

**Part 2A of Form ADV: *Firm Brochure***

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**This brochure provides information about the qualifications and business practices of Billeaud Capital Management, Inc. (hereinafter “BCM” or “firm” or “we”). If you have any questions about the contents of this brochure, please contact us at (337) 233-7758 or at [bo@billeaudcapital.com](mailto:bo@billeaudcapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about BCM is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for BCM is 107946.**

## **Item 2. Summary of Material Changes**

On July 21, 2010, the U. S. Securities and Exchange Commission (the "SEC") unanimously adopted changes to Form ADV, Part II. All fifty states have also adopted the new format, with some additional state-specific disclosures mandated. The new Part 2, also known as the "Brochure" has 18 separate items that our firm must address (19 for state-registered advisers), each of which requires disclosure on a distinct topic, and answers must be presented in the order of the items in the form, using the headings in the form. Our goal is to provide you with easy-to-understand "plain-English disclosure," using an easy-to-read format and definite, concrete, everyday words.

Our current (updated) Form ADV, Part 2 will be available to our existing and prospective clients 24 hours a day through the Investment Adviser Public Disclosure website. Additionally, we will annually and within 120 days of the end of our fiscal year, provide you either: (i) a copy of our Form ADV, Part 2 that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV, Part 2. We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

Billeaud Capital Management, Inc. made the following changes to Form ADV, Part 2:

- Item 4 has been amended to remove the reference to the SEC in the description of the firm as a registered investment adviser.
- Item 4 has been amended to reflect the assets under management as of August 31, 2016.
- Item 4 has been amended to remove the reference to the sale of proprietary research to other non-affiliated investment advisory firms.
- Item 4 has been amended to include a description of the financial planning services performed by the firm.
- Item 5 has been amended to remove the reference to the fee charged to other advisory firms for the proprietary research.
- Item 5 has been amended to state that the fees for the financial planning services are included in the fees charged for the Portfolio Management Services.
- Item 10 has been amended to remove the reference to the financial planning services performed by George Holland through Holland Investments, LLC.

**Item 3. Table of Contents**

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

#### **Item 4. Advisory Business**

BCM is a fee-based Registered Investment Adviser with its principal place of business located in Lafayette, Louisiana. We have been in business since 1987, as a sole proprietorship until 1991 and as an incorporated entity from 1991 to present, with Joseph Steckler Billeaud as the majority direct owner and President, and Ernest Hille Domingue as a minority owner and Chief Compliance Officer.

Discretionary assets under our firm's management were \$330,402,985 as of December 31, 2016. Non-discretionary assets under our firm's management were \$0 as of December 31, 2016.

##### Portfolio Management Services

BCM is in the business of managing individually tailored investment portfolios. 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. We may also review and discuss a client's prior investment history, as well as family composition and background.

We will manage advisory accounts on a discretionary or non-discretionary basis, depending on the specific agreement with the client. For discretionary accounts, we will implement transactions without seeking prior client consent. For non-discretionary accounts, we will seek prior client consent for every contemplated transaction. Therefore, clients with non-discretionary accounts should understand that any delay in obtaining consent may result in less favorable transaction terms, including higher security price and/or higher commissions and/or limited availability of the securities sought.

Account supervision is guided by the stated objectives of the client, as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

In conjunction with certain ERISA accounts, BCM has contracted with BAM Advisors Services, LLC for Advisors Access™ 401(k) services, including access to model investment portfolios and administrative and marketing support services. BAM receives a portion of the Advisors Access fees paid by participating 401(k) plans. In accordance with the Agreement between BAM and BCM, BAM receives a portion of the Advisors Access fees paid by participating 401(k) plans.

## Services in General

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will primarily include advice regarding “no-load” or “load-waived” mutual funds, exchange-listed securities, corporate debt securities, exchange traded funds, United States governmental securities, certificates of deposit, variable annuities, and municipal securities.

## Financial Planning Services

BCM performs financial planning services exclusively for clients of BCM, including retirement income projections, education funding, debt reduction planning and insurance review.

## **Item 5. Fees and Compensation**

### Portfolio Management Services

Our annual fees for Portfolio Management Services are based on the net asset value of the client account(s), including cash, as shown on the client account statement shown at the end of a calendar quarter, in accordance with the following schedule:

Up to \$2,000,000	- 1.00% per year
\$2,000,001 to \$5,000,000	- 0.75% per year
\$5,000,001 to \$10,000,000	- 0.60% per year
\$10,000,0001 and above	- 0.50% per year

Portfolio management fees are directly debited in arrears, at the end of each quarter, based upon the billable balance on the last day of that calendar quarter, pro-rated for additions and withdrawals.

### Financial Planning Services

Financial planning services are performed exclusively for clients of BCM. The fees for these services are included in the fees charged for Portfolio Management Services.

### Fees in General

Fees and account minimums for all services are negotiable based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). For clients that do not meet account minimums, we may offer portfolio management and financial planning services for an agreed upon minimum fee, paid quarterly in arrears. That minimum fee may exceed 1% of net value of the client’s account. Once the account minimum is met, our standard fee schedule will apply.

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

We may group certain related client accounts for the purposes of determining the account size and/or annualized fee.

Certain legacy client agreements may be governed by fee schedules different from those listed above.

Since we bill all fees in arrears, under no circumstances will we require or accept fees in advance of services rendered.

#### Account Termination

Clients will have a period of five (5) business days from the date of signing the agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, the client may terminate the agreement by providing us written notice at our principal place of business. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Mutual Fund and ETF Fees and Expenses: All fees paid to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and 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. A client could invest in a mutual fund or and ETF directly, without the services of our firm. In that case, the client would not receive the services provided by us which are designed, among other things, to assist the client in determining which mutual fund or funds or ETFs are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and ETFs and the fees charged by us to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

#### Brokerage and Custodian Fees

In addition to advisory fees paid to our firm, clients will also be responsible for all transaction, brokerage, and custodian fees incurred as part of their account management. Please see Item 12 of this Brochure for important disclosures regarding our brokerage practices.

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

We do not charge any fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7. Types of Clients**

Our firm generally provides advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and other business entities.

Generally, we require a minimum account size of \$250,000 of assets under management for Portfolio Management Services.

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

Our firm employs the following types of analysis to formulate client recommendations:

Fundamental Analysis: Fundamental analysis of a business involves analyzing its income statement, financial statements and health, its management and competitive advantages, and its competitors and markets. Fundamental analysis school of thought maintains that markets may mis-price a security in the short run but that the "correct" price will eventually be reached. Profits can be made by trading the mis-priced security and then waiting for the market to recognize its "mistake" and re-price the security. However, 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. Therefore, unforeseen market conditions and/or company developments may result in significant price fluctuations that can lead to investor losses.

Mutual fund and/or ETF analysis: We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other funds in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable of the client's portfolio.

Technical analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and to potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Risks for all forms of analysis: Our securities analysis method relies 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.

Our firm employs the following investment strategies to implement investment advice given to clients:

Long-term purchases: We mostly purchase securities with the idea of holding them in the clients account for a year or longer. We may do this because we believe the securities to be currently undervalued. We may do this because 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 advantages 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.

Short-term purchases: At times, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A risk in a short-term purchase strategy is that, should the anticipated price swing not materialize, we are left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

***Clients should understand that investing in any securities, including mutual funds and ETFs, involves a risk of loss of both income and principal.***

## **Item 9. Disciplinary Information**

Our firm has no reportable disciplinary events to disclose.



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

Mr. Domingue, who is the Chief Compliance Officer of BCM, is the sole owner/member of Hille Investments, LLC, which is a holding company that has ownership interests in closely held operating companies. These investment vehicles are not open to outside investors and advisory clients of our firm have not been, and will not be, solicited to invest in them.

Additionally, Mr. Domingue performs consulting services on a contract basis for certain companies, including for a Registered Investment Advisor, other than BCM.

These non-advisory activities present a potential conflict of interest to the extent that these non-BCM activities may require a time commitment from Mr. Domingue, thus limiting the amount of time he can dedicate to his duties with BCM.

Ms. McMenemon, who is an Investment Advisor Representative of BCM, is the Managing Member of Compass Capital Partners, which holds a non-working interest in an oil and gas property. This investment vehicle is not open to outside investors and advisory clients of our firm have not been, and will not be, solicited to invest in this company or its ventures.

This non-advisory activity presents a potential conflict of interest to the extent that this non-BCM activity may require a time commitment from Ms. McMenemon, thus limiting the amount of time she can devote to her duties with BCM.

Since we endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser and take the following steps to address this conflict:

1. We disclose to clients the existence of all material conflicts of interest, including the potential for our firm and its employees to earn compensation from advisory clients in addition to our advisory fees;
2. We disclose to clients that they are neither obligated nor allowed to purchase these interests from our firm or its employees;
3. We do not pay or collect referral fees from any *related* persons or entities;
4. We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
5. Our management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;

6. We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
7. We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
8. We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

**Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading**

Code of Ethics Disclosure

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code provides for oversight, enforcement and recordkeeping provisions. A copy of our Code of Ethics is available to our advisory clients and prospective clients upon request to Ernest Domingue, Chief Compliance Officer, at the firm's principal office address.

Our firm or individuals associated with our firm may buy or sell securities identical to those recommended to or purchased for customers for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client. This practice results in a potential conflict of interest, as we may have an incentive to manipulate the timing of such purchases to obtain a better price or more favorable allocation in rare cases of limited availability.

To mitigate these potential conflicts of interest and ensure the fulfillment of our fiduciary responsibilities, we have established the following restrictions:

1. No principal or employee of our firm may 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 principal or employee of our firm may prefer his or her own interest to that of the advisory client;
2. It is the expressed policy of our firm that no person employed by us 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;
3. We maintain a list of all securities holdings for our firm and anyone associated with this advisory practice with access to advisory recommendations;
  4. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where our firm is granted discretionary authority;
  5. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices; and
  6. Any individual not in observance of the above may be subject to disciplinary action or termination.

## **Item 12. Brokerage Practices**

### Custody Of Assets

Our firm does not maintain custody of client assets in advisory account(s). Since our firm is given authority to withdraw fees from a client account, the assets of the client must be maintained in an account at a “qualified custodian”, generally a broker-dealer or bank. Our firm recommends that clients use Charles Schwab & Co., Inc. (Schwab), and as a FINRA-registered broker-dealer, Schwab meets the requirement as a “qualified custodian”. Neither our firm nor any individual associated with our firm, are affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when we instruct them to. While our firm recommends that clients use Schwab, clients do not have to do so. If a client selects Schwab as the custodian, the client will open an account with Schwab by entering into an account agreement directly with Schwab. Our firm does not open the account for clients, but will assist a client in doing so. Our firm does monitor the fees from Schwab, and, may, from time to time, attempt to renegotiate the fees charged to our clients.

### Recommending Brokers/Custodians

Our firm seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall advantageous to the client. In doing so, a wide range of factors are considered, including, among other things: breadth of services offered, capability to execute, clear and settle trades, administrative and client support services, breadth of investment products made available, quality of service, competitiveness of the price for those services, reputation, financial strength, prior service to our other clients.

For our clients’ accounts maintained at Schwab, Schwab generally does not charge separately for custody services, but is compensated by charging commissions or other

fees on trades that it executes or that settle in clients' Schwab accounts. Our firm does not request or accept the discretionary authority to determine the broker dealer to be used for client accounts. This means that our firm will not survey or shop the brokerage market place for best execution on a transaction-by-transaction basis. Clients must direct us as to the broker dealer to be used for all client securities transactions. In directing the use of a particular broker or dealer, it should be understood that our firm will not have authority to negotiate commissions among various brokers, and the best transaction costs may not be achieved. We do monitor the fees from Schwab, and, may, from time to time, attempt to renegotiate the fees charged to our clients. *Not all advisers require their clients to direct brokerage.*

We do not have any formal or informal soft-dollar arrangements and do not receive any soft-dollar benefits. This means that we do not receive any research, access to industry analysts or conferences in return for sending a certain level of brokerage transactions to a particular broker dealer.

Our firm participates in the Schwab Institutional (SI) services program offered to independent investment advisers by Charles Schwab & Company, Inc. ("Schwab"), a FINRA-registered broker dealer. Clients in need of brokerage and custodial services will have Schwab recommended to them. As part of the SI program, our firm receives benefits that it would not receive if it did not offer investment. These benefits include: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk serving SI participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client account; access, for a fee, to an electronic communication network for client order entry and account information; receipt of compliance publications; and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors. The benefits received through participation in the SI program may or may not depend upon the amount of transactions directed to, or amount of assets custodied by, Schwab. Participation in the SI program results in a potential conflict of interest for our firm, as the receipt of the above benefits creates an incentive for us to recommend Schwab to clients.

Nonetheless, we have reviewed the services of Schwab and recommend its services based on a number of factors. These factors include the professional services offered, commission rates, and the custodial platform provided to clients. While, based on our business model, we will not seek to exercise discretion to negotiate trades among various brokers on behalf of clients, we will, however, periodically attempt to negotiate lower commission rates for our clients with Schwab.

*Clients are not under any obligation to effect trades through any recommended broker.* However, we reserve the right to decline acceptance of any client account for which the client directs the use of a broker if we believe that this choice would hinder its fiduciary duty to the client and/or its ability to service the account.

### Trade Aggregation

We may aggregate client trades when doing so is advantageous to our clients. Mostly, we will batch client transactions to receive volume discounts and to obtain better and more uniform pricing across client accounts. If we determine that aggregation of trades in a certain situation will be beneficial to our clients, transactions will be averaged as to price and will be allocated among our clients in proportion to the purchase and sale orders placed from each client account on any given day. On occasion, we aggregate employee trades with client trades.

### **Item 13. Review of Accounts**

#### Portfolio Management Services

The individuals in BCM that provide investment advisory services to our clients will continuously monitor the underlying securities in client accounts and perform at least quarterly reviews of account holdings for all clients. Accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account holder's personal, tax or financial status. Economic and macroeconomic specific events may also trigger reviews.

In addition to the monthly statements and confirmations of transactions that clients receive from their broker dealer, our firm will provide quarterly holdings and/or performance reports.

#### Research Services

For those clients engaging us for Research Services, we will not provide any ongoing reviews or reports beyond those specifically outlined in the advisory agreement(s).

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

Other than that already described in this Brochure, our firm does not receive any additional compensation from third parties for providing investment advice to its clients.

We currently pay referral fees to certain individuals who solicit business on behalf of our firm. If a client is introduced to us by an unaffiliated solicitor, we may pay that solicitor an ongoing referral fee of ranging from 25% to 75% of the referred client's advisory fee paid to our firm.

Payment of referral fees for prospective client referrals creates a potential conflict of interest to the extent that such a referral is not unbiased and the solicitor is, at least partially, motivated by financial gain. Therefore, such a referral may be made even if our advisory services are not suitable to a particular client's needs or entering into an advisory relationship with us is not, overall, in the best interest of the client. As these

situations represent a conflict of interest, we have established the following restrictions in order to ensure our fiduciary responsibilities:

1. All such referral fees are paid in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements;
2. Any such referral fee will be paid solely from our investment management fee, and will not result in any additional charge to the client;
3. If the client is introduced to us by an unaffiliated solicitor, the solicitor, at the time of the solicitation, will disclose the nature of his/her/its solicitor relationship and provide each prospective client with a copy of our Form ADV Part 2 Brochure, together with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between our firm and the solicitor, including the compensation to be received by the solicitor from us; and
4. All referred clients will be carefully screened to ensure that our fees, services, and investment strategies are suitable to their investment needs and objectives.

#### **Item 15. Custody**

Since we directly debit client fees from their custodial accounts, our firm is deemed to have constructive custody of client funds. Custody is defined as any legal or actual ability by our firm to access client funds or securities. Schwab, or another qualified custodian that is selected by a client, maintains actual custody of client assets. Client statements will be sent directly to each client to the email or postal mailing address that is provided to Schwab or the other qualified custodian selected by the client. We urge clients to compare these statements to the periodic reports that are received from us. Should any discrepancies be noticed, please notify us and/or the custodian of your client account as soon as possible.

#### **Item 16. Investment Discretion**

For clients granting us discretionary authority to determine which securities and the amounts of securities that are to be bought or sold for their account(s), we request that such authority be granted in writing, typically in the executed investment management agreement.

Should the client wish to impose reasonable limitations on this discretionary authority, such limitations shall be included in this written authority statement. Clients may change/amend these limitations as desired. Such amendments must be submitted to us by the client in writing.

**Item 17.      Voting Client Securities**

As a matter of firm policy, our firm does not vote proxies on behalf of clients. However, for the retirement plans for which our firm is the investment advisor, ERISA laws require our firm to vote the proxies unless the right to vote the proxies has been specifically reserved by the plan sponsor.

Clients will receive their proxies and other solicitations directly from their custodian or transfer agent and, with the exception of ERISA plans noted above, retain sole responsibility for voting. However, we may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

**Item 18.      Financial Information**

Since we bill all fees in arrears, under no circumstances will we require or accept fees in advance of services rendered.