



January 1, 2016

FORM ADV PART 2A ("FIRM BROCHURE")  
FOR CAROLINA CAPITAL CONSULTING, INC.

## Item 1 – Cover Page

# Carolina Capital Consulting, Inc.

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**This brochure provides information about the qualifications and business practices of Carolina Capital Consulting, Inc. If you have any questions about the contents of this brochure, please contact us at 704-541-3199. 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 Carolina Capital Consulting, Inc. is also available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). The searchable IARD/CRD number for Carolina Capital Consulting, Inc. is 116802.**

**Carolina Capital Consulting, Inc. is a Registered Investment Advisor. 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**

Carolina Capital Consulting, Inc. reviews and update our brochure at least annually. We have made the following material changes since the last annual update to our Brochure dated January 1, 2015:

We have updated Item 9 to reflect that the firm has not been involved in any events relative to this Item.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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## Item 4 – Advisory Business

Carolina Capital Consulting, Inc.'s registration was granted by the U.S. Securities and Exchange Commission on February 1, 2006.

Listed below are the firm's principal shareholders (i.e. those individuals and/or entities controlling 25% or more of this company).

- Brian Hadley Fenn is President and Chief Compliance Officer

Carolina Capital Consulting, Inc. ("CCC") offers the following advisory services to our clients:

### FINANCIAL PLANNING AND CONSULTING

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a report which provides the client with a detailed financial plan designed to assist the client in achieving his or her financial goals and objectives.

From time to time CCC is asked to provide general consulting services to clients. This may include advice on only an isolated area of concern such as estate planning, retirement planning, real estate matters, reviewing a client's existing portfolio, or any other specific topic. Also, from time to time CCC will outsource various professional activities related to the financial plan (i.e. bookkeeping, tax preparation, etc.) to third party vendors/professionals. Additionally, CCC provides advice on non-securities matters such as insurance or annuity evaluations.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, powers of attorney, estate tax and asset protection plans.

## **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## **AMOUNT OF MANAGED ASSETS**

As of December 31, 2015 the firm managed assets on a discretionary basis in the amount of \$210,836,173, which represented 100 relationships.

## Item 5 – Fees and Compensation

Clients are charged an hourly, fixed or an asset-based fee for financial planning and consulting services. The hourly fees range from \$60 to \$295 per hour. A project fee is determined on a case-by-case basis, with the client given a range of project costs before the engagement is accepted. Fixed fees range from \$750 to \$5,000 and in some cases one-half of the project fees will be required upfront.

Asset based fees are reserved for clients with financial circumstances that require ongoing planning and consultations. In most cases, fees are paid quarterly in arrears. Fees are due on the first day of the calendar quarter, and are based on the account's average daily balance during the prior calendar quarter. Fees are generally prorated for accounts opened during the quarter. Some relationships will include the payment of fees to be paid quarterly in advance. In this case, fees are due on the first day of the calendar quarter, and are based on the account's asset value as of the last business day of the prior calendar quarter. The payment of fees will be determined at the time of engagement and outlined in the Investment Advisory Agreement.

Fees for investment management services generally range from 0.25% to 1.25% per year of the assets under management. Fees are negotiable for clients whose assets under management exceed \$5.0 million.

**Limited Negotiability of Advisory Fees:** Although CCC has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

Accounts are generally subject to a \$2,500 minimum fee per quarter. Fees are generally based on the assets under management and the range of services being provided.

### GENERAL INFORMATION

**Termination of the Advisory Relationship:** An advisory client will have a period of five (5) business days from the date of signing the investment advisory agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, either party may terminate the investment advisory agreement with written notice. Upon termination, fees will be prorated to the date of termination. In the event the customer is being billed in advance, all unearned fees will be refunded to the client.

**Mutual Fund Fees:** All fees paid to CCC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to CCC's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**ERISA Accounts:** CCC is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

**Custodian Fees:** The account Custodian may charge fees, which are in addition to and separate from the investment advisory service fee. Custodians may charge accounts for various transaction costs, retirement plan and administration fees. In addition, some mutual fund assets deposited in the account may have been subject to deferred sales

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charges and 12b-1 fees and other mutual fund annual expenses as described in the fund's prospectus.



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

As of December 2014, Item 6 is not applicable to CCC. CCC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). Such acceptance or management would pose a significant conflict of interest to our clients because performance-based fees may provide an incentive to favor such accounts over the accounts of clients under our other advisory programs. CCC considers avoidance of such conflict a paramount policy in maintaining our fiduciary duty to our clients.

## **Item 7 – Types of Clients**

Types of clients are individuals, pension plans, trusts, estates, charitable organizations, corporations and other business entities.

CCC requires a minimum of \$1,000,000 to establish a new advisory account; however, the minimum may be waived at the sole discretion of the Advisor. In addition, CCC may continue to service existing accounts that have values that are below the minimum.

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

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### INVESTMENT STRATEGIES

We use the following strategies in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- We believe the securities to be currently undervalued, and/or
- We want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

***Risk of Loss.*** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

CCC's investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

Interest-rate Risk: The risk that investment returns will be affected by changes in the level of interest rates. When interest rates increase, the prices and values of bonds decrease. When interest rates decrease, the prices and values of bonds increase.

Market Risk: The risk that investment returns will be affected by changes in the overall level of the stock market. When the stock market as a whole increases or decreases, virtually all stocks are affected to some degree.

Reinvestment Rate Risk: The risk incurred when an investment's income is reinvested at a lower rate than the rate that existed at the time the original investment was made. This risk is most prevalent when interest rates fall.

Purchasing Power Risk (Inflation Risk): The risk that inflation will affect the return of an investment in real dollars. In other words, the amount of goods that one dollar will purchase decreases with time. Investments that have low returns, such as savings accounts, are not likely to keep up with inflation. Investments with fixed returns, such as bonds, will decrease in value because their purchasing value will decrease with inflation.

Business Risk: The risk associated with a particular industry or firm. These are factors that affect the industry or firm, but do not affect the whole market. They include government regulations, management competency, or local or regional economic factors.

Financial Risk: The risk associated with the mix of debt and equity used to finance a firm. The greater the financial leverage, the greater the financial risk.

Currency Risk (Exchange Rate Risk): The risk that a change in the value of a foreign currency relative to the U.S. dollar will negatively affect a U.S. investor's return.

Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

In general, cash equivalents provide liquidity with minimum income, and a return of principal with no capital appreciation. Cash equivalents are, however, subject to purchasing power risk.

Fixed income investments provide current income. Usually, the longer the maturity of the security, the higher the income it will generate. Also, with longer maturities, fixed income investments will have greater price volatility and greater opportunity for capital gains or capital losses. Fixed income investments are subject to interest-rate risk, reinvestment rate risk, and purchasing power risk. In addition, foreign bonds would be subject to currency rate risk and junk bonds would be subject to business risk and financial risk.

The return of principal for bond funds and funds with significant underlying bond holdings is not guaranteed. Mutual fund shares are subject to the same interest-rate, inflation, and credit risks associated with the underlying bond holdings. Lower rated bonds are subject to greater fluctuations in value and risk of loss of income and principal than higher rated bonds.

Equity investments are subject to greater volatility, thus providing a greater opportunity for capital gains, and a greater opportunity for capital losses. Equity investments offer little or no current income. Equity investments are subject to market risk and interest-rate risk, while providing an opportunity to protect against purchasing power risk. Also, stock mutual funds, rather than individual equities, may limit the exposure to business risk and financial risk.

Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity, and price volatility. These risks may be heightened in connection with investments in developing countries. Small-company stocks entail additional risks, and they can fluctuate in price more than larger company stocks.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Different types of investments involve varying degrees of risk, and the client should not assume that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended by CCC) will be profitable or equal to any specific performance level(s).

## **Item 9 – Disciplinary Information**

The firm and its employees have no reportable legal or disciplinary events.

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

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

## Item 11 – Code of Ethics

CCC has adopted a Code of Ethics for the purpose of instructing its personnel in their ethical obligations and to provide rules for their personal securities transactions. CCC and its personnel owe a duty of loyalty, fairness and good faith towards their clients, and the obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code. The Code of Ethics covers a range of topics that may include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. CCC will provide a copy of the Code of Ethics to any client or prospective client upon request.

CCC is a Managing Member of one private fund. As Managing Member, CCC has primary responsibility for investment management and administrative matters (such as accounting, tax and periodic reporting) pertaining to the funds. CCC and our members, officers and employees will devote to the funds as much time as we deem necessary and appropriate to manage the funds' business. CCC is not restricted from forming additional investment funds, entering into other investment advisory relationships or engaging in other business activities, even though such activities may be in competition with the funds and/or may involve substantial time and resources of our firm and our affiliates. Potentially, such activities could be viewed as creating a conflict of interest in that the time and effort of our management personnel and employees will not be devoted exclusively to the business of the funds, but could be allocated between the business of the funds and our other business activities.

The funds are not required to register as an investment company under the Investment Company Act of 1940 in reliance upon an exemption available to funds whose securities are not publicly offered. CCC manages the funds on a discretionary basis in accordance with the terms and conditions of the funds' offering and organizational documents.

Associated persons own an interest in or buy or sell for their own accounts the same securities, which are purchased or sold in the accounts of advisory clients. Associated persons seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients and their personal transactions are regularly monitored.

Associated persons are aware of the rules regarding material non-public information and insider trading. Associated persons may also buy or sell a specific security for their own account based on personal investment considerations, which CCC does not deem appropriate to buy or sell for clients.



It is the expressed policy of CCC that no person employed by the firm may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.

As these situations may represent a conflict of interest, CCC has established the following restrictions in order to ensure its fiduciary responsibilities:

- 1) A director, officer or employee of the firm shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of CCC shall prefer his or her own interest to that of the advisory client.
- 2) CCC maintains a list of all securities holdings for itself, and anyone associated with this advisory practice. These holdings are reviewed on a regular basis by Brian Fenn.
- 3) CCC requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- 4) Any individual not in observance of the above may be subject to termination.

## Item 12 – Brokerage Practices

In most cases, asset management services charged by the advisor are offered through TD Ameritrade or Fidelity Institutional. Both custodians offer flexible no-load mutual fund platforms. For each client the selection of broker/dealer will be made based on specific fund availability, transaction costs, client desire to access account information via the World Wide Web, anticipated activity level within the account and the need for convenient technological interface.

The account Custodian may charge fees, which are in addition to and separate from the investment advisory service fee. Custodians may charge accounts for various transaction costs, retirement plan and administration fees. In addition, some mutual fund assets deposited in the account may have been subject to deferred sales charges and 12b-1 fees and other mutual fund annual expenses as described in the fund's prospectus. However, none of these fees charged by either the Custodian or a mutual fund company are available to CCC. Advisory clients should also note that fees for comparable services vary and lower fees for comparable services may be available from other sources.

CCC participates in the institutional program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA, an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services that include custody of securities, trade execution, clearance, and settlement of transactions.

CCC participates in TD Ameritrade's Institutional advisor program and CCC may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between CCC's participation in the Program and the investment advice it gives to its clients, although CCC receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research-related products and tools; consulting services; access to a trading desk serving CCC participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers. TD Ameritrade may also have paid for business consulting and profession services received by CCC's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit CCC but may not benefit its client accounts. These products or services may assist CCC in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help CCC manage and

further develop its business enterprise. As part of its fiduciary duties to clients, CCC endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by CCC or its related persons in and of itself creates a potential conflict of interest and may indirectly influence CCC's choice of TD Ameritrade for custody and brokerage services.

Generally, in addition to a broker's ability to provide "best execution," CCC may also consider the value of the "research" or additional brokerage products and services a broker-dealer has provided or may be willing to provide. This is known as paying for those services or products with "soft dollars." Because many of the services or products could be considered to provide a benefit to CCC, and because the "soft dollars" used to acquire them are client assets, CCC could be considered to have a conflict of interest in allocating client brokerage business: it could be valuable benefits by selecting a particular broker or dealer to execute client transactions and the transaction compensation charged by that broker or dealer might not be the lowest compensation CCC might otherwise be able to negotiate. In addition, CCC could have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services.

CCC's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), CCC will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, we generally determine, considering all the factors described below, that the compensation to be paid to TD Ameritrade is reasonable in relation to the value of all the brokerage and research products and services provided by TD Ameritrade. In making this determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services and products in our performance of our overall responsibilities to all of our clients. In some cases, the commissions or other transaction fees charged by a particular broker-dealer for a particular transaction or set of transactions may be greater than the amounts another broker-dealer who did not provide research services or products might charge.

## **BLOCK TRADING**

In placing its orders to purchase or sell securities in accounts, principals of the firm may elect to aggregate orders. In so doing, the firm will not aggregate transactions unless aggregation is consistent with its duty to seek best execution and the terms of CCC's

investment advisory agreement with each client for which trades are being aggregated; no advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all CCC's transactions in that security on a given business day, with transaction costs shared pro-rata based on each client's participation in the transaction; CCC will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients.

If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement; if the order is partially filled, it will be allocated pro-rata based on the Allocation Statement; notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for different allocation is explained in writing and is approved in writing by CCC's compliance officer no later than one hour after the opening of the markets on the trading day following the day the order was executed.

CCC's books and records will separately reflect, for each client account, the orders of which are aggregated, the securities held by, and bought and sold for that account; funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the client's cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement; CCC will receive no additional compensation of any kind as a result of the proposed aggregation; and individual investment advice and treatment will be accorded to each advisory client.

CCC's fundamental policy is to seek for its clients what in its judgment will be the best overall execution of purchase or sale orders and the most favorable net prices in securities transactions consistent with its judgment as to the business qualifications of the various broker or dealer firms with which CCC may do business. Decisions with respect to the market in which the transaction is to be completed, the form of the transactions, and the allocation of orders among brokers or dealers are made in accordance with this policy.

In selecting brokers or dealers to effect portfolio transactions, consideration is given to the proven integrity and financial responsibility of the various firms as well as to their demonstrated execution experience and capacity generally and in regard to particular markets or securities and to the competitiveness of the commission rates they charge.

With respect to any brokerage commissions charged by executing broker/dealers, CCC will regularly and continuously review such charges within the foregoing criteria and

such other comparative standards which it may regard as pertinent for the purpose of evaluating the reasonableness of such commissions. As permitted by law, and specifically by provisions of Section 28(e) of the Securities Exchange Act of 1934, CCC may cause its clients to pay a broker/dealer an amount of commission for executing a portfolio transaction order on behalf of its clients which is in excess of the commissions other broker/dealers would have charged for effecting such a transaction. In order to do so, CCC must determine in good faith that the higher commissions are reasonable in relation to the value of the brokerage and research services provided by the executing broker/dealer viewed in terms of either a particular transaction or CCC's overall responsibilities to its other clients. Certain research provided by the Custodian may assist CCC in managing and administering client accounts. Others do not directly provide such assistance, but rather assist CCC to manage and further develop its business enterprise. This arrangement represents a potential conflict of interest.

### **Item 13 – Review of Accounts**

Accounts are reviewed on a continual basis. Client reviews are normally conducted annually, or more often upon client request. The scope of the review is dependent upon the complexity of each client's circumstances. Brian H. Fenn, as President of Carolina Capital Consulting, oversees all reviews. Third-party custodians generate and mail reports directly to clients at least quarterly. These statements give detailed information on holdings, transactions, and fees. Additionally, Carolina Capital Consulting provides performance reports to most investment advisory clients on a quarterly basis. These reports may include cost basis, investment returns, and other applicable performance information.

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

It is CCC's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is CCC's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

CCC recommends TD Ameritrade to clients for custodial and brokerage services. In doing so, CCC receives economic benefits through its participation in the program. CCC, through its participation in the program, may receive discounts on compliance, marketing, technology, and practice management products or services provided by third party vendors. The benefits received by CCC, or its related persons, do not depend on the amount of brokerage transactions directed to TD Ameritrade.

## Item 15 – Custody

Brian Fenn or Carolina Capital Consulting is deemed to have custody of client funds per SEC rules as Mr. Fenn acts as Trustee of a client's trust account. Because we are deemed to have custody of client funds in these situations, we are subject to annual surprise audit requirements enacted by the SEC in early 2010. Our annual audit has been successfully completed each year since 2010. The independent auditor's report was filed with the SEC shortly after completion of the audit.

Under Item 5, Carolina Capital Consulting has disclosed that our firm directly debits advisory fees from client accounts. Clients sign a limited power of attorney allowing CCC to execute trades and deduct fees from the client's advisory account maintained with the custodian.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from the client's account. On at least a quarterly basis, but typically monthly, the custodian is required to send the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, Carolina Capital Consulting strongly recommends clients carefully review their custodial statements to verify the accuracy of the fee calculation and any other transactions. Clients should contact us directly if they believe there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, Carolina Capital Consulting also prepares portfolio statements. Carolina Capital Consulting urges clients to carefully compare the information provided on these statements to insure portfolio values are correct and current.



**Item 16 – Investment Discretion**

In all client accounts, CCC has been granted the authority to select the amount of securities to be bought or sold without specific client consent.

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 – Voting Client Securities**

The firm does not vote proxy statements on behalf of advisory clients.

## **Item 18 – Financial Information**

CCC has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

CCC has not been the subject of a bankruptcy petition at any time during the past ten years.