

Empire Asset Management Group, LLC

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ADV Part 2A, Firm Brochure

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This Brochure provides information about the qualifications and business practices of Empire Asset Management Group, LLC (“Empire Asset Management”). If you have any questions about the contents of this Brochure, please contact us at (518) 465-6447 or brad@empireasset.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 Empire Asset Management Group, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to Empire Asset Management Group, 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

Empire Asset Management Group, LLC's disclosure statement has been updated since last year's Annual Amendment filing on January 15, 2014 to incorporate the following material changes:

- Item 4.B. has been amended to reflect that Empire Asset Management Group, LLC no longer has a sub-advisory relationship with CLS Investments, LLC.
- Item 4 and 5 have been amended to reflect that Empire Asset Management Group, LLC now offers an asset aggregation service to clients for a monthly fee.
- Item 12 has been amended to reflect that Empire Asset Management Group, LLC no longer participates in the Schwab Advisor Network™, but may continue to pay legacy referral fees under the terms of the agreement.
- Item 12 has also been updated to reflect that Empire Asset Management Group, LLC's participation in SEI Advisor Benefits Program.

Empire Asset Management's Chief Compliance Officer, Bradley Konopaske, remains available to address any questions that a client or prospective client may have regarding the above changes or any other issue pertaining to this disclosure statement.

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	6
Item 6	Performance-Based Fees and Side-by-Side Management	8
Item 7	Types of Clients.....	9
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.....	15
Item 17	Voting Client Securities.....	16
Item 18	Financial Information	16

Item 4 **Advisory Business**

- A. Empire Asset Management is a limited liability company formed in 2002 in the State of New York. Empire Asset Management became registered as an Investment Adviser Firm in August 2002. Empire Asset Management is owned by Bradley Konopaske and Paul Paska.
- B. As discussed below, Empire Asset Management offers to its clients (individuals and pensions and profit sharing plans) 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 Empire Asset Management to provide discretionary investment advisory services on a *fee* basis. Empire Asset Management's annual investment advisory fee shall vary (from 1.00% up to 1.50% of the total assets placed under Empire Asset Management's management/advisement) and shall be based upon the level and scope of the overall investment advisory services to be rendered, which is based upon **various objective and subjective factors**, including, but not limited to, the amount of the assets placed under Empire Asset Management's supervision, and the complexity of the engagement, including consideration of the level and scope of any anticipated limited financial planning and consulting services to be rendered.. (See Fee Differentials below).

FINANCIAL PLANNING AND CONSULTING SERVICES

To the extent specifically requested by a client, Empire Asset Management may determine to provide limited financial planning and/or consulting services (including legacy/estate planning, insurance, etc.). If requested by the client, Empire Asset Management may recommend the services of other professionals for implementation purposes, including Empire Asset Management's representatives in their individual capacities as registered representatives of a broker-dealer and/or licensed insurance agents, thereby presenting a **conflict of interest**. (See disclosure below at Item 10 C.1 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 Empire Asset Management. **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 Empire Asset Management if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Empire Asset Management's previous recommendations and/or services.

Limitation of Consulting/Planning Advice. As disclosed above, Empire Asset Management, **if** requested, may provide consulting services regarding non-investment related matters such as estate planning and insurance. However, the extent of any such consulting advice shall generally be **limited to** identifying issues (e.g., does the client have an estate plan, life insurance, long-term care insurance, etc.) and recommending that the client seek assistance/implementation from the corresponding professionals of the client's choosing (i.e CPA, attorney, insurance agent, etc., which as disclosed above, may include individuals associated with Empire). Neither Empire Asset Management, nor any person associated with Empire Asset Management, is a lawyer or

accountant, and no portion of Empire's services should be construed as legal or accounting services.

CFO-24/7. Empire Asset Management, in conjunction with the services provided by eMoney, may provide periodic 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 Empire Asset Management (the "Excluded Assets"). The client or their other advisors that maintain trading authority shall be exclusively responsible for the investment performance of the Excluded Assets. Empire Asset Management's service regarding the Excluded Assets is limited to reporting only and does not include investment implementation. Empire Asset Management does not have trading authority for the Excluded Assets. Empire Asset Management may occasionally make recommendations on how to manage or allocate the Excluded Assets, but the client shall be responsible for implementing any recommendations on the Excluded Assets. Empire Asset Management shall not be responsible for any implementation errors on the Excluded Assets. In the event the client desires that Empire Asset Management to have trading authority over the Excluded Assets, the client may engage Empire Asset Management to do so pursuant to the terms and conditions of an advisory agreement between Empire Asset Management and the client.

MISCELLANEOUS

Non-Investment Consulting/Implementation Services. To the extent requested by the client, Empire Asset Management may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither Empire Asset Management, nor any of its representatives, serves as an accountant or an attorney, and no portion of Empire Asset Management's services should be construed as same. To the extent requested by a client, Empire Asset Management may recommend the services of other professionals for certain non-investment implementation purposes (i.e. accountants, attorney, etc.), including representatives of Empire Asset Management in their separate registered/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 Empire Asset Management. **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 Empire Asset Management if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Empire Asset Management's previous recommendations and/or services.

Please Note: Fee Differentials. As indicated above, Empire Asset Management shall price its services based upon various objective and subjective factors. As a result, Empire Asset Management's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, including consideration of the level and scope of any anticipated limited financial planning and consulting services to be rendered. The services to be provided by Empire Asset Management to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. **Empire Asset Management's Chief Compliance Officer, Bradley Konopaske, remains available to address any questions that a client or prospective client may have regarding Fee Differentials.**

Sub-Advisory Arrangements. Empire Asset Management may engage third parties and/or sub-advisors (i.e. SEI Private Trust Company) for the purpose of assisting Empire Asset Management with the management of its client accounts. The sub-advisor(s) shall have discretionary authority for the day-to-day management of the assets that are allocated to it by Empire Asset Management. The sub-advisor shall continue in such capacity until such arrangement is terminated or modified by Empire Asset Management. Empire Asset Management's Chief Compliance Officer, Bradley Konopaske, remains available to address any questions concerning Empire Asset Management's sub-advisory arrangements.

PLEASE NOTE: RETIREMENT ROLLOVERS-No Obligation/Conflict of Interest: A client leaving an employer typically has four options (and may engage in a combination of these options): i) leave the money in his former employer's plan, if permitted, ii) roll over the assets to his 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). Empire Asset Management may recommend an investor roll over plan assets to an Individual Retirement Account (IRA) managed by Empire Asset Management. As a result, Empire Asset Management and its representatives may earn an asset-based fee (*see Please Note* below). In contrast, a recommendation that a client or prospective client leave his or her plan assets with his or her old employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to Empire Asset Management (unless you engage Empire Asset Management to monitor and/or manage the account while maintained at your employer). Empire Asset Management has an economic incentive to encourage an investor to roll plan assets into an IRA that Empire Asset Management will manage or to engage Empire Asset Management to monitor and/or manage the account while maintained at your employer. There are various factors that Empire Asset Management 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 Empire Asset Management, 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 Empire Asset Management or to engage Empire Asset Management to monitor and/or manage the account while maintained at your employer. **Please Note:** If Empire Asset Management's engagement will include the management of the client's retirement account per the same fee schedule set forth in Item 5 below, regardless of custodian or the client's decision to process a rollover, the above economic incentive to recommend a rollover is moot. **Empire Asset Management's Chief Compliance Officer, Bradley Konopaske, remains available to address any questions that a client or prospective client may have regarding the above and the corresponding conflict of interest presented by such engagement.**

Client Obligations. In performing its services, Empire Asset Management 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 Empire Asset Management if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Empire Asset Management's previous recommendations and/or services.

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

- C. Empire Asset Management 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, Empire Asset Management 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 Empire Asset Management's services.
- D. **Please Note (Wrap/Managed Account programs)**: In the event that Empire Asset Management is engaged to provide investment advisory services as part of an unaffiliated wrap-fee program and/or separate managed account program sponsored by SEI, please note that: (1) under a wrap program, the wrap program sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap program may cost the participant more or less than purchasing such services separately; and (2), Empire Asset Management will generally be unable to negotiate commissions and/or transaction costs. If the program is offered on a non-wrap basis, the program sponsor will determine the broker-dealer through which transactions must be effected, and the amount of transaction fees and/or commissions to be charged to the participant investor accounts. The fees payable to the program sponsor are separate and in addition to Empire Asset Management's investment advisory fee per the fee schedule set forth at Item 5 below. **ANY QUESTIONS**: Empire Asset Management's Chief Compliance Officer, Bradley Konopaske, remains available to address any questions that a client may have regarding participation in a wrap and/or managed account program.
- E. As of December 31, 2014, Empire Asset Management had \$107,967,408 in assets under management on a discretionary basis.

Item 5 Fees and Compensation

- A. The client can determine to engage Empire Asset Management to provide discretionary investment advisory services on a *fee* basis.

INVESTMENT ADVISORY SERVICES

The client can determine to engage Empire Asset Management to provide discretionary investment advisory services on a *fee* basis. Empire Asset Management's annual investment advisory fee shall vary (from 1.00% up to 1.50% of the total assets placed under Empire Asset Management's management/advisement) and shall be based upon the level and scope of the overall investment advisory services to be rendered, which is based upon **various objective and subjective factors**, including, but not limited to, the amount of the assets placed under Empire Asset Management's management, and the complexity of the engagement, including consideration of the level and scope of any anticipated limited financial planning and consulting services to be rendered. (See Fee Differentials above).

FINANCIAL PLANNING AND CONSULTING SERVICES

As indicated above, to the extent specifically requested by a client, Empire Asset Management may determine to provide limited financial planning and/or consulting services (including legacy/estate planning, insurance, etc.). If requested by the client, Empire Asset Management may recommend the services of other professionals for implementation purposes, including Empire Asset Management's representatives in their individual capacities as registered representatives of a broker-dealer and/or licensed insurance agents, thereby presenting a **conflict of interest**. (See disclosure below at Item 10 C.1 and 10 C.8).

CFO-24/7. Empire Asset Management may provide periodic 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 Empire Asset Management for a monthly fee ranging from \$100 to \$200, payable at the beginning of the month. Empire Asset Management reserves the right to reduce or waive this fee on an individual client basis.

Please Note: Limitation of Consulting/Planning Advice. The extent of any such planning/consulting advice shall generally be **limited to** identifying issues (e.g., does the client have an estate plan, life insurance, long-term care insurance, etc.) and recommending that the client seek assistance/implementation from the corresponding professionals of the client's choosing (i.e. CPA, attorney, insurance agent, etc., which as disclosed above, may include individuals associated with Empire). Neither Empire Asset Management, nor any person associated with Empire Asset Management, is a lawyer or accountant, and no portion of Empire's services should be construed as legal or accounting services.

- B. Clients may elect to have Empire Asset Management's advisory fees deducted from their custodial account. Both Empire Asset Management's *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of Empire Asset Management's investment advisory fee and to directly remit that management fee to Empire Asset Management in compliance with regulatory procedures. In the limited event that Empire Asset Management bills the client directly, payment is due upon receipt of Empire Asset Management's invoice. Empire Asset Management shall deduct fees and/or bill clients quarterly in arrears, 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, Empire Asset Management shall generally recommend that Charles Schwab and Co., Inc. ("Schwab") and/or SEI Private Trust Company ("SEI") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab*, *SEI*, and/or *Northern* 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 brokerage commissions and/or transaction fees charged by broker-dealers, 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).
- D. Empire Asset Management's annual investment advisory fee shall be prorated and paid quarterly, in arrears, based upon the market value of the assets on the last business day of the previous quarter.. Empire Asset Management, in its sole discretion, may reduce its investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between Empire Asset Management 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, Empire Asset Management shall debit the account for the pro-rated portion of the unpaid advanced advisory fee based upon the number of days that services were provided during the billing quarter.

E. **Securities Commission Transactions.** In the event that the client desires, the client can engage Empire Asset Management's representatives, in their individual capacities, as registered representatives of *Northern*, an SEC registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through *Northern*, *Northern* will charge brokerage commissions to effect securities transactions, a portion of which commissions *Northern* shall pay to Empire Asset Management's representatives, as applicable. The brokerage commissions charged by *Northern* may be higher or lower than those charged by other broker-dealers. In addition, *Northern*, as well as Empire Asset Management's Representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from *Northern* presents a ***conflict of interest***, as the receipt of commissions provides an incentive to recommend the sale or retention of investment 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, or retain any commission products previously purchased, from Empire Asset Management's representatives. **Empire Asset Management's Chief Compliance Officer, Bradley Konopaske, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
2. **Please Note:** Clients may purchase investment products recommended by Empire Asset Management through other, non-affiliated broker dealers or agents.
3. Empire Asset Management does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products Empire Asset Management recommends to its clients.
4. When Empire Asset Management's representatives sell an investment product on a commission basis, Empire Asset Management does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, Empire Asset Management's representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). **However**, a client may engage Empire Asset Management to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Empire Asset Management's representatives on a separate commission basis.

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

Neither Empire Asset Management nor any supervised person of Empire Asset Management accepts performance-based fees.

Item 7 Types of Clients

Empire Asset Management's clients shall generally include individuals and pensions and profit sharing plans. Empire Asset Management, in its sole discretion, may reduce its investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

- A. Empire Asset Management 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)

Empire Asset Management 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)

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 Empire Asset Management) will be profitable or equal any specific performance level(s).

- B. Empire Asset Management'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 Empire Asset Management must have access to current/new market information. Empire Asset Management has no control over the dissemination rate of market information; therefore, unbeknownst to Empire Asset Management, certain analyses may be compiled with outdated market information, severely limiting the value of Empire Asset Management'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.

Empire Asset Management's primary investment strategies - Long Term Purchases and/or 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, Empire Asset Management primarily allocates client investment assets among various, mutual funds, index funds, individual equities, independent managers, and/or exchange traded funds on a discretionary basis in accordance with the client's designated investment objective(s).

Item 9 Disciplinary Information

Empire Asset Management has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. **Registered Representative of Northern.** As disclosed above in Item 5.E, certain of Empire Asset Management's representatives are also registered representatives of *Northern*, a FINRA member broker-dealer.
- B. Neither Empire Asset Management, 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.
1. **Broker Dealer.** As disclosed above in Item 5.E, certain of Empire Asset Management's representatives are also registered representatives of *Northern*, a FINRA member broker-dealer. Clients can choose to engage Empire Asset Management's representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.
 8. **Licensed Insurance Agents.** Certain of Empire Asset Management'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 Empire Asset Management's representatives to purchase insurance products on a commission basis.

Conflict of Interest: The recommendation by a Empire Asset Management's representative that a client purchase a securities or insurance commission product presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend the sale or retention of investment products (including variable annuity products) based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase or retain any commission insurance or securities products from Empire Asset Management's representatives. Clients are reminded that they may purchase insurance products or securities recommended by Empire Asset Management through other, non-affiliated insurance agents or broker-dealers. **Empire Asset Management's Chief Compliance Officer, Bradley Konopaske, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. Empire Asset Management does not receive direct or indirect compensation for the recommendation or selection of other investment advisors for its clients.

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

- A. Empire Asset Management maintains an investment policy relative to personal securities transactions. This investment policy is part of Empire Asset Management's overall Code of Ethics, which serves to establish a standard of business conduct for all of Empire Asset Management'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, Empire Asset Management also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Empire Asset Management or any person associated with Empire Asset Management.

- B. Neither Empire Asset Management nor any related person of Empire Asset Management recommends, buys, or sells for client accounts, securities in which Empire Asset Management or any related person of Empire Asset Management has a material financial interest.
- C. Empire Asset Management and/or representatives of Empire Asset Management *may* buy or sell securities that are also recommended to clients. This practice may create a situation where Empire Asset Management and/or representatives of Empire Asset Management are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a 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 Empire Asset Management 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 Empire Asset Management's clients) and other potentially abusive practices.

Empire Asset Management has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Empire Asset Management's "Access Persons". Empire Asset Management's securities transaction policy requires that an Access Person of Empire Asset Management 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 Empire Asset Management selects; provided, however that at any time that Empire Asset Management has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. Empire Asset Management and/or representatives of Empire Asset Management *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Empire Asset Management and/or representatives of Empire Asset Management are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11.C, Empire Asset Management has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Empire Asset Management's Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that Empire Asset Management recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Empire Asset Management to use a specific broker-dealer/custodian), Empire Asset Management generally recommends that investment management accounts be maintained at *Schwab and/or SEI*. Prior to engaging Empire Asset Management to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Empire Asset Management setting forth the terms and conditions under which Empire Asset Management shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Empire Asset Management considers in recommending *Schwab* and/or *SEI* (or any other broker-dealer/custodian to clients) include historical relationship with Empire Asset Management, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Empire Asset Management's clients shall comply with Empire Asset Management'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 Empire Asset Management 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 Empire Asset Management 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, Empire Asset Management's investment management fee. Empire Asset Management'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, Empire Asset Management may receive from *Schwab* and/or *SEI* (or another broker-dealer/custodian, investment platform, mutual fund sponsor, and/or North Star Financial Services Group, LLC ("*North Star*") without cost (and/or at a discount) support services and/or products, certain of which assist Empire Asset Management to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Empire Asset Management 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 (which may include contributions toward client and marketing-related events), computer hardware and/or software and/or other products used by Empire Asset Management 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 Empire Asset Management in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Empire Asset Management to manage and further develop its business enterprise.

Empire Asset Management's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab and/or SEI* as a result of this arrangement. There is no corresponding commitment made by Empire Asset Management to *Schwab and/or SEI* 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.

Empire Asset Management's Chief Compliance Officer, Bradley Konopaske, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

Additional Benefits Received from Sub-Advisors, *Schwab, SEI, Northern* and *North Star*

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular sub-advisor, broker-dealer/custodian and/or third-party service provider, Empire Asset Management may receive 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 Empire Asset Management in furtherance of its investment advisory business operations. Any such services, discounts or benefits shall be provided by the sub-advisor, broker-dealer/custodian and/or third-party service provider without any obligation imposed upon Empire Asset Management to continue to recommend the sub-advisor, broker-dealer/custodian, and/or third-party service providers' services.

Empire Asset Management's Chief Compliance Officer, Bradley Konopaske, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

SEI Advisor Benefits Program

Although not a material consideration when determining whether to utilize the services provided by *SEI* when managing a client's account, Empire Asset Management may receive certain benefits from *SEI* so long as Empire Asset Management maintains at least \$50 Million dollars of its client's assets at *SEI*. These benefits may include discounted or gratis consulting, reporting, and/or marketing services and support. *SEI* may also offer or participate in certain other educational and/or social events as well. Also, by participating in the SEI Advisor Benefits Program, clients who open a new account with *SEI* may have their custody fees waived. *SEI* will also discount the investment management fees of the separately managed portion of MAP and IMAP accounts by 5% (excluding SEI Global Fixed Income Management mandates).

Empire Asset Management's Chief Compliance Officer, Bradley Konopaske, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

2. Empire Asset Management no longer receives referrals from broker-dealers for compensation. However, Empire Asset Management continues to pay referral fees to Charles Schwab & Co., Inc. ("*Schwab*") as a result of Empire Asset Management's prior participation in Schwab Advisor Network™ (the "*Service*"), designed to help investors find an independent investment advisor.
3. **Directed Brokerage:** Empire Asset Management 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 Empire Asset Management

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 Empire Asset Management. As a result, a 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 Empire Asset Management 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 Empire Asset Management. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts. **Empire Asset Management’s Chief Compliance Officer, Bradley Konopaske, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that Empire Asset Management is engaged to provide investment management, the transactions for each client account generally will be effected independently, unless Empire Asset Management decides to purchase or sell the same securities for several clients at approximately the same time. Empire Asset Management 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 Empire Asset Management’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. Empire Asset Management 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 Empire Asset Management provides investment supervisory services, account reviews are conducted on an ongoing basis by Empire Asset Management’s Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise Empire Asset Management 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 Empire Asset Management on an annual basis.
- B. Empire Asset Management ***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. Empire Asset Management 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, Empire Asset Management may receive an indirect economic benefit from *Schwab*, *SEI*, and/or *Northern*. Empire Asset Management, without cost (and/or at a discount), may receive support services and/or products from *Schwab*, *SEI*, and/or *Northern*.

Empire Asset Management's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab*, *SEI*, and/or *Northern* as a result of this arrangement. There is no corresponding commitment made by Empire Asset Management to *Schwab*, *SEI*, and/or *Northern* 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.

Empire Asset Management's Chief Compliance Officer, Bradley Konopaske, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.

- B. Empire Asset Management does not compensate, directly or indirectly, any person, other than its representatives, for client referrals except as specifically mentioned above in Item 12.A.2 for certain legacy referrals made by *Schwab*.

Item 15 Custody

Empire Asset Management 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. Empire Asset Management may also provide a written periodic report summarizing account activity and performance.

Please Note: To the extent that Empire Asset Management provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Empire Asset Management with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Empire Asset Management's advisory fee calculation.

Item 16 Investment Discretion

The client can determine to engage Empire Asset Management to provide investment advisory services on a discretionary basis. Prior to Empire Asset Management assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming Empire Asset Management as the client's attorney and agent in fact, granting Empire Asset Management 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 Empire Asset Management on a discretionary basis may, at anytime, impose restrictions, **in writing**, on Empire Asset Management'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 Empire Asset Management's use of margin, etc.).

Item 17 Voting Client Securities

- A. Empire Asset Management 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 Empire Asset Management to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. Empire Asset Management does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Empire Asset Management 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. Empire Asset Management has not been the subject of a bankruptcy petition.

ANY QUESTIONS: Empire Asset Management's Chief Compliance Officer, Bradley Konopaske, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.