

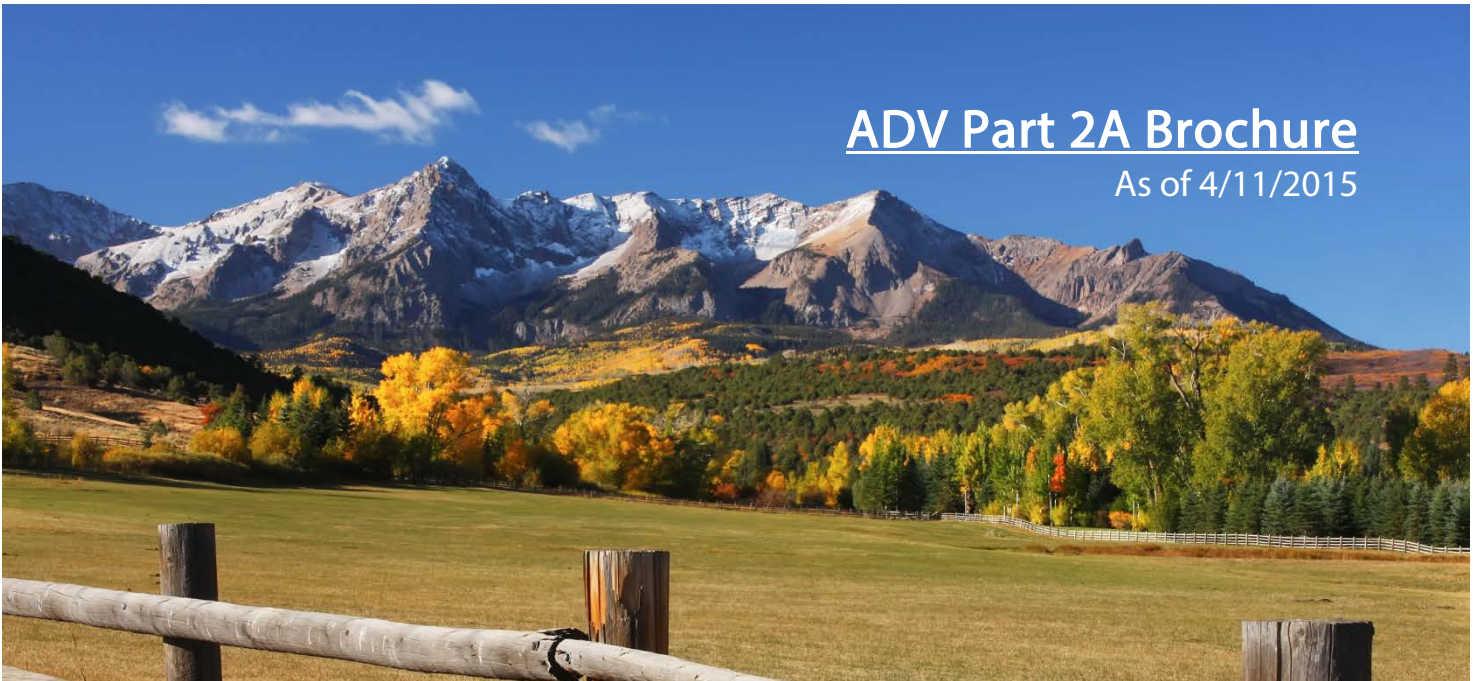


# Lara, May & Associates

A FOCUS FINANCIAL PARTNER | INDEPENDENT WEALTH MANAGEMENT

## ADV Part 2A Brochure

As of 4/11/2015



*This Brochure provides information about the qualifications and business practices of Lara, May & Associates, LLC (“LMA” or “Firm”). If you have any questions about the contents of this Brochure, please contact us at (703)-827-2300 or [information@laramayllc.com](mailto:information@laramayllc.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. LMA is a Registered Investment Adviser with the SEC. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser are intended to provide you with information to help you determine whether to hire or retain an Adviser. Additional information about LMA also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## Item 2 – Material Changes

This section will address only specific material changes that are made to the Brochure and provide clients with a summary of such changes. It will also reference the date of the last annual update of this brochure. In the past, information about LMA's qualifications and business practices has been offered or delivered to clients on at least an annual basis. Pursuant to new SEC Rules, clients will receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of the business' fiscal year end (12/31). Other ongoing disclosure information about material changes may be provided as necessary. A new Brochure will be provided as necessary based on changes or new information, at any time, without charge.

Material Changes since last annual filing in February, 2015:

- Item 4 Services, Fees and Compensation
  - Moved Wrap fee program details for LMA financial advisors to a separate document titled- Form ADV Part 2A Appendix Wrap Fee Program Brochure.
- Item 5 – Fees and Compensation
  - Effective mid -April 2015 LMA's clearing firm is longer RBC Correspondent Services having changed to First Clearing, LLC. First Clearing, LLC ("FC") provides quality securities-execution and brokerage-clearance services to retail securities firms throughout the United States. Headquartered in Saint Louis, Missouri, First Clearing provides the benefit of a firm with a long heritage in the full-service brokerage business and the strength of Wells Fargo & Company, one of the nation's largest financial service companies. First Clearing is a member of the New York Stock Exchange, NASDAQ and other major exchanges, and is a registered broker-dealer and non-bank affiliate of Wells Fargo & Company.
- Item 5 – Fees and Compensation
  - Added descriptions and fee schedules for FC programs: Masters, Diversified Managed Allocations ("DMA"), Wells Fargo Compass Advisory, Allocation Advisors, Customized Portfolios, and FundSource are included.

For any questions regarding the content of this Brochure, or to request a copy, please contact the Chief Compliance Officer at (703) 761-3907 or [information@laramayllc.com](mailto:information@laramayllc.com). This Brochure and additional information about LMA are available, both free of charge, via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with LMA who are registered, or are required to be registered, as Investment Adviser Representatives ("IAR") of LMA.

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## Item 4 - Advisory Business

Lara, May & Associates, LLC (“LMA”) is a dually registered, independent broker/dealer (Member FINRA/SIPC) and Registered Investment Advisor with the Securities and Exchange Commission (“SEC”). LMA provides investment supervisory and advisory services to its clients, including Wealth Management and Financial Planning Services. The services may include personal and/or business planning, asset allocation, portfolio management, estate planning, tax planning, educational planning, advisory services for businesses and retirement planning. LMA may advise clients directly and/or invest client funds through other investment advisers, investment managers and/or sub-advisors.

The foundation of LMA began in 1981 with E. Ronald Lara, CFP®. On October 1, 2007 Lara, May & Associates, LLC was established and became part of the Focus Financial Partners, LLC (“Focus”) network. As such, LMA is now a wholly-owned subsidiary of Focus Operating, LLC (100%), which is a wholly-owned subsidiary of Focus Financial Partners, LLC (Focus). LMA’s Advisory assets on a non-discretionary basis are \$370 million and \$50 million per a discretionary basis as of 12/31/2014.

### INVESTMENT SUPERVISORY AND ADVISORY SERVICES

LMA’s Investment Advisor Representatives (“IAR”) provide recommendations and supervision for client’s specific portfolios or investment advisory accounts. IARs provide ongoing advice to a client regarding investment of client funds based on the individual needs and suitability of the client. Through personal discussions a client’s particular circumstances, goals, and objectives are established. A general client financial and investment profile is developed to determine appropriate investments, investment time-frames, and risk levels. The IAR then makes recommendations based on that profile and other information provided by the client. IARs may manage advisory accounts on a discretionary or nondiscretionary basis. Account supervision is guided by the stated objectives and risk tolerance of the client. Clients may impose restrictions in certain securities or types of securities and should bring these to the attention of their IAR.

LMA also offers more comprehensive, planning processes: The Lifetime Success Solution® and the Retirement Success Solution®. The Success Solutions are planning processes intended to identify an individual’s or a couple’s personal and lifestyle goals and develop strategies targeted to achieve them. Investment plans created in response to these goals are not guaranteed and are subject to market and investment risk. There is a possibility of principal loss, and no assurance of appreciation is made. The investment management plan and/or services provided may have separate charges or commissions, and the investment products used may have separate expenses and fees associated with them. Please take time to read the respective account-related documentation, agreements, and product material. *The Lifetime Success Solution® and the Retirement Success Solution® are registered trademarks of E. Ronald Lara, Inc.*

*Non-Discretionary Service Limitations.* Clients who determine to engage LMA on a non-discretionary investment advisory basis must be willing to accept that LMA and the IAR cannot effect account transactions without obtaining prior verbal or written consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the IAR will be unable to effect account transactions (as they would for a discretionary client) without first obtaining the client’s consent. If the IAR

feels the authorized account holder's mental capacity is in question, they may request that a power of attorney relationship be established with a trusted individual of the account holder.

## **MANAGED ACCOUNTS**

LMA has entered into an agreement with Wells Fargo Advisors ("WFA"), pursuant to which WFA provides advisory and/or other services with respect to the Programs. Clients of investment advisory accounts described herein are clients of LMA. LMA is not related to or affiliated with WFA or First Clearing, LLC (the "Clearing Agent"). Unless otherwise specified, Clearing Agent will maintain custody of client assets. Clearing Agent qualifies as a "qualified custodian" as described by Rule 206(4)-2 of the Investment Advisers Act. WFA and Clearing Agent each reserves the right to reject and not provide services to any client or with respect to any client account for any reason.

WFA provides advisory and other services to LMA and their Clients with respect to the following programs: Masters, Diversified Managed Allocations ("DMA"), Wells Fargo Compass Advisory, Allocation Advisors, Customized Portfolios, FundSource and Financial Planning. Please review the appropriate WFA Disclosure Documents for a complete description of each program. LMA offers these programs in accordance with the fee schedules located under *Item 5 – Fees and Compensation*.

## **WRAP FEE PROGRAMS**

LMA sponsors several wrap fee programs whereby through one agreement the client pays one fee that includes the fees/costs for the LMA financial advisor or sub-advisor and custodial transaction charges. The fee typically covers trade transaction costs, LMA IAR's fee and if applicable, a sub-advisor's management fee – thus the term "wrap" as the fees are considered wrapped together into one annual fee. This includes programs by which the LMA IAR is the portfolio manager and has an agreement in place with the client for providing discretionary asset management responsibilities. A separate LMA Wrap Fee Program Brochure disclosure documents is provided along with the program agreement. The Wrap Fee Program Brochure is made available free of charge by using the contact information on the cover page of this document.

## **ADVISORY CONSULTATION WITHOUT ASSET MANAGEMENT**

LMA IAR's are able to provide clients with consultation services of their assets held outside of LMA. The client and IAR would enter into a consultation agreement based on a pre-determined fee payable per the agreement.

## **PROJECT BASIS**

Financial planning, investment analysis and other services may be provided by an IAR on a "per project" basis. The IAR and client will discuss the scope of the project and agree upon a set fee. The client is then invoiced for the service upon completion.

## **MISCELLANEOUS**

Non-Investment Consulting/Implementation Services. To the extent specifically requested by a client, LMA may provide limited consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither LMA, nor any of its IAR's, serve as an estate attorney or licensed accountant or tax professional and no portion of LMA's services should be construed as such. To the extent requested by a client, LMA may recommend the services of 3<sup>rd</sup> party professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of

any such recommended professional and those professionals may charge fees separate from LMA of which the client will be responsible for. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from LMA. 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.

#### Client Obligations

In performing its services, LMA 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/entity is advised that it remains his/her/its responsibility to promptly notify LMA if there is ever any change in the information provided in the New Account form or Client Profile or if his/her/its financial situation, risk tolerance, or investment objectives. Changes may require revising LMA's previous recommendations and/or services.

### **Item 5 – Fees and Compensation**

#### **FEES AND COMPENSATION**

LMA currently does not implement a firm wide fee schedule. Fees schedules may be recommended by the custodians and based on the services provided, the investments selected, the program agreement and/or the managers selected, asset level, industry standards, and are negotiated between the IAR and the client. LMA may offer programs provided through the Firm's clearing firm, First Clearing, LLC, a FINRA/SIPC member ("FCC") and with 3rd party managers such as those with Morningstar Managed Portfolios, Charles Schwab, or other separate account managers and platforms as well as with the IAR serving as the portfolio manager. Fees and compensation details are provided in the respective program agreements so please read them carefully. Neither the IAR or LMA may directly debit or withdrawal fees from a client's account, nor do they have authority to do so.

A program agreement must include: the services offered, the terms of management, authority of IAR and/or sub-advisor, fees charged and how they will be calculated, applicable disclosures, arbitration clause, address custody status, reporting, liability and standard of care, brokerage (if applicable), risks, assignment, termination terms, and other standard contractual requirements. The client, IAR on the account, and a LMA Firm principal must sign and date the agreement. Should the fee indicated on the agreement change, a Fee Schedule Change amendment must be completed and signed by the client, IAR and a LMA Firm principal in order for the new fee to take effect.

LMA offers investment advisory services for compensation in the following manners:

#### **A. A PERCENTAGE OF ASSETS UNDER MANAGEMENT**

LMA is able to offer fee-based investment management with a typical annual fee range of 0.75% - 2.50% and sub-advisory or 3rd party manager programs with a typical fee range of 1.00% - 3.00% through LMA's clearing firm and other platforms as mentioned herein.



For Morningstar Managed Portfolios accounts held at Fidelity, the custodial charge is indicated separately. Please refer to the specific platform new account agreement documentation for pricing.

The fee provides for: an initial analysis of the client's investment objectives and needs, periodic re-evaluations, consulting services as to an appropriate investment strategy, trading execution costs and monitoring. There may be other fees associated with the clients account charged by the custodian for maintenance, client account requests, or other specific account fees. These are typically incidental and are detailed in the client's Program Agreement and custodial New Account Agreement.

### **Fee Based Accounts at First Clearing**

You should be aware that program fees charged may be higher or lower than those otherwise available if you were to select a separate brokerage service and negotiate commissions in the absence of the extra advisory service provided. Our fee schedules may be subject to negotiation depending upon a range of factors including, but not limited to account sizes and overall range of services provided. You should consider the value of these advisory services when making such comparisons. The combination of custodial, advisory and brokerage services may not be available separately or may require multiple accounts, documentation and fees. You should also consider the amount of anticipated trading activity when selecting among the programs and assessing the overall cost. Advisory programs typically assume a normal amount of trading activity and, therefore, under particular circumstances, prolonged periods of inactivity or asset allocations with significant fixed income or cash weightings may result in higher fees than if commissions were paid separately for each transaction.

A portion of the fees or commissions charged for the programs described here may be paid to IARs in connection with the introduction of accounts as well as for providing client-related services within the programs. This compensation may be more or less than a Financial Advisor would receive if you paid separately for investment advice, brokerage, and other services, and may vary, depending on the program or services offered.

Fees are generally deducted from the respective account and applied in advance on a quarterly basis paid to LMA Firm generally within the first ten business days of each succeeding calendar quarter based upon the "Account Value" on the last business day of the prior calendar quarter. Client may direct LMA to debit fees from an alternate account, this election will continue until Client provides notice of revocation of this election.

### **Allocation Advisors**

Please see the WFA Separately Managed Accounts Wrap Fee Brochure for a description of the services and additional fee information applicable to Allocation Advisors Advisory accounts. LMA IAR will recommend respective Allocation Advisor sub managers under this program as part of the Investment Advisory Business mentioned in Item 4 herein. Listed below is the standard fee schedule for this program, which is negotiable and may differ from those described in the WFA Separately Managed Accounts Wrap Fee Brochure. The minimum account size for the portfolios offered in the Allocation Advisors Program range from \$25,000 to \$50,000, depending on the portfolio.

| Total Account Value | Annualized Fee |
|---------------------|----------------|
| First \$250,000     | 1.00 - 2.00 %  |
| Next \$750,000      | 1.00 - 1.50 %  |
| Over \$1,000,000    | 1.00 - 1.00 %  |

#### Diversified Managed Allocations

Please see the WFA Separately Managed Accounts Wrap Fee Brochure for a description of the services and additional fee information applicable to DMA accounts. LMA IAR will recommend respective Allocation Advisor sub managers under this program as part of the Investment Advisory Business mentioned in Item 4 herein. Listed below is the standard fee schedule for this program, which is negotiable and may differ from those described in the WFA Separately Managed Accounts Wrap Fee Brochure. The minimum account size for DMA is \$250,000 for Optimal Blends and \$150,000 for Customized Blends, and may be subject to portfolio minimums, depending on client's asset level.

| Total Account Value | Annualized Fee |
|---------------------|----------------|
| First \$250,000     | 1.50 - 2.75 %  |
| Next \$750,000      | 1.50 - 2.50 %  |
| Over \$1,000,000    | 1.50 - 2.00 %  |

#### Masters

Please see the WFA Separately Managed Accounts Wrap Fee Brochure for a description of the services and additional fee information applicable to Masters Accounts. LMA IAR will recommend respective Allocation Advisor sub managers under this program as part of the Investment Advisory Business mentioned in Item 4 herein. Listed below is the standard fee schedule for this program, which is negotiable and may differ from those described in the WFA Separately Managed Accounts Wrap Fee Brochure. The minimum account size for Masters is \$100,000, and may be subject to manager minimums.

| Total Account Value | Equity and Balanced Accounts | Fixed Income Accounts |
|---------------------|------------------------------|-----------------------|
| First \$250,000     | 1.25 - 2.75 %                | 1.00 - 1.50 %         |
| Next \$750,000      | 1.25 - 2.50 %                | 1.00 - 1.25 %         |
| Next \$1,000,000    | 1.25 - 2.00 %                | 1.00 - 1.00 %         |
| Over \$2,000,000    | Negotiable                   | Negotiable            |

#### Wells Fargo Compass Advisory

Please see the WFA Separately Managed Accounts Wrap Fee Brochure for a description of the services and additional fee information applicable to Wells Fargo Compass Advisory accounts. LMA IAR will recommend respective Allocation Advisor sub managers under this program as part of the Investment Advisory Business mentioned in Item 4 herein. Listed below is the standard fee schedule for this program, which is negotiable and may differ from those described in the WFA Separately Managed Accounts Wrap Fee Brochure. The minimum account size for the portfolios offered in the Wells Fargo Compass Advisory Program range from \$50,000 to \$250,000, depending on the portfolio.

| Total Account Value | Individual/Growth/Multi-Asset | Growth and Income |
|---------------------|-------------------------------|-------------------|
| First \$250,000     | 1.50 - 2.50 %                 | 1.50 - 2.50 %     |
| Next \$750,000      | 1.50 - 2.00 %                 | 1.50 - 2.00 %     |
| Over \$1,000,000    | 1.50 %                        | 1.50 %            |



### Customized Portfolios

Please see the WFA Separately Managed Accounts Wrap Fee Brochure for a description of the services and additional fee information applicable to Customized Portfolios accounts. LMA IAR will recommend respective Allocation Advisor sub managers under this program as part of the Investment Advisory Business mentioned in Item 4 herein. Listed below is the standard fee schedule for this program, which is negotiable and may differ from those described in the WFA Separately Managed Accounts Wrap Fee Brochure. The minimum account size for the Customized Portfolios Program is \$2,000,000 for the taxable and municipal fixed income strategies.

| Fixed Income Strategies ( <i>Bank Managed Portfolios</i> ) |                | Equity Strategies ( <i>Bank Model Portfolios</i> ) |                |
|--|----------------|--|----------------|
| Total Account Value  | Annualized Fee | Total Account Value                                | Annualized Fee |
| First \$5,000,000  | 1.00 - 1.25 %  | First \$500,000                                    | 1.50 - 2.50 %  |
| Next \$15,000,000  | 0.75 %         | Next \$500,000                                     | 1.50 - 2.00 %  |
| Over \$20,000,000  | Negotiable     | Next \$1,000,000                                   | 1.50 %         |
|  |                | Over \$2,000,000                                   | Negotiable     |

### Fund Source

Please see the WFA Mutual Fund Advisory Wrap Fee Brochure for a description of the services and additional fee information applicable to Fund Source accounts. LMA IAR will recommend respective Allocation Advisor sub managers under this program as part of the Investment Advisory Business mentioned in Item 4 herein. Listed below is the standard fee schedule for this program, which is negotiable and may differ from those described in the WFA Mutual Fund Advisory Wrap Fee Brochure. The minimum account size for FundSource is \$25,000.

| Total Account Value | Annualized Fee |
|---------------------|----------------|
| First \$250,000     | 1.15 - 1.75 %  |
| Next \$750,000      | 1.15 - 1.50 %  |
| Over \$1,000,000    | 1.15 %         |

Fees will be deducted directly from the particular Account, unless LMA and Client agree otherwise. Client understands that, as fees under the Program include, among other things, compensation for non-discretionary advisory services, they may be higher than certain other advisory and brokerage fee arrangements. Please refer to the "Fees" section of each Programs respective agreement for calculation and fee payment details.

### **Fee Based Accounts at Charles Schwab & Co, Inc. ("Schwab")**

LMA also offers programs custodied at Schwab (Member SIPC). The client will set up a separate agreement with Schwab to pay for custodial account and trading transaction fees. This agreement is separate from any agreement with a 3<sup>rd</sup> party manager and the LMA IAR. Upon written notification, either LMA or the client may terminate the agreement. Prorated fees will be charged based on the market value on the date the notice is received. The annual fee is billed quarterly at the of the calendar quarter. The calculation is based on taking the average of the account value from the custodial statement value on the 1st and last day of the quarter. The fee will be submitted to Schwab for processing and deducted from the clients account in

arrears. The client will receive monthly statements from Schwab indicating their account holdings. We recommend clients review the fee applied and contact your IAR with any questions.

A quarterly report is also available if the client elects to receive it. This would include; the market value, cash flows, gains and losses, asset allocation, and performance as it relates to market indices. Annually, the client will receive a tax report for the account from Schwab. Advisory contracts may be terminated by the client without penalty by giving written notice of termination within five business days. After the five-day period, clients may terminate the agreement at any time with written notice.

### **Fee Based Accounts at Morningstar Managed Portfolios**

LMA offers Portfolios managed by Morningstar Investment Services (“MIS”): Mutual Fund Portfolios, Exchange Traded Fund (“ETFs”) Portfolios, and Select Stock Baskets. The following firms provide custodial and administrative services for the Morningstar Managed Portfolios program sponsored by MIS: BNY Mellon Investment Servicing Trust Company (“BNY Mellon”), Fidelity Brokerage Services LLC and National Financial Services, LLC (collectively, “Fidelity”) and Schwab. The annual program fees and structure vary depending on the Portfolio and custodian selected.

There is a separate MIS manager charge and custodian charge that may either be in the form of a “per transaction” charge or as a flat percentage basis point “bps”. The individual fees and terms are outlined and described in the MIS Proposal and Application. The LMA advisory fees range from 0.75% - 1.10%, the MIS fees range from 0.30% – 0.55%, and the custodians charges range from \$7.95/trade to \$10.95 or 0.10% in a flat basis point format (Minimum fees apply). The specifics of what the fees cover and how they are billed are detailed in the respective Account Proposal, Application and custodial agreements. The Agreement may be terminated at any time (including within five business days of entering into the agreement) without the imposition of any penalty upon written notice by the client or MIS to the other and termination will become effective on receipt of such notice. If the value of an account falls below the minimum size of \$50,000 due to withdrawals or market action, MIS may terminate the account. Any termination by MIS or the client will not, however, affect the liabilities or obligations of the parties incurred or arising from transactions in Fund Shares initiated under the Agreement before such termination.

### **Mutual Funds 12-B1 fees**

Typically, clients investing in mutual funds under the Fee based programs receive the net asset value (NAV) purchase price, which is without a sales charge and fund class shares as negotiated between the fund company and custodian. However, in non-qualified accounts the IAR may be eligible to receive 12b-1 fees paid by the fund according to the mutual fund share class.

### **Account Termination**

If a client chooses to terminate his/her Agreement with an investment advisory program, LMA can liquidate the Account if the client instructs their IAR to do so. If so instructed LMA will liquidate the Account in an orderly and efficient manner or if the account is managed by a 3<sup>rd</sup> party manager, per their stated instructions for liquidation will be followed, as applicable. LMA does not charge for such redemption; however, the client should be aware that certain mutual funds impose redemption fees as stated in their fund

prospectus. The client should also keep in mind that liquidating security issues or mutual funds may result in tax consequences. Clients are encouraged to discuss such actions with their IAR

LMA and the IAR are not responsible for market fluctuations in an Account from the time of written notice for termination until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner. Factors that may affect the orderly and efficient liquidation of an Account might be size and types of issues, liquidity of the markets, and execution abilities of the market makers.

Should the necessary securities markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate an advisory Account, termination orders cannot be considered market orders. It may take several business days under normal market conditions to process the request.

Upon termination, the client will receive a refund of the portion of the prepaid asset-based fee which is not earned. Please refer to the individual program agreement for details regarding termination of fees and pro-rated fee calculations.

## **B. HOURLY AND FIXED CHARGES**

For current investment or financial analysis, financial planning or services that are out of the normal investment advisory or management service, such as, but not limited to, estate planning, investment consultation, in-depth financial planning and analysis, lifetime transition planning, or for *The Lifetime Success Solution*<sup>®</sup> and *The Retirement Success Solution*<sup>®</sup> Programs a fixed or hourly fee may be applied for the services provided payable as determined between the client and the IAR. For the Retirement and Lifetime Success Solutions, Program Planning fees can range from \$1,500 to \$5,000. For the delivery of an Estate Plan Flow Chart the fee ranges from \$500 to \$1,500. For the Retirement Funding Analysis fees begin at \$500. Fee based wealth management consultation start at .25% of assets under consultation, with a \$1 million asset minimum.

For the projects such as those mentioned above, an hourly fee may be applied as negotiated between the client and the IAR which ranges from \$100 - \$150/hour. Unless otherwise agreed upon, the fee is paid via an invoice at the beginning and end of the engagement. The project is outlined and the total fee is presented before the project is initiated. Agreement is necessary from the client before work is commenced. If the client is not satisfied with the completed service, a full refund of all consulting fees paid, less any out-of-pocket LMA expenses, may be obtained upon the client's written request to LMA within thirty (30) days of the receipt of completed service.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

LMA does not charge performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

## Item 7 – Types of Clients

LMA generally provides wealth management and financial planning services to individuals, high net worth individuals, home owner associations, businesses, corporate pension and profit-sharing plans, ERISA plans, charitable institutions, foundations, endowments, and trusts. There is not a Firm wide minimum asset requirement for opening an account. However each IAR may set their own client account minimums and each custodian has account value thresholds that may trigger additional fees for low account balances or inactive accounts.

## Item 8 – Methods of Analysis, Investment Strategies and Risks

### Methods of Analysis

Investing in securities involves risk of loss that clients should be prepared to bear. IAR's create an investment plan based on the client's unique needs and circumstances. As part of this process, IAR's consider several factors when developing investment strategies and analyzing specific securities, categories, products or types of investment vehicles. IARs are able to conduct their analysis independently and based on their unique expertise and style. Generally, methods of analysis available to IARS are: industry research reports, access to subscription ranking and reporting services, public reports, facts sheets, product material produced by the investment company, discussions with product providers, trade shows, and industry events.

### Investment Strategies and Due Diligence

Each IAR at LMA has developed their own areas of expertise and has individual style preferences. In general, the more the IAR knows about the client, the better job they can do. As an independent firm, LMA's IAR are able to search the marketplace for available products and services. LMA has an extensive list of selling agreements and established relationships to provide clients with a variety of investment vehicles to address their needs. If there is interest in a product that is not offered through one of our custodian's or a 3rd party sub-manager, it may require LMA to enter into a selling agreement. If not for a specific client, the product and the company/manager must be reviewed and approved by the LMA Investment & Risk Management Committee ("Committee"). The Committee is comprised of members from the LMA management team, Operations, and a selection of IARs. The Committee collaborates to conduct due diligence and to review product details to the best of their ability and knowledge, and determine if it will be offered to clients at LMA. LMA typically does not engage the services of outside council or other 3rd party services when reviewing new products through the Committee. However, we prefer to use the research services of entities experienced in the due diligence process when available.

### Risks

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 LMA) will be profitable or equal any specific performance level(s).

### *Capital Risk*

Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100 percent of your money. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

### *Credit Risk*

Credit risk can be a factor in situations where an investment's performance relies on a borrower's repayment of borrowed funds. With credit risk, a client can experience a loss or unfavorable performance if a borrower does not repay the borrowed funds as expected or required. Investment holdings that involve forms of indebtedness (i.e. borrowed funds) are subject to credit risk.

### *Currency Risk*

Fluctuations in the value of the currency in which your investment is denominated may affect the value of your investment and thus, your investment may be worth more or less in the future. All currency is subject to swings in valuation and thus, regardless of the currency denomination of any particular investment owned, currency risk is a realistic risk measure. Currency risk is generally a much larger factor for investment instruments denominated in currencies other than the most widely used currencies (U.S. dollar, British pound, Euro, Japanese yen, etc.).

### *Economic Risk*

The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are dependent on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

### *Financial Risk*

Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Lehman Brothers and Enron or many of the "dot com" companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

### *Higher Trading Costs*

For any investment or strategy that involves active or frequent trading, you may experience higher than usual transaction-related costs. Higher transaction-related costs can negatively affect overall investment performance.

### *Inflation Risk*

Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not be worth what they are today. Throughout time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an

investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely get you less than what it can today.

#### *Interest Rate Risk*

Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once a client has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market could affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. Likewise, the reverse is generally true as well.

#### *Legal/Regulatory Risk*

Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments and thus, can have a negative impact on the overall performance of such investments.

#### *Liquidity Risk*

Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

#### *Margin Risk*

- You can lose more funds than you deposit in a margin account. A decline in value of securities that are purchased on margin may require you to provide additional funds to the custodian holding your margin account in order to avoid a forced sale of those securities or other securities in your account.
- The custodian holding your margin account can force the sale of securities in your margin account. If the equity in your account falls below the margin maintenance level required by law or below the custodian's "house" requirement, the custodian can sell the securities in your account to cover the margin deficiency. You will be responsible for any shortfall in the account after such sale.
- Securities can be sold without contacting you prior to sale. Some clients mistakenly believe they must be contacted before a margin call becomes valid and that securities in their accounts cannot be liquidated to meet the call unless they have been contacted ahead of time. Most firms will attempt to notify you of margin calls; however, they are not required to do so. Even if the custodian has contacted you to provide a specific date by which you can meet a margin call, the custodian can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to you.
- Unless you promptly respond to a notice call and direct your IAR which security to sell, you are not entitled to choose which securities in your margin account are liquidated or sold to meet your margin call. Because the securities are used as collateral for the margin loan, the custodian of your account has the right to decide which securities to sell in order to protect its interests.



- The custodian can increase its “house” maintenance requirements at any time and is not required to provide you with advance, written notice. These changes in policy can take effect immediately and may result in the issuance of a margin maintenance call. Your failure to satisfy this call may cause a forced liquidation in your account.
- You are not entitled to an extension of time on a margin call. While an extension of time to meet margin requirements may be available to clients under certain conditions, a client does not have the right to the extension.

### *Market Risk*

The market value of an investment will fluctuate as a result of the occurrence of the natural economic forces of supply and demand on that investment, its particular industry or sector, or the market as a whole. Market risk may affect a single issuer, industry or sector of the economy or may affect the market as a whole. Market risk can affect any investment instrument or the underlying assets or other instruments held by or traded within that investment instrument.

### *Operational Risk*

Operational risk can be experienced when an issuer of an investment product is unable to carry out the business it has planned to execute. Operational risk can be experienced as a result of human failure, operational inefficiencies, system failures, or the failure of other processes critical to the business operations of the issuer or counter party to the investment.

### *Past Performance*

Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment’s future potential by analyzing its past performance and other related statistics. In particular, technical analysis frequently involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future and thus, clients should realize that even the most diligent and thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer.

### *Strategy Risk*

There is no guarantee that the investment strategies discussed in this document will work under all market conditions and you should evaluate your ability to maintain any investment you are considering in light of your own investment time horizon. Investments are subject to risk, including possible loss of principal.

### *Investment-Specific Risks*

There is no single type of investment instrument that one can predominantly recommend, however, please be mindful that all investments carry some form and degree of risk. Certain types of investments carry greater types and levels of risk than others and clients should make sure that they fully understand not only the investment product itself but also the inherent risk factors associated with such products.

*(Source for definitions: Hays Advisory)*

## Item 9 – Disciplinary Information

The firm and its employees have not been involved in any legal, financial or other "disciplinary" events that would be material to our clients when evaluating us to initiate a Client/Adviser relationship or to continue a Client/Adviser relationship with us.

## Item 10 – Other Financial Industry Activities and Affiliations

### Broker Dealer (other business activity)

LMA is also a fully disclosed, introducing broker/dealer (Member FINRA/SIPC). Many IAR's are also broker agents. Broker agents may only execute securities transactions for residents of states that they are registered in or are exempt from registration. Broker agents typically receive compensation in the way of commissions on the products they sell or for effecting transactions.

### Fee Based vs. Commission

Clients should consider the type of investment plan they wish to establish. For some situations, one fee structure and arrangement may be more beneficial over the other (fee based vs. brokerage). An account with a 'buy and hold' strategy may cost the client less to establish a brokerage account where the client pays a broker commission on trades in that account. The expectation is that there should be little trading in the account, thus lower costs. However, if a client wishes to utilize financial planning, ongoing review and monitoring, rebalancing of investments and periodic changes, a fee- based program may be more suitable. Clients are encouraged to discuss these options with their IAR.

### *What is a commission/brokerage relationship?*

Most of the LMA IARs are also broker/dealer representatives ("broker"). Then a broker acts in a brokerage capacity, he/she does not enter into a fiduciary relationship with the client. For example, in a brokerage relationship, the broker learns the essential facts about the client and offers suitable recommendations at the time the recommendation is given. When acting as a broker, the primary service provided is the trading capabilities for the client's account. The broker earns a commission for the transaction or sale of a brokerage product. The client directs all trading in his/her brokerage account. With this type of account, the broker may also provide recommendations to buy, sell, or hold assets in the account. It is the client's obligation to accept or reject any of these recommendations. Clients may view broker/dealer firm and individual reports through FINRA's BrokerCheck at [www.finra.org](http://www.finra.org).

### *What is a fee based/ investment advisory relationship?*

When the IAR acts as an investment advisor representative ("IAR"), his/her primary service is investment advice and/or management of the client's assets. Typically these services are paid for per an annual fee as outlined in an investment management agreement. As an investment advisory client, the IAR has a fiduciary duty, in accordance with the Investment Advisors Act of 1940, which means that the IAR must act in the client's best interest. In addition, the IAR must make full and fair disclosure of all material facts, especially potential conflicts of interest, and place the client's interests before their own. The following are other obligations associated with a fiduciary duty; to have a reasonable, independent

basis for investment advice, to acquire the best execution possible for client trades when they are responsible for placing account trades, to ensure that investment advice is suited to the client's account investment objectives, needs and circumstances, and to not give one client an unfair advantage in relation to another. To assist in communicating this information to clients, LMA provides a disclosure document, such as this ADV Brochure, describing the services LMA offers, fees, risks, affiliations and any conflicts between LMA's interests and the clients, as well as the business backgrounds of key personnel. The 2B Supplement to the ADV brochure discloses information about the specific IAR.

#### Insurance Agency (other business activity)

LMA is also an insurance agency. Many IARs are also licensed insurance agents. LMA insurance agents may offer insurance products that have a selling agreement with LMA and which proper carrier appointments, educational and applicable state licensing requirements have been met. An insurance agent may receive commissions from the insurance company for products sold. The insurance commissions received are in addition to broker agent trading commissions for securities bought or sold or investment advisor fees earned as part of any other service at LMA.

The recommendation by an LMA representative that a client purchase a security or insurance commission product sold by the Firm presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. However it is part of the Firm's culture and policies that a recommendation should be based on the needs and suitability for the client, not on the compensation received by the representative. No client is under any obligation to purchase any security or insurance product from LMA and/or its representatives. Clients are reminded that they may purchase securities and insurance products recommended by LMA through other, non-affiliated broker-dealers and/or insurance agencies.

#### Continuing Education Provider (other business activity)

LMA may offer continuing education seminars for certified public accountants (CPAs). Educational presentations that comply with the applicable state criteria are occasionally held for CPA's attendance and qualify for the respective number of continuing education credits toward their CPA designation. LMA does not charge a fee for these services. CPA's could refer their clients to LMA for LMA services. No solicitation or referral arrangement exists unless as indicated in Item 14.

### **INDUSTRY AFFILIATIONS**

LMA is part of the Focus Financial Partners, LLC ("Focus") network. As such, LMA is a wholly-owned subsidiary of Focus Operating, LLC, which is a wholly-owned subsidiary of Focus Financial Partners, LLC. Focus also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial service firms (the "Focus Partners"). The Focus Partners provide wealth management, benefit and investment consulting services, serving individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds or limited liability companies as disclosed on their respective Form ADV Schedule D.

LMA clients are not solicited to invest in any other Focus Partners' advisory services, and generally Focus Partners do not recommend securities, services, or other investment products of other Focus Partner Firms, unless so disclosed on their respective Form ADVs and with the clients' informed consent, nor are any transactions executed through another Focus Partner's affiliated broker dealer. Further, the Focus Partners do not market their services or share client information amongst each other without prior client consent. Management of other Focus Partners is not involved in the management of LMA.

A list of the related person investment advisers and broker dealers can be found on LMA's Form ADV Part 1, Schedule D and additional information about Focus can be found at [www.focusfinancialpartners.com](http://www.focusfinancialpartners.com).

LMA receives some economic benefit from non-clients in connection with giving advice to clients. From FC, Schwab and Morningstar Manage Portfolios LMA receives account statements and some online reporting. LMA may receive a monthly rebate on the total monthly average balance of certain money market funds and margin balances held at FC, including its wrap program clients. LMA does not receive soft dollars.

#### Wholesaler events and sponsorship

Mutual fund companies and product wholesalers often provide education opportunities and in-office meetings about their products and services, industry topics, and/or investment strategies for IARs and LMA employees. These meetings are held for those employees and IARs that are interested in attending. The wholesaler typically provides lunch for meeting attendees. On occasion, wholesalers will also sponsor client events, which are indicated on the event invitation or notice, or may make charitable contributions to events where an LMA employee is involved. Employees may also attend fund company or product seminars or conferences that are paid by the fund company or product sponsor. When travel and event attendance costs are covered by the product company, prior firm approval is required by the LMA CCO. Wholesaler monetary contributions are monitored by LMA Compliance to review for material instances of favoritism or questionable activity. While these measures are in place, never the less this could create a conflict of interest in the selection of choosing one fund over the other. Per the LMA Code of Ethics and LMA's general guiding principles, an IAR should do what is in the client's interest. Therefore, should a client have any concerns about the reasoning for recommending one fund over another, please discuss any concerns with the IAR.

## **Item 11 – Code of Ethics**

All broker agents and investment advisor representatives ("Registered Persons"), shall abide by the standards of fair and ethical conduct in all dealings with the public and others. The Code of Ethics addresses the following topics: prohibited activities, personal securities transactions, outside business activities and gifts.

In addition to the foregoing Firm standards, all registered persons of LMA must adhere to the following industry standards in all dealings with the public so as to ensure fair and ethical dealing with clients: excessive and unauthorized trading are not permitted, excessive mark-ups or commissions are not permitted, use of margin accounts is only allowed after internal review; under no circumstances may an IAR open a discretionary trading account for a client without the approval of the Firm's CCO; Registered persons are not permitted to receive securities or hold client funds (i.e. cash, checks) checks should not be made payable to any individual person); Registered persons may not engage in any form of fraudulent activity, such as opening fictitious

accounts to execute transactions that would otherwise be prohibited; in making recommendations to clients as to the purchase of securities or mutual funds registered persons shall not make recommendations beyond a client's capability; free riding and withholding by clients is strictly prohibited (i.e. purchased securities must be paid for before they can be sold; sold securities must be delivered before cash proceeds can be used for other purposes); known or suspected illegal or unethical behavior must be promptly reported to a Firm principal, the Chief Compliance Officer ("CCO") or Chief Executive Officer ("CEO"); and no retaliatory action of any kind will be permitted against anyone making such a report, and the Firm's managing partners and officers will strictly enforce this prohibition.

### *Fiduciary Principles*

All IAR's must comply with all applicable federal securities laws, including the Securities Act of 1933 (the "Securities Act"), the Exchange Act, the Sarbanes-Oxley Act of 2002, the Investment Company Act of 1940, the Advisers Act, Title V of the Gramm-Leach-Bliley Act, Department of Labor ERISA rules, the Bank Secrecy Act as it applies to mutual funds and investment advisers, and any rules adopted there under by the SEC or the Department of the Treasury.

IARs must place clients' interests first and foremost. All IARs must comply with MSRB Rule G-17 in the conduct of their municipal securities or municipal advisory activities and shall deal fairly with all persons and shall not engage in any deceptive, dishonest, or unfair practice.

If any person covered by this Code becomes aware of any violation(s) or potential violation(s) of any of the provisions of this Code or any amendments thereto, they have an affirmative obligation to report such violation(s) or potential violation(s) promptly to the CCO. Failure to report in a prompt manner any violation of this Code or any amendments thereto of which a registered person is aware will be considered itself a violation of the Code and subject to possible disciplinary actions. In the event that a matter implicates the CCO, notice of the violation may be provided to the CEO and/or the General Counsel of Focus Financial Partners, LLC.

### *Pre-Clearance Requirement for Certain Securities Transactions and Prohibited Securities Transactions*

IARs are required to obtain pre-clearance prior to making any and all securities transactions in LMA prohibited or restricted securities. IARs may be prohibited from purchasing certain securities due to LMA's or LMA's affiliates' activities. LMA has policies and procedures in place with regard to purchasing securities for personal and related accounts, which are incorporated in LMA's Written Supervisory and Procedures Manual and the accompanying Investment Advisory Appendix.

NOTE: A complimentary copy of LMA's complete Code of Ethics will be provided upon request by contacting the CCO at 703-761-3907 or [information@laramayllc.com](mailto:information@laramayllc.com).

### Participation or Interest in Client Transactions.

LMA is an introducing broker-dealer and submits retail buy and sell orders for securities and mutual funds and may receive brokerage commissions on these trades. Trades are monitored for suitability, as pertaining to the client's goals and risk tolerances. All trades through FC are scanned through a trading filtering and alert system. A principal either approves, resolves, or cancels problematic trades. Trades are placed on an individual basis by each IAR based on the needs of the client. LMA in itself does not engage in "block trades" on a principal basis.

IAR's may affect a block trade, such as for discretionary programs, or whereby multiple clients of the IAR are purchasing or selling the same security at the same time. The executed price would be averaged for all accounts.

As IAR's operate independently of each other there could be disparity among clients between securities held, price and execution times. It is also possible that at any given time, while one IAR is recommending to a client to "buy" another IAR could be recommending to another client to "sell" the same security. Likewise, 3rd party managers may be buying or selling the same security without knowledge of the activity of the client's investments held elsewhere. Fee-based advisory clients do not pay broker commissions on assets eligible under the annual asset management fee of the program.

An agency cross transaction occurs when an investment adviser acting either as a registered broker-dealer or through an affiliated broker-dealer executes for a fee a transaction between an advised client and a client of the broker-dealer. If LMA recommends an agency cross transaction it must first disclose to the client in writing the capacity in which it is acting and obtain the client's consent to the transaction. Where it is determined that restitution is called for or that a trade must be cancelled and/or corrected, all or part of the disputed trade will be placed in LMA's Error account and corrected accordingly. Any profit resulting from subsequent trade(s) may go to LMA; if determined, losses will be the responsibility of the IAR at fault as determined at the exclusive discretion of the designated LMA principal.

Related persons of LMA (such as employees, IAR's or broker agents of the Firm) may buy or sell for themselves or family accounts, securities that they also recommend to clients. When possible, if an IAR is buying or selling securities for a personal or related account at the same time they are trading for clients, the trades will be aggregated as a block trade with the average price applied to all trades. If there is a discrepancy and a security is bought/sold for a client at the same time it is bought/sold by the IAR the lowest/highest price will go to the client. If the IAR is unable to block the trade for their personal account and the clients account (such as if the account types are different) the IAR will submit the client's trade first if the IAR is on the same side of the trade. If the client and IAR's activity is opposite, the IAR will submit their transaction first. Unsolicited trades will be executed per the client's request and will not apply to these practices. Personal and related accounts are coded as such and trades are monitored by a Firm principal. Additionally, statements of IAR personal accounts outside of LMA are reviewed on a monthly or quarterly basis (as published) for trading conflicts of interest. Clients should consult with the IAR regarding any conflicts of interest or concerns.

## **Item 12 – Brokerage Practices**

LMA is a fully disclosed introducing broker-dealer (Member FINRA/SIPC) utilizing the clearing firm of FC. LMA IARs are able to use this brokerage relationship and avoid paying additional commission charges that may otherwise be charged by a 3rd party broker. LMA also has relationships with other custodians such as Charles Schwab and TD Ameritrade. Advisor programs may be held at these custodians depending on the managers selected and the investment plan needed. The client should discuss the advantages and disadvantages of these options in order to determine which is most suitable for their needs. LMA may receive referrals for recruiting new advisors from FC, Schwab and TD Ameritrade.



LMA advisory accounts held at FC use LMA as the broker/dealer firm and FC, where the accounts are held, to execute trades for LMA's investment advisory accounts. Trades are generally expected to be executed only with the broker/dealer with which the client has entered into a contract. LMA does not receive research services from another broker/dealer. Clients should refer to their program agreement for details on what the investment fee covers and what the client is responsible for.

LMA sponsors certain wrap fee program(s). By participating in the program, clients instruct the applicable sub-advisor(s) to its program account to direct all orders for the purchase and sale of securities for the client's account. In addition, clients may further direct LMA to execute, clear and settle all client orders received by LMA from the applicable sub- advisor(s) through a specified broker-dealer with whom LMA has entered into a clearing agreement.

By directing brokerage to LMA, or designated broker-dealer(s), the client may not necessarily receive best execution on each transaction. As a result of directing brokerage transactions to LMA and the designated broker-dealer(s), the client may pay higher brokerage fees or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the client's account than would otherwise be the case if the applicable sub-advisor(s) had the discretion to place orders for the purchase and sale of securities for the client's account through other broker-dealers. Furthermore, the sub-advisor(s) to the client's account may execute trades for the same securities for its other clients through other broker-dealers ahead of client's trades. By executing non-directed trades ahead of the client's directed trades, the client may receive less favorable executions prices to such sub-advisor's other clients due to, among other things, market movements. In addition, at times the sub-advisor(s) may aggregate trades ("Block Trades") of its other clients through other broker-dealers for the same securities as those being traded by the sub-advisor(s) through LMA for the client. Block Trades may obtain more favorable prices and brokerage charges than transactions excluded from the Block Trades.

In connection with its participation in various wrap programs (including those sponsored by LMA and by 3rd parties), LMA may recommend 3rd parties for custody or brokerage services. LMA may receive direct or indirect benefits through participation in these programs, such as receipt of client statements and confirmations, access to research related products and tools, discounts for conference attendance or prepared presentation materials and sales literature. Furthermore, in connection with its clearing arrangement with FC, LMA receives a rebate from FC on certain money market fund balances held by FC for LMA's clients, including its wrap program clients.

#### Best Execution

LMA periodically reviews best execution practices of custodial and broker-dealer relationships to help LMA clients achieve best execution for their investment plans, including competitive commission rates, settlement, services and transaction fees. Among several factors LMA considers are: custodians and broker-dealer costs, skills, trade settlement, execution quality, dependability, industry compliance practices, and compatibility with the client. Based on the results of this best execution analysis, LMA may recommend clients establish an account with certain custodians that may be able to offer the best alternative to implement their investment plan.

LMA on a Firm level does not aggregate customer orders. See "*Participation or Interest in Client Transactions.*" Refer to Item 11 for more information.

### Unaffiliated Private Investment Funds

LMA brokers, in their separate capacities as brokers representatives of LMA may also offer clients investments in unaffiliated private investment on a non-discretionary commission basis.

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

Valuation. In the event that LMA references private investment funds owned by the client on any supplemental account reports prepared by LMA, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price. Clients are instructed to refer to the statements provided by the custodian for actual account balances and valuations.

### **Item 13 – Review of Accounts**

Accounts are reviewed by the IAR on an annual, quarterly and/or as-needed basis to ascertain whether the current asset allocation is consistent with the client's objectives and goals. If a client has a significant change in their suitability profile, financial or lifestyle situation or goals they should notify their IAR promptly to update their information and ascertain if their current investment plan is still suitable or if changes need to be made. Likewise, if there are significant market changes or industry occurrences, these could also trigger an investment review. Each IAR is responsible for reviewing their client's investment plan and making recommendations.

Clients may receive oral and/or written reports and updates regarding their accounts from the IAR. The IAR's utilize 3<sup>rd</sup> party software packages to generate reports for illustration purposes for the client. Client will receive account statements directly from the custodian of their account(s) on a quarterly and, if applicable, on a monthly basis. Clients should always refer to the reports provided directly from the custodian for account values. Clients may also receive confirmations of transactions directly from the custodian as generated. Clients participating in a LMA's Wrap Fee Program should refer to LMA's Schedule H or LMA's Form ADV Part 2A Appendix 1 for more information on the nature and frequency of reports they are to receive.

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

LMA has current client referral arrangements with Centennial Bank (previously Millennium Bank), Eide Bailly, LLP, McPherson Enterprises, LLC, and David Beauregard of Monument Square Advisors, LLC. Clients referred

to LMA as a result of these arrangements will not be charged higher or additional fees due to the establishment of these arrangements. Compensation to the solicitor as part of these arrangements range from 20 – 50% of fees earned from clients referred. Arrangements are made in accordance with SEC Rule 206(4)-3 and with consideration of the client's state of residence. Clients who are referred must receive a Solicitor's Disclosure document for them to sign their acknowledgment of the solicitor's arrangement along with this ADV 2A Brochure.

## Item 15 – Custody

LMA, IAR's and employees shall not accept securities, hold client checks, directly debit or withdrawal funds from a client's account, serve as sole trustee for a client's assets, have check writing authority on behalf of clients, have full power of attorney, serve as general partner of a private placement/private fund or managing member of an LLC for a pooled vehicle or be in possession of a client's account username and password that would enable them to effect transactions or withdrawal funds. This would not apply to an IAR or employee whom, due to a spousal or family relationship, would serve in that capacity. Clients interested in bookkeeping services will be referred to an unaffiliated 3rd party of LMA.

The custodian of Charles Schwab allows LMA to submit the advisory fee calculations for client accounts to Schwab – *See Item 5 for information on fee calculation*. Accountholders must authorize Schwab to pay the LMA advisor's fees from their account. It is the accountholder's responsibility to verify the accuracy of the fees. Schwab has no obligation to review or monitor these fees. It is recommended that the accountholder contact their LMA Advisor if they have questions. Clients should receive at least quarterly statements from their account custodian. LMA urges clients to carefully review such statements and compare such official custodial records to any reports that LMA or an IAR directly provide. Statements from different custodians may vary from one to another based on their accounting procedures, reporting dates, or valuation methodologies of certain securities.

## Item 16 – Investment Discretion

For those clients wishing to participate in an established Discretionary Program offered by an IAR, LMA requires discretionary authority from the client at the onset of the advisory relationship via a written agreement. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account and in accordance to the Programs guidelines and strategy.

When selecting securities and determining amounts, the IAR observes the investment policies, limitations and restrictions of the clients for which it advises. Any investment guidelines or restrictions placed by the client must be provided to the respective IAR in writing.

## Item 17 – Voting Client Securities

As a matter of Firm policy and practice, IARs do not have the authority to vote proxies on behalf of clients. Either an account's respective 3<sup>rd</sup> party manager or the client may be designated to vote proxies.

## Item 18 – Financial Information

Investment Advisors are required in this Item to provide clients with certain financial information or disclosures about LMA's financial condition. LMA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

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