

# Main Street Investment Advisors, LLC

SEC File Number: 801 – 60820

## **ADV Part 2A, Firm Brochure**

**Dated: March 30, 2015**

Contact: J. Joseph Roman, Chief Compliance Officer

212 W. Route 38, Suite 600

Moorestown, New Jersey 08057

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

**This brochure provides information about the qualifications and business practices of Main Street Investment Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (856) 234-3550 or [JRoman@Mainstreetia.com](mailto:JRoman@Mainstreetia.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 Main Street Investment Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Main Street Investment Advisors, LLC 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

Since the previous Annual Amendment filing on March 12, 2014, this ADV Part 2A, Firm Brochure has been materially amended as follows:

1. Items 4 and 5 have removed reference to a previous 401K consulting service offering, and the fees charged for such services.
2. Item 10.C. now reflects that Main Street Investment Advisors, LLC is under common control with a licensed insurance agency that provides insurance consulting services, but does not sell insurance commission products. Item 10.C. describes the nature of this relationship and the associated conflict of interest presented; in addition to clarifying the conflict of interest that arises with respect to Main Street Investment Advisors, LLC's relationship with an affiliated accounting firm. Please refer to Item 10.C. for more detail.

## Item 3           Table of Contents

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

#### Item 4            Advisory Business

- A. Main Street Investment Advisors, LLC (the “Registrant”) is a limited liability company formed on May 3, 1999 in the State of New Jersey. The Registrant became registered with the United States Securities and Exchange Commission as an Investment Adviser Firm on December 21, 2001. The Registrant is principally owned by J. Joseph Roman, who is the Registrant’s Managing Member and Chief Compliance Officer.
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, trusts, estates, pension and profit sharing plans and charitable organizations, etc.) investment management services, and, to the extent specifically requested to do so, financial planning, tax, insurance, and accountancy 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-only* basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management. Registrant may require new investment management clients to engage Registrant for financial planning services for a fixed fee, a portion of which shall be payable in advance with the remainder due at the time delivery of the financial plan.

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 requested by a client, the Registrant may determine to 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 professional(s) rendering the service(s). Before 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 from the client before Registrant commences services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including J. Joseph Roman, in his separate and individual capacity as a Certified Public Accountant, and/or Mark Sulpizio, in his separate and individual capacity as a licensed insurance agent (see disclosures at Item 10.C.). 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.

### **COMPREHENSIVE REPORTING**

The Registrant may also provide comprehensive reporting services which can incorporate all of the client's investment assets, including those investment assets that are not part of the assets managed by the Registrant (the "Excluded Assets"). **The client and/or his/her/its other advisors that maintain trading authority, and not the Registrant, shall be exclusively responsible for the investment performance of the Excluded Assets.** The Registrant's service relative to the Excluded Assets is limited to reporting and non-discretionary consulting services only, which does not include investment implementation. The Registrant does not have trading authority for the Excluded Assets. As such, to the extent applicable to the nature of the Excluded Assets (assets over which the client maintains trading authority vs. trading authority designated to another investment professional), the client (and/or the other investment professional), and not the Registrant, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. The Registrant shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that the Registrant provide non-discretionary investment management services (whereby the Registrant would have trading authority) with respect to the Excluded Assets, the client may engage the Registrant to do so pursuant to the terms and conditions of the *Investment Advisory Agreement* between the Registrant and the client.

### **MISCELLANEOUS**

**Non-Investment Consulting/Implementation Services.** If 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, etc.), including J. Joseph Roman, in his separate and individual capacity as a Certified Public Accountant, and/or Mark Sulpizio, in his separate and individual capacity as a licensed insurance agent (see disclosures at Item 10.C.). 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.

**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 before, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning Agreement*.

**Use of Mutual Funds.** While the Registrant may recommend allocating investment assets to mutual funds that are not available directly to the public, the Registrant may also recommend that clients allocate investment assets to publically-available mutual funds that he/she/it could obtain without engaging Registrant as an investment advisor. However, if a client or prospective client determines to allocate investment assets to publically-available mutual funds without engaging Registrant as an investment advisor, he/she/it would not receive the benefit of Registrant's initial and ongoing investment advisory 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)* shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Registrant shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives, for which Registrant shall receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Manager(s)* (between 0.45% and 1.00%).

**Beyond 12<sup>th</sup> College Planning Services, LLC.** Registrant's Principal, J. Joseph Roman, is the Managing Member of *Beyond 12<sup>th</sup> College Planning Services, LLC* ("*Beyond 12<sup>th</sup>*") a web based college planning service. *Beyond 12<sup>th</sup>* offers free informational workshops for parents and students geared towards the process of responsible college planning.

**Envestnet Asset Management, Inc.** Registrant has retained Envestnet Asset Management, Inc. ("Envestnet"), an unaffiliated registered investment advisor, to provide, either directly or indirectly, investment advisory and related online technology and program services to the Registrant and the Registrant's clients. Registrant has contracted with Envestnet to utilize the Envestnet technology platform to support performance reporting, fee calculation and billing, and other research and advisory services of Envestnet to assist Registrant in the screening, selecting and monitoring of investment managers, sub-advisers and funds available through the program.

**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.

**Consulting Services.** Registrant's investment management is generally inclusive of any investment-related consulting services. In limited situations (i.e., non-investment management clients, and investment management clients that require a disproportionate amount of consulting services), Registrant may charge a fixed fee or hourly fee for investment-related consulting services, which shall be agreed upon before rendering the consultation services.

**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) roll over 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 roll over 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, J. Joseph Roman, 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.**

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Before 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 anytime, 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 \$108,492,616 in assets under management on a discretionary basis and \$14,727,587 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-only* 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-only* basis, the Registrant's 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 2.25%) as follows:

<u>Market Value of Portfolio</u>	<u>Equity/Balanced % of Assets</u>	<u>Fixed Income % of Assets</u>
First \$100,000	2.25%	1.25%
Next \$400,000	2.00%	1.00%
Next \$500,000	1.50%	0.75%
Over \$1,000,000	1.00%	0.50%

For those clients that require comprehensive wealth management, financial planning and administrative services, Registrant may be engaged to provide such services for an increased fee. Due to the unique character of each client's needs for the combination of services, Registrant is unable to create a meaningful fee structure. Each client's needs will be assessed, and the Registrant and the client will come to an agreement as to the fee charged for these services as well as the method and frequency of payment. The fee charged may be on an hourly basis, a fixed fee basis charged by month or quarter, based on the amount of assets under management, or any other fee calculation method mutually agreed by the Registrant and the client.

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

To the extent it is specifically requested to do so, Registrant may provide its clients with financial planning and consultation services, including general business consulting services. Registrant will charge a fee (fixed fee and/or hourly) for these services, in certain instances through the use of independent contractor parties with whom Registrant has entered into a contractual relationship. Registrant's financial planning fees are negotiable, but generally range from \$500 to \$5,000 on a fixed fee basis and \$175 to \$425 on an hourly basis, depending upon the level and scope of the services required.

### **COMPREHENSIVE REPORTING**

Registrant's fee shall be an annual fee of 0.25% of the Excluded Assets being reported. In the event that the client seeks to transfer Excluded Assets under Registrant's management, Registrant's normal fee schedule for investment management services will be imposed with respect to those assets and Registrant will cease charging the reporting fee over those same assets. The Registrant, in its sole discretion, may charge a lesser fee for this Comprehensive Reporting service and/or waive or reduce this fee based upon certain criteria. See Item 5.D. below for an non-exhaustive list of potential reasons.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/ clearing agreement may 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.

- C. 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*") serve as the broker-dealer/custodian for client investment management assets. *Schwab* charges 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/debt securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, the client will also incur, relative to all mutual fund purchases, charges imposed at the mutual fund level (e.g., management fees and other fund expenses).
- D. 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. Registrant generally imposes an account minimum of \$500,000 for investment management services. The Registrant, in its sole discretion, may charge a lesser management fee and/or waive or reduce its minimum asset requirement based upon criteria (i.e., existing financial planning client, anticipated future earning capacity, anticipate 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.

- E. 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, trusts, estates, pension and profit sharing plans and charitable organizations. Registrant generally imposes an account minimum of \$500,000 for investment management services. The Registrant, in its sole discretion, may charge a lesser management fee and/or waive or reduce its minimum asset requirement based upon criteria (i.e., existing financial planning client, anticipated future earning capacity, anticipate 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 shall utilize the following methods of security analysis:
- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
  - 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)
  - Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant shall 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)

**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.

- C. Currently, Registrant primarily allocates investment management assets of its client accounts among various individual debt and equity securities, mutual funds and exchange traded funds and *Independent Manager(s)*, on a discretionary basis, in accordance with the investment objectives of the client. (*See Independent Manager(s)* above).

## 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. **Other Investment Adviser.** One of Registrant's representatives, Mark Sulpizio, is a dually registered investment adviser representative of the Registrant and Innovative Investment Fiduciaries, LLC, a state-registered investment advisory firm ("*Innovative*"). Registrant or its representatives, including Mr. Sulpizio, may recommend that clients utilize *Innovative's* pension planning or pension consulting services.

**Conflict of Interest:** The recommendation by Registrant that a client or its participants use *Innovative's* services presents a **conflict of interest**, as the receipt of compensation by Registrant's representative may provide an incentive to recommend the services of *Innovative* rather than a particular client's need. Clients are reminded that they are not under any obligation to use *Innovative's* services. **The Registrant's Chief Compliance Officer, J. Joseph Roman, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Certified Public Accountant.** Registrant's Principal J. Joseph Roman, is the Managing Member of Roman & Company, LLC ("*Roman*") a certified public accounting firm. To the extent that *Roman* provides accounting and/or tax preparation services to any clients, including clients of the Registrant, all such services shall be performed by *Roman*, in its individual professional capacity, independent of the Registrant, for which services Registrant shall not receive any portion of the fees charged by *Roman*, referral or otherwise. It is expected that the members of *Roman*, solely incidental to their respective practices as Certified Public Accountants with *Roman*, shall recommend the Registrant's services to certain of *Roman's* clients. *Roman* is not involved in providing investment advice on behalf of the Registrant, nor does *Roman* hold itself out as providing advisory services on behalf of the Registrant.

**Conflict of Interest.** The recommendation by Registrant's representatives that a client engage *Roman* presents a **conflict of interest**, as Registrant's representatives could have the incentive to make such a recommendation based on fees received, rather than a particular client's need. No client is under any obligation to engage *Roman* or its representatives in such a capacity and clients are reminded that they may engage other non-affiliated Certified Public Accountants. **The Registrant's Chief Compliance Officer, J. Joseph Roman, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest.**

**Licensed Insurance Agency.** Registrant is under common control with Lifetime Insurance Strategy Advisors, LLC (“*Lifetime*”), which is a licensed insurance agency that provides insurance consulting services, but does not sell insurance commission products. J. Joseph Roman provides insurance consulting services as a licensed insurance agent of *Lifetime*, but clients cannot engage him to purchase insurance-related products on a commission basis.

**Conflict of Interest.** The recommendation by Registrant or its representatives that a client seek insurance consulting services through *Lifetime* presents a **conflict of interest**, as there may be an incentive to recommend such services based on fees generated, rather than on a particular client’s need. No client is under any obligation to utilize services offered through *Lifetime*. Clients are reminded that they acquire similar services through other, non-affiliated insurance agencies. **The Registrant’s Chief Compliance Officer, J. Joseph Roman, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Licensed Insurance Agent.** Registrant’s representative, Mark Sulpizio, is a licensed insurance agent in his individual capacity, and may recommend the purchase of certain insurance-related products on a commission basis. Clients can therefore engage Mr. Sulpizio to purchase insurance products on a commission basis.

**Conflict of Interest.** The recommendation by Registrant or its representatives that a client purchase an insurance commission product through Mr. Sulpizio presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions to be received, rather than a particular client’s need. No client is under any obligation to purchase any insurance commission products from Mr. Sulpizio. Clients are reminded that they may purchase insurance products recommended by Mr. Sulpizio through other, non-affiliated insurance agents. **The Registrant’s Chief Compliance Officer, J. Joseph Roman, 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 before 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.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates 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. As indicated above in Item 11 C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant’s Access Persons.

## **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*. Before 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* (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 a broker-dealer's 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. 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* (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 travel expenses and 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* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab* 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, J. Joseph Roman, 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.

**The Registrant's Chief Compliance Officer, J. Joseph Roman, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- 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*. The Registrant, without cost (and/or at a discount), may receive support services and/or products from *Schwab*.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab* 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, J. Joseph Roman, 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. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

#### **Item 15            Custody**

- A. 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 ADV Part 1, Item 9 (the “Custody” section), 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, J. Joseph Roman, 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. Before the Registrant assumes discretionary authority over a client’s account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as 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**, on 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 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, J. Joseph Roman, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**