

# **Coston and McIsaac Investment Advisers, LLC**

## **Firm Brochure**

**The date of this Brochure and the information in it is February 15, 2018**

### **Coston and McIsaac Investment Advisers, LLC**

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This Brochure provides information about the qualifications and business practices of Coston and McIsaac Investment Advisers, LLC. If you have any questions about the contents of this Brochure, please contact:

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The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission, the Maine Securities Division or any other state securities authority.

The Firm is licensed as an investment adviser with the Maine Department of Professional & Financial Regulation Office of Securities. Licensure does not imply that either the Firm or its agents has/have any certain level of skill or training.

Public information about Coston and McIsaac Investment Advisers LLC is available through the website of the United States Securities and Exchange Commission, which may be accessed at:

[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **Item 2 - Material Changes**

Coston and McIsaac Investment Advisers LLC reports that they are seeking a license with the State of Maine and withdrawing registration from the SEC. Our last updated Brochure document was November 27, 2017.

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## **Item 4 - Advisory Business**

### **A. Description of the Firm**

Coston and McIsaac Investment LLC is an investment advisory firm based in Bar Harbor, Maine. Coston and McIsaac Investment Advisers LLC was organized as a limited liability company under the laws of the state of Maine on January 8, 2001 by the two shareholders of Coston and McIsaac CPA's, Chartered a Maine corporation that provides accounting services to clients. The principals of Coston and McIsaac CPA's believed that many of their accounting clients could benefit from professional management of their investments and formed Coston and McIsaac Investment Advisers LLC to offer clients the opportunity to obtain investment advice through the same individuals providing them accounting advice. The shared personnel are Paul Coston, MJ McIsaac, and Patricia Pottle. Coston and McIsaac Investment Advisers LLC keeps separate books and records. No client of one firm is obligated to use the services of the other firm and no fees are shared by either firm with the other firm. Coston and McIsaac Investment Advisers LLC is licensed as an investment adviser with the Office of Securities in the State of Maine and makes notice filings in any other state where its activities require it to do so. Coston and McIsaac Investment Advisers LLC is managed by its two principals, Maurice J. (MJ) McIsaac and Paul Coston, who are both licensed as investment adviser representatives of the firm in the state of Maine.

### **B. Types of Services**

#### **1. Third Party Management (Referral) Services**

Coston and McIsaac Investment Advisers LLC has entered into written arrangement with Morgan Stanley and with UBS Financial Services (*Independent Managers*) whereby it will refer certain clients to those Independent Managers for management of Client assets where appropriate. Those Independent Managers offer wrap fee programs, which are programs that offer investment advice and transaction execution services together for a single fee. Coston and McIsaac Investment Advisers LLC recommends wrap fee programs for Clients who want to use a strategy that involves more active trading. Accordingly, for Clients interested in more frequent trading, the wrap account is often more efficient. Coston and McIsaac Investment Advisers LLC maintains a relationship with the clients whose assets are managed in those wrap accounts and meets frequently with the Independent Managers to discuss the clients referred to them. Coston and McIsaac Investment Advisers LLC is paid a share of the management fees paid to the Independent Managers by the Clients referred by Coston and McIsaac Investment Advisers LLC. See Item 5A.1

#### **2. Services not Related to Securities**

Coston and McIsaac Investment Advisers LLC does not manage client assets, all clients are referred to third party managers who might refer other unrelated services such as insurances to insurance professionals.

### **C. Tailoring Services to Needs of Clients**

Coston and McIsaac Investment Advisers LLC does not manage client assets. Coston and McIsaac Investment Advisers LLC have signed solicitation contracts with Morgan Stanley and UBS. Morgan Stanley and UBS will tailor services to the needs of the clients.

### **D. Wrap Fee Programs**

Coston and McIsaac Investment Advisers LLC does not offer wrap fee programs directly; however it may refer Clients to an unrelated third party investment manager who does offer wrap fee programs. See Item 4.B.1- Third Party Management (Referral) Services, above.

### **E. Assets under Management**

Coston and McIsaac Investment Advisers LLC does not manage client assets and therefore does not have any assets under management.

## **Item 5 - Fees and Compensation**

### **A. Fees Charged for Advisory Services**

#### **1. Referral Fees**

##### **a. Amount of Fees**

For referrals the Independent Managers described in Item 4.B.1, Coston and McIsaac Investment Advisers LLC receives a fee calculated as a percentage of the assets being managed by the Independent Manager that were obtained through the services of Coston and McIsaac Investment Advisers LLC. The percentage is negotiated separately with each of the firms and generally ranges from 10% to 30% of the management fees paid to the Independent Manager. The referral fee usually continues indefinitely - for as long as the Client has assets under management with the Independent Manager. The payment period begins on the date of the initial placement of assets with the Independent Manager by the Client. A new payment period may start for each material addition of assets to an existing account with the Independent Manager (usually 10% or more of the account balance immediately preceding the addition). A new payment period will also start for any new account opened by the Client with the Independent Manager. Coston and McIsaac Investment Advisers LLC will reimburse the Independent Manager for any Asset-Based Fees paid to Coston and McIsaac Investment Advisers LLC that the Independent Manager is required to adjust retroactively with the Advisory Client. Clients investing through the wrap accounts referred by

Coston and McIsaac Investment Advisers LLC are not charged any additional fees as a result of the referral and compensation paid to Coston and McIsaac Investment Advisers LLC by the managers of the wrap accounts.

**B. Withdrawal of Fees**

Independent Managers, Morgan Stanley, UBS, etc. pay fees directly to Coston and McIsaac Investment Advisers LLC out of the fees they collect from their client accounts.

**C. Other Fees paid by clients**

**1. Service Fees**

Coston and McIsaac Investment Advisers LLC reserves the right to charge fees for services it may provide that are in addition to the ordinary services involved in managing a Client's account. For example, Coston and McIsaac Investment Advisers LLC may charge extra for providing additional copies of account statements or providing statements at other times than those ordinarily provided to Clients.

**2. Investments in Mutual Funds**

Clients investing in securities of investment companies, such as mutual funds should be aware that mutual funds charge management and administration fees to their shareholders. Those fees are charged to shareholders in the funds on a *prorata* basis and are in addition to the fees charged by the Independent Managers.

**3. Brokerage and other Costs**

There are no additional Brokerage costs since all clients are enrolled in a WRAP fee program with the Independent Managers. See Item 12.

**D. Advance Payments and Refunds**

There are no advance payments with our Solicitor relationship with Morgan Stanley and UBS. All refund information is outlined in the Brochure document provided by those specific Broker dealers.

**E. Compensation for Sales of Securities or other Products**

Coston and McIsaac Investment Advisers LLC is not involved in the sale of securities and does not receive any compensation for the sale of securities.

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

Coston and McIsaac Investment Advisers LLC does not manage client assets and therefore does not charge fees for management services that are based on a share of capital gains on, or capital appreciation of the assets of, a Client (*performance-based fees*).

## **Item 7 - Types of Clients**

Coston and McIsaac Investment Advisers LLC does not manage client assets. Referrals to third party managers for a solicitation fee include primarily individuals and their retirement accounts and also organizations and trusts.

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

### **A. Methods of Analysis and Investment Strategies**

Coston and McIsaac Investment Advisers LLC does not provide analysis and investment strategies. The third party managers would provide methods of analysis and investment strategies to their clients that were referred to them by Coston and McIsaac Investment Advisers LLC.

### **B. Risks of Strategies Used**

Coston and McIsaac Investment Advisers LLC only solicits and refers to third party managers. The clients of the third party managers would be told of the risks of strategies by the third party managers.

### **C. Risks of Securities**

Coston and McIsaac Investment Advisers LLC only solicits and refers to third party managers. The clients of the third party managers would be told of the risks of securities by the third party managers.

## **Item 9 - Disciplinary Information**

Neither Coston and McIsaac Investment Advisers LLC nor any of its principals, the only person having the power, directly or indirectly, to exercise a controlling influence over the management of Coston and McIsaac Investment Advisers LLC has been involved in any material legal or disciplinary proceedings that regulatory authorities consider material to an evaluation of Coston and McIsaac Investment Advisers LLC by Clients or prospective Clients. Regulatory authorities consider the following types of matters to be material:

### **A. Criminal or Civil Actions**

1. Conviction of a crime;



2. pleading guilty, nolo contendere, or no contest in any criminal proceeding;
3. being named in a currently pending criminal action;
4. having been found to have violated any investment-related statute or regulation; or
5. being named in any order, judgment or decree permanently or temporarily enjoining, or otherwise limiting, the person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

## **B. Administrative Proceedings**

Administrative proceedings before the U.S. Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority in which the person was:

1. found to have caused an investment-related business to lose its authorization to do business; or
2. found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority
  - a. denying, suspending, or revoking the person's authority to act in an investment-related business;
  - b. barring or suspending the person from association with an investment-related business;
  - c. otherwise significantly limiting the person's investment-related activities; or
  - d. imposing a civil monetary penalty.

## **C. Action by Self-Regulatory Organizations**

Any proceeding before any self-regulatory organization, such as the Financial Industry Regulatory Authority, in which a person was:

1. found to have caused an investment-related business to lose its authorization to do business; or
2. found to have been involved in a violation of the organization's rules and was:
  - a. barred or suspended from membership or from association with other members, or was expelled from membership; or
  - b. otherwise significantly limited from investment-related activities; or

- c. subject to a monetary fine.

#### **D. Additional Information**

You may confirm the above statements and/or review any other public information about Coston and McIsaac Investment Advisers LLC, its President or any other investment adviser or management persons, by accessing the website of the United States Securities and Exchange Commission at:

[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

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

#### **A. Broker-Dealer Registration**

Coston and McIsaac Investment Advisers LLC is not registered as a broker-dealer and has not applied to be registered as a broker dealer.

#### **B. Futures and Commodities Registration**

Neither Coston and McIsaac Investment Advisers LLC nor any Management Person is registered or has applied to be registered as a futures commission merchant commodity pool operator, a commodity trading advisor, or an associated person of any of those entities.

#### **C. Arrangements with Related Persons**

Each of the investment adviser representatives of Coston and McIsaac Investment Advisers LLC is also a certified public accountant (CPA) employed by Coston and McIsaac, CPA's Chartered, a Maine Corporation. As part of their accounting practice, the individuals may recommend that their accounting clients invest assets through Coston and McIsaac Investment Advisers LLC. No fees are paid for any referrals between Coston and McIsaac Investment Advisers LLC and Coston McIsaac CPA's. Each of the investment representatives of Coston and McIsaac Investment Advisers LLC is also an Advisor with Coston, McIsaac and Partners, Inc.

The CPA adviser will consider the client's needs and assets and might refer the client to both Coston and McIsaac Investment Advisers LLC and Coston, McIsaac and Partners Inc. allowing the client to meet with both and choose which will be best for them. Or in some cases it might be obvious to the CPA adviser which firm will be best for the client. Some clients like to keep their accounts local, others prefer to be with the larger firms out of town. The investment adviser representative will be paid a similar fee regardless of which firm the client chooses. The client's wellbeing is paramount and will always determine the best course of action.

Other than the arrangements described above neither Coston and McIsaac Investment Advisers LLC nor any Management Person has any relationship or arrangement that is material to the Firm's advisory business or to its Clients with any officers, directors, controlling persons, persons controlled by the Firm or employees (*advisory affiliates*) or any person under common control with the Firm (collectively with advisory affiliates, *related person*).

#### **D. Recommendation of Investment Advisers**

Coston and McIsaac Investment Advisers LLC refers prospective clients to firms that provide combined advisory and brokerage services in a wrap program. See Item 4.B.1 and Item 5.A.1.

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

#### **A. Code of Ethics**

Coston and McIsaac Investment Advisers LLC has adopted a Code of Ethics that governs the activities of its associated persons. The Code is intended to prevent insider trading and to avoid conflicts with the interests of the Firm's Clients. Under the Code, Coston and McIsaac Investment Advisers LLC prohibits all associated persons from having any personal interest in a securities transaction if the transaction would cause a conflict or if the transaction appears to be based on inside information. The Code requires that all personal transactions by associated persons be reviewed to assure that associated persons are not trading in conflict with Client transactions. Coston and McIsaac Investment Advisers LLC will prohibit or restrict trading by associated persons in securities that would involve conflicts or would be based on inside information. Any interested person may obtain a copy of the Firm's Code of Ethics by contacting the President of the Firm at the address listed on the cover of this Brochure.

#### **B. Conflicts in Transactions in Securities**

Coston and McIsaac Investment Advisers LLC is a referral company only and does not recommend, buy or sell for Clients any securities and therefore does not have any material financial interests for potential conflicts of interest involving Securities investment instruments.

#### **C. Conflicts in Investments in Securities**

Coston and McIsaac Investment Advisers LLC is a referral company only and does not manage client assets. Coston and McIsaac Investment Advisers LLC does not invest in securities of any kind. There is no possible conflict with investment in securities.

#### **D. Conflicts in Contemporaneous Transactions**

Coston and McIsaac Investment Advisers LLC is a referral company only and does not manage client assets. There is no possible conflict in contemporaneous transactions.

### **Item 12 Brokerage Practice**

#### **A. Recommending Broker-Dealers**

Coston and McIsaac Investment Advisers LLC does not manage client assets. Coston and McIsaac Investment Advisers LLC has solicitor agreements with Morgan Stanley and UBS as broker-dealers and third party managers.

**1. Research and Other Soft Dollar Benefits**

Coston and McIsaac Investment Advisers LLC does not receive any commissions, trading fees or services from any broker-dealers in connection with Client transactions.

**2. Brokerage for Client Referrals**

Coston and McIsaac Investment Advisers LLC does not manage client assets a Coston and McIsaac Investment Advisers LLC has solicitor agreements with Morgan Stanley and UBS as broker-dealers and third party managers

**3. Directed Brokerage**

Coston and McIsaac Investment Advisers LLC does not manage client assets Coston and McIsaac Investment Advisers LLC have solicitor agreements with Morgan Stanley and UBS as broker-dealers and third party managers.

**B. Aggregation and Bunching of Orders**

Coston and McIsaac Investment Advisers LLC does not manage client assets and therefore does not aggregate or bunch orders. This would be done by the third party managers that Coston and McIsaac Investment Advisers LLC referred to.

## **Item 13 Review of Accounts**

**A Regular Review**

Coston and McIsaac Investment Advisers LLC, is a referral company only and does not review the portfolios of clients referred to third party managers. On occasion the Investment Advisor Representative (IAR) of Coston and McIsaac Investment Advisers LLC as will sit in on client meetings with the Broker Dealer Representative to offer general tax advice associated with their Investments. If more specific tax advice is warranted the IAR will assume the role of CPA and bill separately in that capacity.

**B Factors Triggering Extra Reviews**

Coston and McIsaac Investment Advisers LLC is a referral company only and does not review the portfolios of clients referred to third party managers.

**C. Reports**

Coston and McIsaac Investment Advisers LLC does not manage client assets and therefore does not prepare or review any reports. All reports are generated and sent by third party managers to their investment clients.

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

### **A. Economic Benefits for Providing Advice**

Coston and McIsaac Investment Advisers LLC receives referral or solicitation fees from Morgan Stanley Smith Barney and UBS.

Except as described above for its referral services, no third party who is not a Client of Coston and McIsaac Investment Advisers LLC provides any economic benefit to Coston and McIsaac Investment Advisers LLC for providing its services.

### **B. Payment for Referrals**

Neither Coston and McIsaac Investment Advisers LLC nor any related person pays any third party to refer business to Coston and McIsaac Investment Advisers LLC.

## **ITEM 15 Custody**

All client assets are held by Independent Managers, qualified custodians responsible for executing transactions in those securities.

## **Item 16 Investment Discretion**

Coston and McIsaac Investment Advisers LLC does not have discretion to direct transactions in the referred accounts. Coston and McIsaac Investment Advisers LLC does not have the authority to withdraw any dollar amounts from these referred client accounts.

## **Item 17 Voting Client Securities**

Coston and McIsaac Investment Advisers LLC does not maintain custody or control of Client assets. All Clients receive proxies and vote proxies directly or through the custodian of their assets.

## **Item 18 Financial Information**

Coston and McIsaac Investment Advisers LLC does not manage client assets and therefore is not required to provide financial statements

### **A. Prepayment of Fees**

Coston and McIsaac Investment Advisers LLC does not require prepayment of more than \$500 in fees per Client, more than six months in advance.

### **B. Discretionary Authority/Custody**

See Items 15 and 16, above.

## **C. Bankruptcy**

Coston and McIsaac Investment Advisers LLC has not been subject to a bankruptcy petition at any time.

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

### **A. Executive Officers**

Maurice J. (MJ) McIsaac- Graduated from University of Maine, Orono in 1975 with a degree in Political Science. He has been a 50% owner of Coston and McIsaac Investment Advisers LLC and managing partner since 2001. From 1987 to 2016 he was a 50% owner and managing partner of Coston and McIsaac CPAs. He retired from Coston and McIsaac CPAs in December 2017 but is still available to the firm on a consulting basis if needed. From 2015 to May 2017 he was a 16% owner of Coston, McIsaac and Partners INC. He sold his shares in May 2017 but is still employed by Coston, McIsaac, and Partners INC.. In addition to this he was employed by a bank as a commercial loan teller from 1975 to 1981 and he managed a construction firm from 1981 to 1987.

Paul A. Coston, Jr. graduated from University Maine at Machias in 1978 with a major in accounting. Paul became a CPA in 1982. He was first employed as an accountant by McDonald Page, CPAs and was employed by Brooks and Carter as a CPA until 1987. At this time he and Maurice J. McIsaac opened Coston and McIsaac CPAs. He is still a 50% owner and employed by Coston and McIsaac CPAs. In 1989 he received his Masters in Taxation degree from Bentley College. In 2002 he passed the Certified Financial Planner Exam and continues to hold that credential. In 2001 he and Maurice J. McIsaac formed Coston and McIsaac Investment Advisers LLC and he is still a 50% owner. Since 2015 he has also been a 16% owner of Coston, McIsaac, and Partners INC. In addition to this he also has extensive experience managing his families' motel as well as other enterprises.

### **B. Other business activities**

Please see 19A above and in addition: Paul Coston is also a 50% shareholder and Treasurer of his families business Strawberry Hill Inc. He spends 2 hours per month consulting with family members over direction of some family assets held in Strawberry Hill Inc.

### **C. Fee explanations**

Coston and McIsaac Investment Advisers LLC does not manage client assets. Referral fees paid to Coston and McIsaac Investment Advisers LLC are a percentage of fees received by the third party managers.

### **D. Disciplinary information**

1) No members of Coston and McIsaac Investment Advisers LLC have been involved in any of the following events listed below:

- (a) An investment or an investment-related business activity
- (b) Fraud, false statement(s) or omissions

- (c) Theft, embezzlement, or other wrongful taking of property
- (d) Bribery, forgery, counterfeiting or extortion
- (e) Dishonest, unfair, or unethical practices

2) No members of Coston and McIsaac Investment Advisers LLC have been found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

- (a) An investment or an investment-related business activity
- (b) Fraud, false statement(s) or omissions
- (c) Theft, embezzlement, or other wrongful taking of property
- (d) Bribery, forgery, counterfeiting or extortion
- (e) Dishonest, unfair, or unethical practices

### **E Issuer of Securities**

Coston and McIsaac Investment Advisers LLC and any of its management persons does not have a relationship or arrangement with any issuer of securities.