

# Sound Income Strategies, LLC

## Form ADV -Part 2A Appendix 1 Information

AUGUST 17, 2018

*This Wrap Fee Program Brochure provides information about the qualifications and business practices of Sound Income Strategies, LLC. If you have any questions about the contents of this brochure, please contact us at 954-487-1860 or by email at: [compliance@soundincomestrategies.com](mailto:compliance@soundincomestrategies.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 Sound Income Strategies, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Sound Income Strategies, LLC's CRD number is: 173272*

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*Registration does not imply a certain level of skill or  
training. Version Date: 8/17/2018*

## ITEM 2: MATERIAL CHANGES

### ANNUAL UPDATE

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

### MATERIAL CHANGES SINCE THE LAST UPDATE

This update is in accordance with the required annual update for Registered Investment Advisors.

Sound Income Strategies, LLC has the following material changes to report. This list summarizes changes to policies, practices, or conflicts of interests only.

- Charles Radlauer was added as the Chief Compliance Officer and Steve Cox was added as the Operations contact

The ADV Part 2A brochure has been updated to add the following:

- Charles Radlauer was added as the Chief Compliance Officer

### FULL BROCHURE AVAILABLE

This Firm Brochure being delivered is the complete wrap brochure for the Firm.

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## ITEM 4: SERVICES FEES AND COMPENSATION

Sound Income Strategies, LLC (hereinafter "SIS") offers the following services to advisory clients:

### A. DESCRIPTION OF SERVICES

SIS participates in and sponsors a wrap fee program, which allows SIS Advisors to manage client accounts for a single fee that includes both portfolio management services and brokerage costs. The fee schedule is set forth below:

Total Assets Under Management	Maximum Annual Fee
\$25,000 - \$1,000,000	1.50%
\$1,000,001 - And Up	1.25%

The final fee schedule is attached as Exhibit II of the client contract. SIS uses the last day of previous month for purposes of determining the market value of the assets upon which the advisory fee is based.

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid monthly in arrears. Because fees are charged in arrears, no refund policy is necessary.

Clients may terminate the contract without penalty, for full refund, within five business days of signing the contract. Thereafter, clients may terminate the contract immediately upon written notice.

### B. CONTRIBUTION COST FACTORS

The program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the program, including the trading activity in the client's account, the adviser's ability to aggregate trades, and the cost of the services if provided separately (which in turn depends on the prices and specific services offered by different providers).

### C. ADDITIONAL FEES

Clients who participate in the wrap fee program will not have to pay for transaction or trading fees. However, clients are still responsible for all other account fees, such as annual IRA fees to the custodian or mutual fund fees.

## **D. COMPENSATION OF CLIENT PARTICIPATION**

Advisors of SIS may receive additional compensation beyond advisory fees for the participation of client's in the wrap fee program. Compensation received may be more than what would have been received if client paid separately for investment advice, brokerage, and other services. Therefore, SIS Advisors may have a financial incentive to recommend the wrap fee program to clients.

## **ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

SIS generally provides its wrap fee program services to the following types of clients:

- ❖ Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Trusts, Estates, or Charitable Organizations
- ❖ Corporations or Business Entities

### **MINIMUM ACCOUNT SIZE**

There is an account minimum of \$25,000, which may be waived, based on the needs of the client and the complexity of the situation.

## **ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION**

### **A. SELECTING/REVIEWING PORTFOLIO MANAGERS**

SIS will not select any outside portfolio managers for management of this wrap fee program. SIS and its Advisors will be the account manager for this wrap fee program.

#### **1. STANDARDS USED TO CALCULATE PORTFOLIO MANAGER PERFORMANCE**

SIS will use industry standards to calculate portfolio manager performance.

#### **2. REVIEW OF PERFORMANCE INFORMATION**

SIS reviews the performance information to determine and verify its accuracy and compliance with presentation standards. The performance information is reviewed annually and is reviewed by SIS.

## **B. RELATED PERSONS**

No related persons act as a portfolio manager for the wrap fee program as described in this brochure. As such, there are no conflicts of interest with related persons and SIS will not select any related persons as portfolio managers for this wrap fee program.

## **C. ADVISORY BUSINESS**

SIS offers portfolio management services to its wrap fee program participants as discussed in Section 4 above.

### **WRAP FEE PORTFOLIO MANAGEMENT**

SIS and SIS Advisors offer ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. SIS creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

SIS Advisors evaluate the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is signed by the client.

### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

SIS does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### **SERVICES LIMITED TO SPECIFIC TYPES OF INVESTMENTS**

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objective.

### **CLIENT TAILORED SERVICES AND CLIENT IMPOSED RESTRICTIONS**

The SIS Advisor will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by SIS on behalf of the client. SIS Advisors will not use "model



portfolios” but rather a specific set of recommendations for each client based on their personal restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent SIS from properly servicing the client account, or if the restrictions would require SIS to deviate from its standard suite of services, SIS reserves the right to end the relationship.

## WRAP FEE PROGRAMS

SIS and SIS Advisors offer this wrap fee program. SIS Advisors manage the investments in the wrap fee program on a non-discretionary basis. The fees charged to the client are paid to SIS and shared between SIS and the SIS Advisor.

## AMOUNTS UNDER MANAGEMENT

SIS has the following assets under management as of:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$408,677,093	\$40,743,833	December 31, 2017

## METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

Security analysis methods typically will involve fixed income analysis. Fixed income analysis is the valuation of fixed income or debt securities, and the analysis of their interest rate risk, credit risk, and likely price behavior in hedging portfolios. This includes analyzing bonds issued by the same entity for different maturities.

Regarding equity securities, these methods may also include fundamental analysis and technical analysis. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis involves evaluating a stock using real data such as company revenues, earnings, return on equity, and profit margins to determine underlying value and potential growth. Technical analysis involves evaluating securities based on past prices and volume.

The main sources of information include financial newspapers and magazines, research material prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission and company press releases.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes a document stating their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, and trading.

## MATERIAL RISKS INVOLVED & RISKS OF SPECIFIC SECURITIES UTILIZED

All investment programs have certain risks that are borne by the investor. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk. Risks involved in technical analysis are inflation risk, reinvestment risk, and market risk. Cyclical analysis involves inflation risk, market risk, and currency risk.

Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with their Advisor:

*Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

*Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

*Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.

*Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

*Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

*Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

*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.

*Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times

and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

SIS Advisors act as the portfolio managers for this wrap fee program. All client information that is collected, including basic information, risk tolerance, sophistication level, and income level will be collected by the SIS Advisor. As that information changes and is updated, SIS will have immediate access to that information once collected by the Advisors.

## **ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS**

SIS places no restrictions on client ability to contact SIS portfolio managers.

## **ITEM 9: DISCIPLINARY INFORMATION**

### **CRIMINAL OR CIVIL ACTIONS**

The firm and its management have not been involved in any criminal or civil action.

### **ADMINISTRATIVE ENFORCEMENT PROCEEDINGS**

The firm and its management have not been involved in administrative enforcement proceedings.

### **SELF-REGULATORY ORGANIZATION ENFORCEMENT PROCEEDINGS**

The firm and its management have not been involved in legal or disciplinary events related to investment clients within the past ten years.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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### **BROKER-DEALER OR REPRESENTATIVE REGISTRATION**

Currently, SIS does not have any representatives registered with a Broker/Dealer.

## FUTURES OR COMMODITY REGISTRATION

Neither SIS nor its employees are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

## MATERIAL RELATIONSHIPS MAINTAINED BY THIS ADVISORY BUSINESS AND CONFLICTS OF INTEREST

Investment Advisor Representatives registered with SIS spend approximately 20% of their time on advisory services. SIS also provides account management services for advisors registered with other Registered Investment Advisors. The advisors registered with SIS and the advisors registered with other independent Registered Investment Advisors are generally insurance licensed and provide recommendations to clients for insurance products. When SIS advisors make recommendations for the purchase of insurance products, they also receive customary commissions as insurance salespersons. The receipt of commissions in return for insurance product purchases creates a conflict of interest for advisors when they recommend the purchase of such products to clients. David Scranton, managing member of SIS consults with advisors on insurance products and advisors may place the insurance product transaction through Advisors' Academy along with other various entities. Mr. Scranton also acts as a consultant to Advisors' Academy. Thus, when offering insurance products, both compensation and related-issuer conflicts exist. There is an incentive to offer the insurance products of these companies.

SIS also offers internal managed programs. These internal programs result in SIS receiving more compensation, as there are no fees going to an outside manager. This revenue incentive causes a conflict of interest for SIS. At all times, SIS and its advisors strive to make recommendations that are in the best interest of their clients.

## ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### CODE OF ETHICS DESCRIPTION

The employees of SIS have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of SIS employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of SIS. The Code reflects SIS and its supervised persons' responsibility to act in the best interest of their client.

One area the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

SIS policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of SIS may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

SIS' Code is based on the guiding principle that the interests of the client are our top priority. SIS' officers, directors, advisors, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

#### INVESTMENT RECOMMENDATIONS INVOLVING A MATERIAL FINANCIAL INTEREST AND CONFLICT OF INTEREST

SIS and its employees do not recommend to clients securities in which we have a material financial interest.

#### ADVISORY FIRM PURCHASE OF SAME SECURITIES RECOMMENDED TO CLIENTS AND CONFLICTS OF INTEREST

SIS and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide SIS with copies of their brokerage statements.

The Chief Compliance Officer of SIS is Charles Radlauer. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

#### CLIENT SECURITIES RECOMMENDATIONS OR TRADES AND CONCURRENT ADVISORY FIRM SECURITIES TRANSACTIONS AND CONFLICTS OF INTEREST

SIS does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, employees may buy or sell securities at the same time they buy or sell securities for clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide SIS with copies of their brokerage statements.

## ITEM 12: BROKERAGE PRACTICES

#### FACTORS USED TO SELECT BROKER-DEALERS FOR CLIENT TRANSACTIONS

SIS may recommend the use of a particular broker-dealer or may utilize a broker-dealer of the client's choosing. SIS will select appropriate brokers based on a number of factors including

but not limited to their relatively low transaction fees and reporting ability. SIS relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by SIS.

- *Directed Brokerage*

In circumstances where a client directs SIS to use a certain broker-dealer, SIS still has a fiduciary duty to its clients. The following may apply with Directed Brokerage: SIS' inability to negotiate commissions, to obtain volume discounts, there may be a disparity in commission charges among clients and conflicts of interest arising from brokerage firm referrals.

- *Best Execution*

Investment advisors who manage or supervise client portfolios on a discretionary basis have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is affected, the ability to affect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. SIS does not receive any portion of the trading fees.

- *Trade Errors*

Trade errors occasionally happen in client accounts. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of our clients. In cases where the error was caused by the client, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and the firm will absorb any loss. If the trade error is caused by the broker-dealer, the broker-dealer will cover all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

- *Soft Dollar Arrangements*

The Securities and Exchange Commission defines soft dollar practices as arrangement under which products or services other than execution services are obtained by SIS from or through a broker-dealer in exchange for directing client transactions to the broker-dealer. As permitted by Section 28(e) of the Securities Exchange Act of 1934, SIS receives economic benefits as a result of commissions generated from securities transactions by the broker-dealer from the accounts of SIS. These benefits include both proprietary research from the broker and other research written by third parties. A conflict of interest exists when SIS receives soft dollars. This conflict is mitigated by the fact that SIS has a fiduciary

responsibility to act in the best interest of its clients and the services received are beneficial to all clients.

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### **Participation in the Institutional Advisor Program providing Soft Dollar Benefits**

SIS participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade, Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program. (Please see the disclosure under Item 14 below.)

Generally, in addition to a broker's ability to provide "best execution," we may also consider the value of "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 the firm, and because the "soft dollars" used to acquire them are client assets, they could be considered to have a conflict of interest in allocating client brokerage business: it could receive 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 the firm might otherwise be able to negotiate. In addition, the firm 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.

The firm'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), the firm 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 the 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.

In addition, “research” products and services we may receive from broker-dealers may include economic surveys, data, and analyses; financial publications; recommendations or other information about particular companies and industries (through research reports and otherwise); and other products or services (e.g., computer services and equipment, including hardware, software and data bases) that provide lawful and appropriate assistance to the firm in the performance of its investment decision-making responsibilities. Consistent with Section 28€ , brokerage products and services (beyond traditional execution services) consist primarily of computer services and software that permit us to effect securities transactions and perform functions incidental to transaction execution. We generally use such products and services in the conduct of our investment decision-making generally, not just for those accounts whose commissions may be considered to have been used to pay for the products or services.

Other Uses and Products. The firm may use some products or services not only as “research” and as brokerage (i.e., to assist in making investment decisions for clients or to perform functions incidental to transaction execution) but for our administrative and other purposes as well. In these instances, we make a reasonable allocation of the cost of the products and services so that only the portion of the cost that is attributable making investment decisions and executing transactions is paid with commission dollars and we bear the cost of the balance. Our interest in making such an allocation differs from client’s interest, in that we have an incentive to designate as much as possible of the cost as research and brokerage in order to minimize the portion that the firm must pay directly.

Mutual Fund Transaction. Although shares of no-load mutual funds can be purchased and redeemed without payment of transactions fees, we may, consistent with our duty of best execution, determine to cause client accounts to pay transaction fees that may be higher than those obtainable from other broker-dealers when purchasing shares of certain no-load mutual funds through TD Ameritrade in order to obtain “research”. This research may not be used for the exclusive benefit of the clients who pay transaction fees in purchasing mutual fund shares.

Amount and Manner of Payment. A broker-dealer through which the firm wishes to use soft dollars may establish “credits” arising out of brokerage business done in the past, which may be used to pay, or reimburse the firm for, specified expenses. In other cases, a broker-dealer may provide or pay for the service or product and suggest a level of future business that would fully compensate it. The actual level of transactional business the firm does with a particular broker-dealer during any period may be less than such a suggested level, but may exceed that level and may generate unused soft dollar “credits.” We do not exclude a broker-dealer from receiving business simply because the broker-dealer has not been identified as providing soft dollar research products and services, although we may not be willing to pay the same commission to such broker-dealer as we would have paid had the broker-dealer provided such products and services.



## **AGGREGATING SECURITIES TRANSACTIONS FOR CLIENT ACCOUNTS**

SIS may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts. If block trades cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular client accounts. For example, a partial fill will generally be filled pro-rata among participating accounts. Prior to entry of a block trade, a written pre-allocation will be generated which identifies the group of client accounts participating in the order.

Changes in allocation prior to final allocation may be made for good cause provided that all client accounts receive fair and equitable treatment. A written explanation of the reason for any material change in the allocation must be provided to and approved by the Compliance Officer no later than the morning following the execution of the trade. If the change in the allocation is the result of a condition that exists or a change in the client's account outside of the portfolio manager's control, then approval by the Compliance Officer is not required.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **SCHEDULE FOR PERIODIC REVIEW OF CLIENT ACCOUNTS OR FINANCIAL PLANS AND ADVISORY PERSONS INVOLVED**

Account reviews are performed at least annually by Investment Advisor Representatives of SIS. Account reviews are performed more frequently when market conditions dictate or when the client or advisor deems appropriate. Financial planning relationships with clients are monitored on an ongoing basis to ensure the recommendations made are within the scope of the plan remain suitable.

### **REVIEW OF CLIENT ACCOUNTS ON NON-PERIODIC BASIS**

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

### **CONTENT OF CLIENT PROVIDED REPORTS AND FREQUENCY**

Clients receive account statements no less than quarterly for managed accounts. Account statements are issued by the Advisor's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

### **ECONOMIC BENEFITS PROVIDED TO THE ADVISORY FIRM FROM EXTERNAL SOURCES AND CONFLICTS OF INTEREST**

As disclosed under Item 12 above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. This is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor 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 Advisor 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; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

#### ADVISORY FIRM PAYMENTS FOR CLIENT REFERRALS

SIS may, from time to time, enter into agreements with individuals and organizations, which may be affiliated or unaffiliated with SIS, that refer clients to SIS in exchange for compensation. All such agreements will be in writing and comply with the requirements of Federal or State regulation. If a client is introduced to SIS by a solicitor, SIS may pay that solicitor a fee. While the specific terms of each agreement may differ, generally, the compensation will be based upon SIS engagement of new clients and is calculated using a varying percentage of the fees paid to SIS by such clients. Any such fee shall be paid solely from SIS investment management fee, and shall not result in any additional charge to the client.

Each prospective client who is referred to SIS under such an arrangement will receive a copy of this brochure and a separate written disclosure document disclosing the nature of the relationship between the solicitor and SIS and the amount of compensation that will be paid by SIS to the solicitor. The solicitor is required to obtain the client's signature acknowledging receipt of SIS's disclosure brochure and the solicitor's written disclosure statement.

## ITEM 15: CUSTODY

#### ACCOUNT STATEMENTS

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. Clients are urged to compare the account statements received directly from their custodians to the performance report statements prepared by SIS.

SIS is deemed to have constructive custody solely because advisory fees are directly deducted from client's account by the custodian on behalf of SIS.

## **ITEM 16: INVESTMENT DISCRETION**

### **DISCRETIONARY AUTHORITY FOR TRADING**

SIS accepts discretionary authority to manage securities accounts on behalf of clients. SIS has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. The client will authorize SIS discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement. If the client does not grant discretionary authority to SIS, SIS will consult with the client prior to each trade to obtain authorization.

The client approves the custodian to be used and the commission rates paid to the custodian. SIS does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

## **ITEM 17: VOTING CLIENT SECURITIES**

### **PROXY VOTES**

SIS does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, SIS will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

## **ITEM 18: FINANCIAL INFORMATION**

### **BALANCE SHEET**

A balance sheet is not required to be provided because SIS does not serve as a custodian for client funds or securities and SIS does not require prepayment of fees of more than \$1200 per client and six months or more in advance.

### **FINANCIAL CONDITIONS REASONABLY LIKELY TO IMPAIR ADVISORY FIRM'S ABILITY TO MEET COMMITMENTS TO CLIENTS**

SIS has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

### **BANKRUPTCY PETITIONS DURING THE PAST TEN YEARS**

Neither SIS nor its management has had any bankruptcy petitions in the last ten years.

***This brochure supplement provides information about Charles Radlauer that supplements the Sound Income Strategies, LLC brochure. You should have received a copy of that brochure. Please contact Charles Radlauer if you did not receive Sound Income Strategies, LLC's brochure or if you have any questions about the contents of this supplement.***

***Additional information about Charles Radlauer is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).***

# **Sound Income Strategies, LLC**

## **Form ADV Part 2B – Individual Disclosure Brochure**

*for*

**CHARLES RADLAUER**

Personal CRD Number: 2895611

Sound Income Strategies, LLC  
6550 N Federal Highway Suite 510 Ft  
Lauderdale, FL 33308  
954-487-1860  
[cradlauer@soundincomestrategies.com](mailto:cradlauer@soundincomestrategies.com)

Updated 8/17/18

## **Item 2: Educational Background and Business Experience**

**Name:** CHARLES RADLAUER **Born:** 1968

### **Educational Background and Professional Designations:**

#### **Education:**

Bachelor of Science Florida State University 1991

#### **Business Background:**

02/2017 - Present

11/2016-5/2018 Newbridge Securities Corp.

12/2014-10/2015 Kovack Securities Inc.

6/2007-12/2014 Quest Capital Strategies

10/2003 - 5/2007 Kovack Securities Inc.

## **Item 3: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business.

## **Item 4: Other Business Activities**

Charles Radlauer is currently the President and owner of Star Asset Management, Mr. Radlauer also works for Business Valuation Systems/CPA Ron Patella and holds a state of Florida Life and Variable Annuity license. Mr. Radlauer does not participate in any investment-related business or occupation (other than this advisory firm).

## **Item 5: Additional Compensation**

Charles Radlauer does not receive any economic benefit from any person, company, or organization, other than Sound Income Strategies, LLC in exchange for providing clients advisory services through Sound Income Strategies, LLC.

## **Item 6: Supervision**

As the Chief Compliance Officer of Sound Income Strategies, LLC, Charles Radlauer supervises all activities of the firm. Charles Radlauer's contact information is on the cover page of this disclosure document. Charles Radlauer adheres to applicable regulatory requirements, together with all policies and procedures outlined in the firm's code of ethics and compliance manual.

# PRIVACY POLICY NOTICE

## FACTS

WHAT DOES SOUND INCOME STRATEGIES, LLC  
DO WITH YOUR PERSONAL INFORMATION?

### Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

### What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and financial information
- Account balances and transaction history

### How?

All financial companies need to share customer's personal information to run their everyday business. In the section below, we list the reasons financial companies can share their personal information; the reasons Sound Income Strategies, LLC chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Do we share?	Can you limit this sharing?
<b>For our everyday business purposes—</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	YES	NO
<b>For our marketing purposes—</b> to offer our products and services to you	YES	YES
<b>For joint marketing with other financial companies</b>	NO	X
<b>For our affiliates' everyday business purposes—</b> information about your transactions and experiences, credit worthiness and to market to you	YES	YES
<b>For non-affiliates to market to you</b>	NO	X

### To limit our sharing

Call 1-954-487-1860

#### Please note:

If you are a *new* customer, we can begin sharing your information from the date you received this notice. When you are *no longer* our customer, we continue to share your information as described in this notice.

However, you can contact us at any time to limit our sharing.

Who we are	
Who is providing this notice?	Sound Income Strategies, LLC
What we do	
How do we protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How do we collect my personal information?	We collect your personal information when you engage our services and we gather information to provide your services. We may also collect your personal information from others, such as affiliates or other companies.
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>■ sharing for affiliates" everyday business purposes— information about your creditworthiness</li> <li>■ affiliates from using your information to market to you</li> <li>■ sharing for non-affiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
Definitions	
Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>■ Scranton Financial Group, LLC</li> </ul>
Non-affiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>■ TD Ameritrade</li> <li>■ Orion Advisory Services</li> <li>■ Redtail CRM</li> </ul>
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you.
Other important information	
Questions?	Call Toll Free 1-888-492-0505