305,647.14. The total was made up of \$32,003,052.33 in assets under management on a discretionary basis and \$123,302,594.81 in assets under management on a non-discretionary basis.

## **Item 5 Fees and Compensation**

- A. The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a fee basis.

### **INVESTMENT ADVISORY SERVICES**

If a client determines to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis, the Registrant's full service annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management (between negotiable and 1.50%) as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
Up to \$500,000	1.50%
\$500,001-\$750,000	1.25%
\$750,001-\$1,000,000	1.10%
\$1,000,001-\$2,000,000	1.00%
\$2,000,001-\$4,000,000	0.90%
Over \$4,000,000	Negotiable

### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**



To the extent specifically requested by a client, the Registrant *may* provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$150 to \$250 on an hourly rate basis for professional time and \$70-\$80 for administrative time, depending upon the level and scope of the service(s) required and the person(s) rendering the service(s).

- B. The Registrant's *Investment Advisory Agreement* and the custodial/ clearing agreement authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice.

The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.

As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Charles Schwab & Co., Inc. ("*Schwab*") or Fidelity Investments ("*Fidelity*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* and *Fidelity* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

**Tradeaway/Prime Broker Fees.** Relative to its discretionary investment management services, when beneficial to the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian (*Schwab or Fidelity*).

- C. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The Registrant generally requires an annual minimum fee of \$2,500 and a minimum asset level of \$250,000 for full service investment

advisory services. The Registrant, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum fee or asset requirement based upon certain (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.).

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- D. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

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

The Registrant's clients shall generally include individuals, business entities, pension and profit sharing plans, trusts, estates and charitable organizations. The Registrant generally requires an annual minimum fee of \$2,500 and a minimum asset level of \$250,000 for full service investment advisory services. The Registrant, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum fee or asset requirement based upon certain (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.).

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

- A. The Registrant may utilize the following methods of security analysis:
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases and Short Term Purchases are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, the Registrant may also implement and/or recommend the use of options transactions. This strategy has a high level of inherent risk. (*See discussion below*).

The use of options transactions as an investment strategy generally involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by the Registrant shall be with the intent of

offsetting/"hedging" a potential market risk in a client's portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by the Registrant is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

## **Item 9      Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

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

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Certified Public Accountants.** One of Registrant's members, Gail Markham, is a certified public accountant with the certified public accounting firm of Markham Norton Mosteller Wright & Company, P.A. (the "CPA firm"). There exists no formal arrangement between the Registrant and the CPA firm for mutual client referrals. Moreover, in the event of a referral, there is no fee sharing between the Registrant and CPA firm, and vice versa. Specifically, to the extent that the CPA firm provides accounting and/or tax preparation services to any of Registrant's clients, all such services shall be performed exclusively by the CPA firm per the terms and conditions of a separate written agreement between the CPA firm and the client. The Registrant shall not receive any portion of the fees charged by the CPA firm to the client. The CPA firm may recommend the Registrant's services to certain of its clients. The CPA firm is not involved in providing investment advice on behalf of the Registrant, nor does it hold itself out as providing advisory services on behalf of the Registrant. The CPA firm shall not receive any portion of the fees charged by the Registrant to the client. Registrant's clients are under absolutely no obligation to use the services of the CPA firm. Correspondingly, CPA firm clients are under absolutely no obligation to use the services of the Registrant. Ms. Markham, in her capacity as a member of the Registrant, shall participate in ownership distributions, to the extent made, but shall not receive a distribution or any other compensation as the direct result of any referral by the CPA firm to the

Registrant. **The Registrant's Chief Compliance Officer, Richard E. Krichbaum, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

**Licensed Insurance Agents.** Certain of Registrant's representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of Registrant's representatives to purchase insurance products on a commission basis. Generally, the Registrant's representatives refer the client to an unaffiliated experienced insurance professional. In the event that the client purchases an insurance product from the unaffiliated insurance professional, the Registrant's representative shall generally receive a portion of the insurance commission.

- **Conflict of Interest:** The recommendation by Registrant's representatives that a client purchase an insurance commission product presents a potential conflict of interest, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions to be received, rather than on a particular client's need.

No client is under any obligation to purchase any commission products from Registrant's representatives and/or any recommended unaffiliated insurance professional. Clients are reminded that they may purchase insurance products recommended by Registrant through other, non-affiliated insurance agents.

**The Registrant's Chief Compliance Officer, Richard E. Krichbaum, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions.

This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons”. The Registrant’s securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

## **Item 12      Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Schwab* and/or *Fidelity*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms

and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending Schwab and/or Fidelity (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

#### 1. Additional Benefits

Registrant has received from *Schwab*, certain additional economic benefits ("Additional Benefits") that may or may not be offered to the Registrant again in the future. Specifically, the Additional Benefits include partial payment for certain research and technology expenses for the benefit of the Registrant. Specifically, *Schwab* offered PortfolioCenter, its proprietary data management system, at a discounted rate to the Registrant. The Registrant has no expectation that *Schwab* will continue to offer PortfolioCenter at a discounted rate for any definite period of time. However, the Registrant reserves the right to negotiate for these Additional Benefits in the future. *Schwab* provides the Additional Benefits to Registrant in its sole discretion and at its own expense, and neither the Registrant nor its clients pay any fees to Schwab for the Additional Benefits. Registrant and Schwab have not entered into any written agreement to govern the Additional Benefits.

### Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from *Schwab* and/or *Fidelity* (or another broker-dealer/custodian, investment platform, unaffiliated investment manager and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* and/or *Fidelity* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab* and/or *Fidelity* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**The Registrant's Chief Compliance Officer, Richard E. Krichbaum, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution



through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance.

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, the Registrant may receive an indirect economic benefit from *Schwab* and/or *Fidelity*. The Registrant, without cost (and/or at a discount), may receive support services and/or products from *Schwab* and/or *Fidelity*.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* and/or *Fidelity* as a result of this arrangement and in certain cases may pay less (for example lower mutual fund expense ratios for institutional share classes only offered through certain registered investment advisors). There is no corresponding commitment made by the Registrant to *Schwab* and/or *Fidelity* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**The Registrant's Chief Compliance Officer, Richard E. Krichbaum, and remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. The Registrant does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

#### **Item 15 Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the

account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

**Please Note: Custody Situations:** The Registrant engages in other practices and/or services on behalf of its clients that require disclosure at the Custody section of Part 1 of Form ADV, which practices and/or services are subject to an annual surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940. The Registrant's Chief Compliance Officer, Richard E. Krichbaum, remains available to address any questions that a client or prospective client may have regarding custody-related issues.

## **Item 16 Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, **in writing**, (typically by a separate Investment Policy Statement) the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

## **Item 17 Voting Client Securities**

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

## **Item 18 Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Richard E. Krichbaum remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**