

Newman Schimel

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Newman Schimel

Brochure

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This brochure provides information about the qualifications and business practices of Newman Schimel (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at (847) 317-9350 or bryan@newmanschimel.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 Newman Schimel also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 Material Changes

There have been no material changes made Newman Schimel, LLC's (the "Registrant") Part 2A Brochure since its prior Amendment filing on January 18, 2018. **ANY QUESTIONS:** Registrant's Chief Compliance Officer, Bryan Schimel, remains available to address any questions regarding this Part 2A, including the disclosure additions and enhancements below.

Item 3 Table of Contents

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

Item 4 Advisory Business

- A. Newman & Schimel, LLC (d/b/a Newman Schimel) (the “Registrant”) is a limited liability company formed on October 12, 2006 in the state of Delaware. The Registrant became registered as an Investment Adviser Firm in October 12, 2006. The Registrant is principally owned, in equal part, by Jack Newman and Bryan Schimel.
- B. As discussed below, the Registrant offers to its clients (individuals, business entities, pension and profit-sharing plans, trusts, estates and charitable organizations, etc.) investment management services, on a discretionary and/or non-discretionary basis. For individual clients, the Registrant’s services shall include a retirement planning analysis incidental to the investment management process. The retirement planning analysis is generally set forth in a written Retirement Plan. *See* Retirement Planning below.

INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee-only basis*. The Registrant’s annual investment advisory fee shall vary and shall be based upon the level and scope of the overall investment advisory services to be rendered, which is based upon **various objective and subjective factors**, including, but not limited to, the amount of the assets placed under the Registrant’s management and the complexity of the engagement. *See* Fee Differentials below.

MISCELLANEOUS

Retirement Planning. As part of its investment advisory services to individuals, the Registrant provides initial and ongoing retirement planning analysis addressing issues corresponding to the investment management process (i.e., the ability to retire based upon current assets and future income, etc.) The retirement planning analysis is generally set forth in a written Retirement Plan provided to the Client.

Financial Planning/Implementation Services. Registrant **does not** hold itself out as providing financial planning services (i.e., estate planning review, tax planning, insurance review, etc.). To the extent specifically requested by client, Registrant may provide limited consultation services regarding such issues. Any such limited consultation services, to the extent rendered, shall be rendered exclusively on an unsolicited basis, for which Registrant shall usually not receive any separate or additional fee. **Please Note:** Registrant **does not** serve as an attorney, accountant or insurance agent, and no portion of our services should be construed as legal, accounting or insurance services. Accordingly, Registrant **does not** prepare estate planning documents or tax returns, nor does it sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance,

etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Registrant and/or its representatives. **Please Also Note:** If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Further Note:** Although Registrant's Principal, Bryan Schimel, in his separate individual capacity is a licensed attorney, Mr. Schimel does not provide legal services to any of Registrant's clients, and no corresponding attorney-client relationship is established.

Investment Consulting. Registrant may determine to provide non-discretionary portfolio review services relative to client assets that are not part of the investment assets subject to the Registrant's discretionary and non-discretionary investment advisory services discussed above. These additional client investment assets (the "Excluded Assets") are generally investment assets that are managed directly by the client or by other investment professionals engaged by the client. The Registrant's service is limited to the periodic review of information provided to the Registrant by the client. The Registrant does maintain any trading authority for the Excluded Assets. Rather, the client (and/or the investment professionals engaged by the client with respect to such assets), and **not** the Registrant, shall be exclusively responsible for all transactions regarding the Excluded Assets, as well as for the investment performance of the Excluded Assets. In the event the client desires that the Registrant provide investment advisory services with respect to the Excluded Assets, the client may engage the Registrant to do so pursuant to the terms and conditions of the *Investment Advisory Agreement* between the Registrant and the client.

ERISA PLAN and 401(k) INDIVIDUAL ENGAGEMENTS:

Trustee Directed Plans. Registrant may be engaged to provide investment advisory services to ERISA retirement plans, whereby the Firm shall manage Plan assets consistent with the investment objective designated by the Plan trustees. In such engagements, Registrant will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 ("ERISA"). Registrant will generally provide services on an "assets under management" fee basis per the terms and conditions of an *Investment Advisory Agreement* between the Plan and the Registrant.

Participant Directed Retirement Plans. Registrant may also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a *Retirement Plan Services Agreement* between Registrant and the plan. For such engagements, Registrant shall assist the Plan sponsor with the selection of an investment platform from which Plan participants shall make their respective investment choices (which may include investment strategies devised and managed by Registrant), and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision making process.

Client Retirement Plan Assets. If requested to do so, Registrant shall provide investment advisory services relative to the client's 401(k) plan assets. In such event, Registrant shall allocate (or recommend that the client allocate) the retirement account assets among the investment options available on the 401(k) platform. Registrant's ability shall be limited to

the allocation of the assets among the investment alternatives available through the plan. Registrant will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify Registrant of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account.

Please Note: Non-Discretionary Service Limitations: Clients that determine to engage the Registrant on a non-discretionary investment advisory basis **must be willing to accept** that the Registrant cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the Registrant will be unable to effect any account transactions (as it would for its discretionary clients) **without first obtaining the client's verbal consent.**

Please Note: Fee Differentials: . The Registrant shall receive an annual investment advisory fee based upon a percentage (%) of the market value of the assets placed under management (between negotiable and 1.25%) as referenced on the *Investment Advisory Agreement* between the Registrant and the client. The Registrant shall generally price its services based upon various objective and subjective factors. As a result, Registrant's clients could pay diverse fees based upon the market value of the assets placed under the Registrant's management and the complexity of the engagement, including the anticipated number of meetings and servicing needs. The Registrant may also consider such factors as anticipated future earning capacity, anticipated future additional assets, related accounts, and account composition. The services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. **See** additional disclosure at Item 7 below. **ANY QUESTIONS:** The Registrant's Chief Compliance Officer Bryan Schimel, remains available to address any questions that a client or prospective client may have regarding advisory fees.

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level(s).

Client Obligations: In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

Disclosure Statement: A copy of this written disclosure n Brochure shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or with respect to participant directed retirement plan engagements, the *Retirement Plan Services Agreement*.

Retirement Rollovers-Potential for Conflict of Interest: A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Registrant recommends that a client roll over their

retirement plan assets into an account to be managed by Registrant, such a recommendation creates a conflict of interest if Registrant will earn new (or increase its current) compensation as a result of the rollover. When acting in such capacity, Registrant serves as a fiduciary under the Employee Retirement Income Security Act (ERISA), or the Internal Revenue Code, or both. **No client is under any obligation to rollover retirement plan assets to an account managed by Registrant. Registrant's Chief Compliance Officer, Bryan Schimel remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

Please Note-Use of Mutual and Exchange Traded Funds: Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by Registrant independent of engaging Registrant as an investment advisor. However, if a prospective client determines to do so, he/she will not receive the Registrant's initial and ongoing investment advisory services.

Schwab. As discussed below at Item 12, when requested to recommend a broker-dealer/custodian for client accounts, Registrant generally recommends that Schwab serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab charge transaction fees for effecting securities transactions. In addition to Registrant's investment advisory fee and transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). The fees charged by Schwab, or any broker-dealer/custodian directed by the client, are in addition to Registrant's advisory fee referenced in Item 5 below.

Portfolio Activity. Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by Registrant will be profitable or equal any specific performance level(s).

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2018, the Registrant had \$205,091,371.51 in assets under management on a discretionary basis and \$50,384,763.44 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

- A. The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee-only* basis.

INVESTMENT ADVISORY SERVICES

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services on a *fee-only basis*. The Registrant's annual investment advisory fee shall vary (between negotiable and 1.25%) as referenced on the *Investment Advisory Agreement* between the Registrant and the client, and shall be based upon the level and scope of the overall investment advisory services to be rendered, which is based upon **various objective and subjective factors**, including, but not limited to, the amount of the assets placed under the Registrant's management and the complexity of the engagement. *See* Fee Differentials above.

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's *Investment Advisory Agreement* and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed-income securities transactions). Clients will incur, in addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, and, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. The Registrant may, on occasion, bill in arrears where client initiates investment advisory work mid-quarter or increases assets under management mid-quarter, in which case client will be billed in arrears for that quarter only.

The *Investment Advisory Agreement* between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, the Registrant shall refund the prorated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

Item 7 Types of Clients

The Registrant's clients shall generally include individuals, business entities, pension and profit sharing plans, trusts, estates and charitable organizations. For the services that the Registrant provides to these clients, the Registrant shall receive an annual investment advisory fee based upon a percentage (%) of the market value of the assets placed under management (between negotiable and 1.25%). The Registrant shall generally price its services based upon various objective and subjective factors. As a result, Registrant's clients could pay diverse fees based upon the market value of the assets placed under the Registrant's management and the complexity of the engagement, including the anticipated number of meetings and servicing needs. The Registrant may also consider such factors as anticipated future earning capacity, anticipated future additional assets, related accounts, and account composition. The services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly. **ANY QUESTIONS:** The Registrant's Chief Compliance Officer Bryan Schimel, remains available to address any questions that a client or prospective client may have regarding advisory fees.

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

- A. The Registrant shall utilize the following methods of security analysis:
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)

The Registrant shall utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's fundamental methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market

information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

- C. Currently, the Registrant primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, mutual funds (including non-diversified mutual funds) and/or exchange traded funds ("ETFs"). Please Note: Non-diversification Risk: The Advisor *may* invest the client's assets in mutual funds considered "non-diversified" under federal securities laws. A "non-diversified" mutual fund invests in a limited number of securities which could cause greater fluctuation in the fund's share price than would occur in a more diversified fund.

Item 9 Disciplinary Information

The Registrant has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. The Registrant has no other relationship or arrangement with a related person that is material to its advisory business.
- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based

upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons”. The Registrant’s securities transaction policy requires that Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the *Firm* has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant’s Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Schwab*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Registrant setting forth the

terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *Schwab* (or any other broker-dealer/custodian to clients) include a historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best price execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant can receive from *Schwab* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant can be investment-related research, pricing information and market data, software and other technology that provide access to client account data (including Portfolio Center, which the Registrant receives gratis from Schwab), compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that can be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as result of this arrangement. There is no corresponding commitment made by the Registrant to *Schwab* or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

The Registrant's Chief Compliance Officer, Bryan Schimel, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflict of interest presented by such arrangement..

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant.

- B. The transactions for each client account generally will be effected independently, unless, in the extremely limited event that the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation. **ANY QUESTIONS:** The Registrant's Chief Compliance Officer, Bryan Schimel, remains available to address any questions that a client or prospective client may have regarding the above.

Item 13 Review of Accounts

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

As indicated at Item 12 above, Registrant can receive from Schwab without cost (and/or at a discount), support services and/or products. Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as result of this arrangement. There is no corresponding commitment made by Registrant to Schwab, or to any other entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. **ANY QUESTIONS: Registrant's Chief Compliance Officer, Bryan Schimel, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflict of interest presented by such arrangement.**

Registrant does not compensate individuals or entities for prospective client introductions.

Item 15 Custody

Registrant shall have the ability to deduct its advisory fee from the client's custodial account on a quarterly basis. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from the custodian (i.e., Schwab, etc.) at least quarterly. **Please Note:** To the extent that Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Registrant's advisory fee calculation.

Item 16 Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, client shall be required to execute *Investment Advisory Agreement*, naming the Registrant as client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at anytime, impose restrictions, **in writing**, on the Registrant's discretionary authority. (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to

purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

Item 17 Voting Client Securities

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS: The Registrant's Chief Compliance Officer, Bryan Schimel, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.