



**Joseph P. Lucia  
& Associates LLC**  

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**A FINANCIAL ADVISORY GROUP**

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**July 31, 2015**

**FORM ADV PART 2A  
BROCHURE**

This brochure provides information about the qualifications and business practices of Joseph P. Lucia & Associates, LLC. If you have any questions about the contents of this brochure, please contact us at (914) 352-6600. 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 Joseph P. Lucia & Associates, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Joseph P. Lucia & Associates, LLC is 147625.

Joseph P. Lucia & Associates, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated March 6, 2014 there are no material changes to report.

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## Item 4 Advisory Business

### Description of Services and Fees

Joseph P. Lucia & Associates, LLC is a registered investment adviser based in Yorktown Heights, New York. We are organized as a limited liability company under the laws of the State of New York. We have been providing investment advisory services since 2008. Joseph P. Lucia is the Managing Principal and Chief Compliance Officer of our firm.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Joseph P. Lucia & Associates, LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

We are an independent financial adviser that provides wealth management services by incorporating financial planning, investment portfolio management, insurance planning, and estate planning. The combination of industry experience and comprehensive research allows our firm to provide quality advisory services to our clients tailored to their individual needs and circumstances.

### Portfolio Management Services

We offer discretionary and non-discretionary portfolio management services to our clients and prospective clients. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the "suitability information") at the beginning of our advisory relationship. We will use the suitability information we gather from our initial meeting to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. Once we construct an investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis, and will re-balance the portfolio as required by changes in market conditions and in your financial circumstances.

Generally, our clients grant us discretionary authority over the transactions in their accounts. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms.

If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

Our current fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

<b>Assets Under Management</b>	<b>Annual Fee</b>
\$1 to \$100,000	1.50%
\$100,001 to \$500,000	1.25%
\$500,001 to \$5,000,000	1.00%
\$5,000,001 to \$10,000,000	0.85%
Above 10,000,000	0.75%

Our annual portfolio management fees are billed and payable quarterly in arrears. For most accounts, the fees are calculated based on an average daily balance. However, for certain accounts the fees are calculated based on the value of the account on the last day of the previous quarter. If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian.
- We send you a fee statement showing the amount of the fee, the value of the assets on which the fee is based, and the specific manner in which the fee was calculated.
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian, please call our main office number located on the cover page of this brochure.

You may terminate the portfolio management agreement upon notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. Because fees are charged in arrears, no refund policy is necessary.

### **Financial Planning and Consulting Services**

We offer financial planning and consulting services. Financial planning will typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. Consulting services primarily involves advising clients on specific financial-related topics through periodic discussions with the client as needed. Financial planning and consulting may include, but are not limited to life insurance; tax concerns; retirement planning; investment planning; college planning; and debt/credit planning. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. Once we review and analyze the information you provide to our firm, we present you with a strategy designed to help you achieve your stated financial goals and objectives.

Financial plans and consultations are based on the financial information you provide to our firm at the time we present the strategy and/or provide advice to you. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the recommendations through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

We charge a fixed fee for financial planning services, which generally ranges from \$500 to \$10,000. The fixed fee for consulting services will vary depending on the nature of the advice requested. Additionally, all financial planning and consulting fees are negotiable depending upon the complexity and scope of the plan, your financial situation, your objectives, and the estimated time needed to provide the agreed upon services.

Consulting services are also offered on an on-going annual basis for a fixed fee, which generally ranges from \$500 - \$5,000 annually. As part of this annual retainer program, we will generally establish a regular planning cycle to work with you in managing specific aspects of the overall financial plan that are unique to your situation. Additionally, we may meet with your other professional advisers (financial, legal, real estate, tax, etc.) for a series of information gathering and/or implementation meetings. We will act as a project manager to coordinate the work of the appropriate parties in a manner consistent with your long-term desired outcome. As your financial situation, goals, objectives, or needs change, you must promptly notify us.

Generally, we require that you pay 25% of the agreed upon planning and/or consulting fee in advance, with the remaining portion due in 25% installments every three months thereafter. Payments are due on the first day of the relevant billing period. Limited scope general consulting fees may be payable upon completion of the consultation as agreed upon on a case-by-case basis. In any case, we do not require prepayment of a fee more than six months in advance and in excess of \$1,200.

You may terminate financial planning and/or consulting services upon notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement. If you have pre-paid financial planning and/or consulting fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Types of Investments**

We offer advice on equity securities (including exchange listed securities, over-the-counter securities, exchange traded funds, and foreign issuers, such as American Depositary Receipts), warrants, corporate debt and municipal securities (bonds), commercial paper, certificates of deposit, investment company securities (including variable life insurance, variable annuities, and mutual fund shares), US Government securities, options contracts on securities and commodities, and interest in partnerships investing in real estate, oil and gas interests, and other pooled investments.

Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

### **Wrap Fee Programs**

We do not participate in wrap fee programs.

### **Assets Under Management**

As of January 30, 2015, we manage \$67,424,294 in client assets on a discretionary basis, and \$18,240,724 in client assets on a non-discretionary basis.

## Item 5 Fees and Compensation

Please refer to the "Advisory Business" section in this Brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

### Additional Fees and Expenses

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through which your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Disclosure Brochure.

### Compensation for the Sale of Securities or Other Investment Products

Associated Persons of our firm providing investment advice on behalf of our firm who are registered representatives with Great American Investors, Inc (Great American), a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation are eligible to receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives of Great American is separate and in addition to our advisory fees. The receipt of additional compensation could be perceived as an incentive to recommend investment products based on the compensation received. However, you are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm.

Associated Persons of our firm providing investment advice on behalf of our firm who are licensed as independent insurance agents are eligible to receive commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. The receipt of additional compensation could be perceived as an incentive to recommend investment products based on the compensation received. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

Any material conflicts of interest between you and our firm, or our employees are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.

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

We do not accept performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged based on a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. We do not participate in side-by-side management of your accounts with performance-based fee accounts.

## **Item 7 Types of Clients**

We primarily offer investment advisory services to individuals and small businesses. In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your Account if it falls below a minimum size, which, in our sole opinion, is too small to effectively manage.

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

### **Our Methods of Analysis and Investment Strategies**

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

No investment strategy or method of analysis can assure that any trade or investment will result in a profit. Furthermore, each client must understand that any trade or investment could result in a loss and that the value of any client portfolio could decline below the original investment.

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

*Fundamental Analysis* - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data are used to measure the intrinsic value of the company's stock compared to the current market value. Risks associated with fundamental analysis include that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

*Charting and Technical Analysis* - Charting involves gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends. Technical analysis involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

*Cyclical Analysis* - is a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.



*Long-Term Purchases* - securities purchased with the expectation that the value of those securities will grow over a relatively long period, generally greater than one year. Long-term purchases may be affected by unforeseen long-term changes in the company in which you are invested or in the overall market.

*Short-Term Purchases and Trading* - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. We may use trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk. However, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

*Short Sales* - a securities transaction in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price. Short selling is very risky. Unlike a straightforward investment in stocks where you buy shares with the expectation that their price will increase so you can sell at a profit, in a "short sale" you borrow stocks from your brokerage firm and sell them immediately, hoping to buy them later at a lower price. Thus, a short seller hopes that the price of a stock will go down in the near future. A short seller thus uses declines in the market to his advantage. He makes money when the stock prices fall and loses when prices go up. The SEC has strict regulations in place regarding short selling. There is no ceiling on how much a short seller can lose in a trade. The share price may keep going up and the short seller will have to pay whatever the prevailing stock price is to buy back the shares. However, his gains have a ceiling level because the stock price cannot fall below zero. A short seller has to undertake to pay the earnings on the borrowed securities as long as he chooses to keep his short position open. If the company declares huge dividends or issues bonus shares, the short seller will have to pay that amount to the lender. Any such occurrence can skew the entire short investment and make it unprofitable. The broker can use the funds in the short seller's margin account to buy back his loaned shares or issue a 'call away' to get the short seller to return the borrowed securities. If the broker makes this call when the stock price is much higher than the price at the time of the short sale, then the investor can end up making huge losses.

*Margin Transactions* - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan. Margin trading allows you to buy more stock than you would be able to normally. An initial investment of at least \$2,000 is required for a margin account, though some brokerages require more. This deposit is known as the minimum margin. Once the account is opened and operational, you can borrow up to 50% of the purchase price of a stock. This portion of the purchase price that you deposit is known as the initial margin. Some brokerages require you to deposit more than 50% of the purchase price. Not all stocks qualify to be bought on margin. When you sell the stock in a margin account, the proceeds go to your broker against the repayment of the loan until it is fully paid. There is also a restriction called the maintenance margin, which is the minimum account balance you must maintain before your broker will force you to deposit more funds or sell stock to pay down your loan. When this happens, it is known as a margin call. If for any reason you do not meet a margin call, the brokerage has the right to sell your securities to increase your account equity until you are above the maintenance margin. Additionally, your broker may not be required to consult you before selling. Under most margin agreements, a firm can sell your securities without waiting for you to meet the margin call and you cannot control which stock is sold to cover the margin call. You also have to pay the interest on your loan. The interest charges are applied to your account unless you decide to make payments. Over time, your debt level increases as interest charges accrue against you. As debt increases, the interest charges increase, and so on. Therefore,

buying on margin is mainly used for short-term investments. The longer you hold an investment, the greater the return that is needed to break even. In volatile markets, prices can fall very quickly. You can lose more money than you have invested.

*Options Writing* - a securities transaction that involves selling options. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller receives from the buyer a premium (the market price of the option at a particular time) in exchange for writing the option.

Options are complex securities that *involve risks and are not suitable for everyone. Options trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital.* Selling options is more complicated and can be even riskier. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the "expiration date").

The two types of options are calls and puts:

- A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires.

The risks pertaining to options buyers are:

- Risk of losing your entire investment in a relatively short period of time.
- The risk of losing your entire investment increases if, as expiration nears, the stock is below the strike price of the call (for a call option) or if the stock is higher than the strike price of the put (for a put option).
- European style options, which do not have secondary markets on which to sell the options prior to expiration can only, realize its value upon expiration.
- Specific exercise provisions of a specific option contract may create risks.
- Regulatory agencies may impose exercise restrictions, which stops you from realizing value.

The risks pertaining to options sellers are:

- Options sold may be exercised at any time before expiration.
- Covered Call traders forgo the right to profit when the underlying stock rises above the strike price of the call options sold and continues to risk a loss due to a decline in the underlying stock.
- Writers of Naked Calls risk unlimited losses if the underlying stock rises.
- Writers of Naked Puts risk substantial losses if the underlying stock drops.
- Writers of naked positions run margin risks if the position goes into significant losses. Such risks may include liquidation by the broker.
- Writers of call options can lose more money than a short seller of that stock can lose on the same rise on that underlying stock. This is an example of how the leverage in options can work against the option trader.
- Writers of Naked Calls are obligated to deliver shares of the underlying stock if those call options are exercised.
- Call options can be exercised outside of market hours such that effective remedy actions cannot be performed by the writer of those options.

- Writers of stock options are obligated under the options that they sold even if a trading market is not available or that they are unable to perform a closing transaction.
- The value of the underlying stock may substantially rise or fall unexpectedly, leading to an exercise prior to expiration.

Other options trading risks are:

- The complexity of some options strategies is a significant risk on its own.
- Options trading exchanges or markets and options contracts are open to changes at all times.
- Options markets have the right to halt the trading of any options, thus preventing investors from realizing value.
- Risk of erroneous reporting of exercise value.
- If an options brokerage firm becomes insolvent, investors trading through that firm may be affected.
- Internationally traded options have special risks due to time zone differences.

General risks that are not limited to options trading include market risk, sector risk and individual stock risk. Since stock options are a derivative of stocks, options trading risks are closely related to stock risks.

*International Investments* - There may be specific risks associated with investing internationally such as changes in currency rates, foreign taxation, differences in auditing and financial standards, and other risks which may be associated with specific country investments.

*High-Yield Bonds* - There may be specific risks associated with investing in high-yield bonds related to credit worthiness, limitation on marketability of the bonds, and the ability of the borrower to repay the debt.

*Concentration of Investments* - There may be increased risk and volatility in concentrating investments in one economic sector or geographical region.

#### *Tax Considerations*

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### *Risk of Loss*

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the *Advisory Business* section in this brochure, we advise on various types of securities. We do not necessarily recommend one particular type of security over another, since each client has different needs and different tolerances for risk. Each type of security has its own unique set of associated risks. Risks can vary widely, even within the same type of securities. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

We do recommend mutual funds and some exchange traded funds. Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and exchange-traded funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds and exchange-traded funds can be reduced by the costs to manage the funds. In addition, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds charge such fees, which can also reduce returns. Mutual funds can also be "closed end" or "open end." So-called "open end" mutual funds continue to allow in new investors indefinitely, which can dilute other investors' interests. We primarily recommend no-load funds.

## **Item 9 Disciplinary Information**

Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

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

### **Registrations with Broker-Dealer**

Certain Associated Persons providing investment advice on behalf of our firm are registered representatives with Great American Investors, Inc., a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. See *Fees and Compensation* section above in this brochure for additional information regarding this relationship.

### **Insurance Related Activities**

Certain Associated Persons of our firm are licensed as independent insurance agents. Please see the *Fees and Compensation* section above in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting us at (914) 352-6600.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

### **Personal Trading Practices**

We may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we could have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. As such, we have adopted a written Code of Ethics designed to prevent and detect personal trading activities that may interfere or be in conflict with client interests, as discussed above in this section.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

## **Item 12 Brokerage Practices**

We do not maintain custody of your assets that we manage, or on which we advise you, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see *Item 15 - Custody*, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker/dealer or bank. We maintain business relationships with several broker-dealers. While you are free to choose any broker-dealer or other service provider, if you engage us for portfolio management services, we routinely require that you establish an account with an unaffiliated brokerage firm with which we have an existing relationship.

We are independently owned and operated and are not affiliated with recommended broker-dealer. The recommended broker-dealer will hold your assets in a brokerage account and will buy and sell securities when instructed by you or us. While we recommend that you use a particular broker-dealer/custodian, you will decide whether to do so and will open your account with the broker-dealer/custodian by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor.

We primarily recommend you use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, but other recommendations may be made based on the type of account or other individual considerations.

### **Research and Other Benefits**

Some advisers pay brokerage firms for their services through commission revenue, as opposed to through normal direct payments (or hard dollar fees). We do not have a formal soft dollar arrangement with any brokerage firm. However, we may receive certain benefits provided to our firm, including but not limited to market information and administrative services that help our firm manage your account(s). We believe that recommended broker-dealers provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers, including the value of the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of the services recommended broker-dealers provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

Our relationship with Schwab may include benefits provided to our firm as described more fully below.

#### *How We Select Brokers/Custodians*

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see " *Products and Services Available to Us From Schwab* ")

#### *Your Brokerage and Custody Costs*

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services, but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account.

#### *Products and Services Available to Us From Schwab*

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts; while others help us



manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

#### *Services That Benefit You*

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

#### *Services That May Not Directly Benefit You*

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, record-keeping, and client reporting

#### *Services That Generally Benefit Only Us*

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

#### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

**Directed Brokerage**

We routinely require that you direct our firm to execute transactions through Schwab or another independent, qualified custodian as described above. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage to particular service providers.

Certain Associated Persons providing investment advice on behalf of our firm are registered representatives of Great American Investors, Inc. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from Great American Investors, Inc., unless Great American Investors, Inc. provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting certain securities transactions through Great American Investors, Inc. It may be the case that Great American Investors, Inc., charges higher transactions costs and/or custodial fees than another broker charges for the same types of services. If transactions are executed through Great American Investors, Inc., these individuals (in their separate capacities as registered representatives of Great American Investors, Inc., may earn commission-based compensation as result of placing the recommended securities transactions through Great American Investors, Inc. The receipt of additional compensation may give us an incentive to recommend investment products based on the compensation received. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as, we recommend. We do not direct any securities transactions for which an advisory fee is charged to Great American. Securities transactions and insurance transactions are commission only and are not included in the calculation of advisory fees.

Please see the "Fees and Compensation" section in this Brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

**Block Trades**

Where available, we combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as block trading). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

We only combine multiple orders for shares of the same securities purchased for discretionary accounts; however, we do not combine orders for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm. Mutual Fund shares do not trade in blocks.



## Item 13 Review of Accounts

Joseph Lucia, Managing Principal, of Joseph P. Lucia & Associates, LLC will monitor your accounts on a continuous basis. Investment performance will be monitored and reported to you on a quarterly basis. The investment performance of your portfolio shall be compared against the appropriate benchmarks. The investment program will be reviewed at least annually to assure that it continues to achieve your stated investment objectives and is within your tolerance for risk. Since this investment program is long-term in nature, we will continually review changes in your financial circumstances and investment profile to maintain equilibrium with your investment objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

We will send you a written quarterly report in conjunction with account reviews. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

If you engage us for ongoing financial planning, we recommend a review meeting at least annually. If you are a financial planning only client, we will review your financial plan only at your request and for a separate fee. The fee will be based upon the scope of the services offer and may be hourly or offered at a set fee. Our fee for this service is negotiable. Otherwise, we do not review or monitor financial plan. If you do not implement your planning services through our firm, at your request, we may meet with you to discuss asset allocation, but we will not make recommendations regarding specific investments or provide any regular written reports to you.

## Item 14 Client Referrals and Other Compensation

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with Great American Investors, Inc.

As disclosed under the "Fees and Compensation" section in this Brochure, certain persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with Great American Investors, Inc., a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the potential conflicts of interest this presents, and how we address these potential conflicts, please refer to the "Fees and Compensation" section.

## **Item 15 Custody**

As paying agent for our firm, your custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact Joseph Lucia, Managing Principal at (914) 352-6600.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s).

## **Item 17 Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. We will not take any action or render any advice with respect to the voting of proxies solicited by or with respect to the issuers of securities in which assets of the Account may be invested from time to time except as may be directed by the Client and except as may be otherwise required by law.

If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

Our firm does not have any financial conditions or impairments that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

We have never been the subject of a bankruptcy petition.

## **Item 19 Requirements for State Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, the trade error will be corrected in the trade error account of the executing broker-dealer and you will not keep the profit.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will never sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact Joseph Lucia, Managing Principal at (914) 352-6600, if you have any questions regarding this policy.