

## ITEM 1: FORM ADV PART 2A BROCHURE

---



### Laurel Wealth Advisors, Inc. CLIENT BROCHURE

(Firm CRD # 156523 / SEC #801-72334)

*8008 Girard Avenue, Suite 330*

*La Jolla, CA 92037*

*Telephone: 858.459.1101*

*Fax: 858.456.0020*

*Website: [www.laurelwa.com](http://www.laurelwa.com)*

**January 1, 2019**

Form ADV, Part 2A; our "Disclosure Brochure" or "brochure" is required by the Investment Advisers Act of 1940, and is a very important document between clients ("you", "your") and Laurel Wealth Advisors, Inc. ("Laurel Wealth," "LWA," the "Adviser," "us," "we," or "our"). This brochure provides information about the investment advisory services, qualifications and business practices of Laurel Wealth, an investment advisory firm registered with the Securities and Exchange Commission (the "SEC"). As required by federal and state regulations, this brochure is on file with the appropriate securities regulatory authorities.

The information in this brochure has not been approved or verified by the SEC or by any state securities authority. The information provided in this brochure is not to be construed as an endorsement or recommendation by state securities authorities in any jurisdiction within the United States or by the SEC. Nothing in this brochure is to be construed as an offer of securities; please refer to actual fund and investment offering documents for more complete disclosures. Registration as an investment adviser does not imply any level of skill or training, and investments involve risk, including the possible loss of principal. The oral and written communications of an investment adviser provide you with information that you may use to determine whether to hire or retain the Adviser.

Please contact Laurel Wealth's Chief Compliance Officer directly at 858.459.1101, if you have any questions about the contents of this brochure.

Additional information about Laurel Wealth Advisors, Inc., is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

*(Click on the link, select "Investment Adviser Firm," and type in the firm name.  
Results will provide you both Part 1 and 2 of the firm's Form ADV.)*

## ITEM 2: MATERIAL CHANGES

---

### Update

Laurel Wealth Advisors is providing the following information as part of an “other-than-annual amendment” update. The last *annual amendment* update to the Adviser’s Form ADV Part 2A was January 23, 2018. This amendment filing discusses only the material changes that have occurred since the last update of this brochure, which are as follows:

- **Assets Under Management (“AUM”)** as of January 1, 2019:

Discretionary AUM:	\$ 889,550,000
Non-Discretionary AUM:	<u>263,350,000</u>
Total AUM:	\$ 1,152.900,000

- **Item 4: Advisory Business** - Additional disclosures for the Adviser’s co-branded Advisor Representative legal business entity list has been provided. The list has been updated to reflect all Advisor Representative legal business entities whose trade names and logos are used for marketing purposes (and which may appear on marketing materials or client statements). Clients should understand that the co-branded businesses are legal entities of the *Advisor Representatives* and not of Laurel Wealth Advisors, the Investment Adviser. The co-branded Advisor Representatives are under the supervision of Laurel Wealth, and their advisory services are provided through us.
- **Item 15: Custody** - This section has been expanded to further clarify the Advisor’s Custody procedures.

### Full Brochure Availability

Laurel Wealth Advisors may, at any time, amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations or routine annual updates as required by securities regulators, and either send you a copy of the amended document or offer to send you a copy (either by electronic means or by hard copy). This complete Disclosure Brochure or a Summary of Material Changes will be provided to each client annually and if a material change occurs in the Adviser’s business practices.

At any time, you may view the current Disclosure Brochure online at the SEC’s Investment Adviser Public Disclosure website at <http://www.adviserinfo.sec.gov>, by searching for our firm name or by our CRD number (CRD #156523). You may also request a copy of this Disclosure Brochure by contacting us directly by telephone at 858.459.1101.

ITEM 3: TABLE OF CONTENTS

---

ITEM 1: FORM ADV PART 2A BROCHURE .....1

ITEM 2: MATERIAL CHANGES .....2

ITEM 3: TABLE OF CONTENTS .....3

ITEM 4: ADVISORY BUSINESS .....4

ITEM 5: FEES & COMPENSATION .....6

ITEM 6: PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT .....9

ITEM 7: TYPES OF CLIENTS ..... 10

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF INVESTMENT LOSS ..... 10

ITEM 9: DISCIPLINARY INFORMATION ..... 14

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS..... 14

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING..... 16

ITEM 12: BROKERAGE PRACTICES ..... 17

ITEM 13: REVIEWS OF ACCOUNTS ..... 22

ITEM 14: CLIENT REFERRALS & OTHER COMPENSATION..... 23

ITEM 15: CUSTODY..... 23

ITEM 16: INVESTMENT DISCRETION ..... 24

ITEM 17: VOTING CLIENT SECURITIES (PROXY VOTING) ..... 25

ITEM 18: FINANCIAL INFORMATION ..... 25

BUSINESS CONTINUITY PLAN ..... 25

INFORMATION SECURITY PROGRAM ..... 26

PRIVACY PRACTICES ..... 26

## ITEM 4: ADVISORY BUSINESS

---

### Description of the Advisory Firm

Laurel Wealth Advisors, Inc. is a federally registered investment adviser located at 8008 Girard Avenue, Suite 330, La Jolla, California 92037. The firm has been in business since March 2011. Laurel Wealth's Principal Owners are Lee A. Tripodi, President, and Mark D. Welsh, Managing Director. *(Please refer to Form ADV Part 2B for details of the Principal's formal education and business background.)*

### "Co-Branding" Disclosures

Laurel Wealth offers services through its network of Investment Advisor Representatives ("Advisor Representatives" or "IARs"). Some Advisor Representatives may have established their own legal business entities whose trade names and logos are used for marketing purposes, and which may appear on marketing materials or client statements. Clients should understand that these businesses are legal entities of the *Advisor Representatives* and not of Laurel Wealth, the Investment Adviser. Advisor Representatives are under the supervision of Laurel Wealth, and the advisory services of the Advisor Representatives are provided through us.

Laurel Wealth has co-branding arrangements with the following Advisor Representatives:

- Leonard H. Anderson, LHA Capital Partners
- Patrick J. Berry, CONCERT Retirement Plan Consulting, Inc.
- Douglas F. Bradley, Capital Stewardship Group
- Neva C. Bradley, Capital Stewardship Group
- Peter G. Chiang, Jr., CORE Investment Management
- Erick S. Conway, von Berge Wealth Management Group
- Steven R. Daniels, Eudaimon Wealth Management
- Gregory J. Jackey, Jackey/Robinson Group
- Brent W. Lowe, Granite Wealth Advisors
- Barbara J. Norman, Sage Path Solutions
- Vanessa L. Pearson, Pearson Wealth Management
- Beverly W. Robinson, Jacke /Robinson Group
- Erick D. von Berge, von Berge Wealth Management Group
- Stuart J. Weissman, Wealth Preservation

### Types of Advisory Services

Laurel Wealth offers investment supervisory services, financial planning services, and ongoing portfolio management services for clients based on the individual goals, objectives, time horizons, and risk tolerance of each client. These services include, but are not limited to, the following:

- Investment Strategy
- Personal Investment Policy
- Asset Allocation
- Asset Selection
- Portfolio Monitoring

Laurel Wealth emphasizes continuous personal client contact and interaction in providing these services. And, works with clients to create portfolio allocations designed to complement each client's individual defined goals and objectives, as detailed within the client's Investment Advisory Agreement ("Advisory Agreement").

Laurel Wealth provides individually tailored client investment strategies and recommendation services on a discretionary or non-discretionary basis. Advisor Representatives are restricted to providing the services and fees detailed in this document and their Laurel Wealth Advisory Agreement. *(See Item 16: Investment Discretion.)*

#### Investment Supervisory Services

Investment Supervisory Services clients undergo an introductory interview and discussion to outline their current financial situation and establish their risk tolerance and investment objectives (i.e., to include income, tax, and risk acceptance levels, among other considerations). If appropriate for the account type, Laurel Wealth will create an Investment Policy Statement ("IPS") to aid in the selection of a portfolio that matches the client's circumstances. The IPS establishes reasonable expectations, objectives, and guidelines for the investment of the client's Portfolio Account ("Account") assets. It sets forth an investment structure detailing permitted asset classes and regular allocations for the Account and creates the framework for what is intended to be a well-diversified asset mix whose goal is to generate acceptable, long-term returns at a level of risk suitable to the client. Clients are assigned to one of several risk profiles and a specific portfolio strategy, that is based on the information gathered and the amount of assets to be managed on their behalf. Laurel Wealth will then supervise and direct the Account's investments, subject to the objectives, limitations, and restrictions listed in the written IPS. An IPS is not a contract; an IPS is an investment philosophy summary intended to guide the client and the Adviser; it is not to be construed as offering any guarantees. *Clients are ultimately responsible for establishing their investment policy.* The final fee structure is documented in the client's Advisory Agreement.

***Clients are expected to notify Laurel Wealth of any changes in their financial situation, investment objectives, or Account restrictions, promptly.***

#### Financial Planning Services

Laurel Wealth's financial plans and financial planning services could include but are not limited to investment and retirement planning assistance, tax concerns, college planning, personal savings, investment programs, and debt or credit planning. Services are based on either fixed or hourly fees, with the final fee structure documented in the client's Advisory Agreement. In offering financial planning, a conflict exists between the interests of the Investment Adviser and the interests of the client. The client is under no obligation to act upon Laurel Wealth's recommendation(s), and should they elect to act on any recommendations received, they are under no obligation to effect the transaction through Laurel Wealth.

#### Financial Planning Services - ERISA Accounts

Laurel Wealth provides investment advice to clients that are employee benefit plans or other retirement accounts (i.e., IRAs) for a level fee. As such, the firm is considered a fiduciary under the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code") and is required to abide by the Impartial Conduct Standards, as defined by ERISA. To comply with the Impartial Code Standards, Laurel Wealth provides advice to clients based on their best interests and charges no more than reasonable compensation [within the meaning of ERISA Section 408(b)(2) and Internal Revenue Code Section 4975(d)(2)], for such advice. The firm makes no misleading statements about investment transactions, compensation, conflicts of interest, or any other matters related to investment decisions.

By the business practices outlined above, the Adviser believes itself to be a 'Level Fee Fiduciary.' As a Level-Fee Fiduciary, the firm maintains a non-variable compensation structure provided either based on a fixed percentage of the value of assets or a set fee that does not vary with investments recommended (as opposed to a commission or other transaction-based fee). As a "Level Fee Fiduciary," while Laurel Wealth is held to the fiduciary standards of care, the firm is subject to fewer disclosures and reporting requirements than investment advisers operating under differing business models.

### Types of Investments

Laurel Wealth will generally provide investment advice and money management concerning mutual funds, equities, bonds, fixed income, debt securities, ETFs, REITs, select alternative investments, and government securities. However, will use other securities as well to help diversify a portfolio, when applicable and appropriate.

### Client Tailored Services

Laurel Wealth offers the same suite of services to all its clients. However, some clients will require only limited services due to the nature of their investments. Limited services are offered at a discounted rate, based on a flat fee billed either monthly in arrears, or quarterly in advance, as defined in the client's Advisory Agreement.

### Client Imposed Restrictions

Clients can impose restrictions on investing in particular securities or types of securities, based on their values or beliefs. Any limits may affect the performance of their Account and may have variations from a similarly managed Account with no restrictions. Reasonable efforts are used to comply with any investment guidelines, including any reasonable restrictions requested by the client by standard industry practices. In the event security purchases are made outside of such instructions or restrictions, Laurel Wealth will take reasonable steps to bring the Account back in-line with the client's stated objectives. However, if the restrictions prevent the proper servicing of the Account, or if the restrictions would require the Adviser to deviate from its standard suite of services, Laurel Wealth reserves the right to end the relationship.

### Amounts Under Management

As of January 1, 2019, the following represents the amount of assets under management by Laurel Wealth:

TYPE OF ACCOUNT	ASSETS UNDER MANAGEMENT
Discretionary	\$ 889,550,000
Non-Discretionary	\$ 263,350,000
Total	\$ 1,152.900,000

## ITEM 5: FEES & COMPENSATION

### Fee Schedule

#### Investment Supervisory Services Fees

The following are the Investment Supervisory Services Fees ("Advisory Fees") charged by Laurel Wealth Advisors for services provided. **All management fees are negotiable under certain circumstances up the maximum annual rates listed below.** (See "Fee Negotiation Available," following):

TOTAL ASSETS UNDER MANAGEMENT	ANNUAL FEE
\$1 – 249,000	up to 2.25%
\$250,000 – 499,000	up to 2.00%
\$500,000 – 999,000	up to 1.75%
\$1,000,000 – 2,499,000	up to 1.25%
\$2,500,000 – 4,999,999	up to 1.00%
Above \$5,000,000	Negotiable

*Note: Lower fees for comparable services can at times, be available from other sources.*

Laurel Wealth charges a minimum Advisory Fee of 25 basis points per year. Laurel Wealth may, at its sole discretion, decide to waive this minimum. The final fee schedule will be reflected within the client's executed

Advisory Agreement. Fees are paid either monthly in arrears or quarterly in advance, based on the client's Account asset value as of the last business day of the prior calendar quarter.

Clients have the right to terminate an Advisory Agreement without penalty, within five (5) business days after document execution. After that, an Advisory Agreement may be canceled at any time, by either party, for any reason upon receipt of 30-days written notice. Cancellation will be subject to any changes related to the settlement of transactions in progress. If the client executes their Advisory Agreement after the first day of a calendar quarter, the Advisory Fee will be pro-rated for the remainder of that quarter. Effective with the date of termination, Laurel Wealth shall refrain, without liability or obligation, from taking any further action in a client's Account. From the date of termination, Laurel Wealth will no longer be entitled to receive fees, and any prepaid, unearned fees will be promptly refunded to the client on a pro-rata basis, based on the date of termination.

### Fee Billing

Laurel Wealth's clients agree to pay an asset-based fee (Advisory Fee) calculated according to the tiered Fee Schedule listed above. Clients have two options for payment of their Advisory Fees:

1. The client will provide written limited authorization instructions directly to their Custodian directing the Custodian to allow the Adviser to withdraw any Advisory Fees due. The limited authorization will specifically authorize Laurel Wealth to invoice the Custodian directly for the client's Advisory Fees due and will instruct the Custodian to automatically debit the Advisory Fees due, directly from the client's Custodial Account. The Custodian will maintain actual custody of the client's assets. Clients may elect to have their quarterly fees charged to either one Account or split between other Accounts at the Custodian (if applicable). And, will receive Custodial statements showing the Advisory Fees debited from the designated Custodial Account(s). In addition, the written instructions will request the Custodian provide a "transfer of funds" notice to the client at their address of record after each Advisory Fee payment transfer occurs. *(These instructions may be provided on the qualified Custodian's form, via execution of "EXHIBIT I - Custodian Identification, Acknowledgment & Instructions" of the client's executed Advisory Agreement, or separately by the client.)*

OR

2. Clients will authorize Laurel Wealth to invoice them directly for the payment of their Advisory Fees due. Clients fee payments to Laurel Wealth will be made by separate check, and under no circumstance will any Advisory Fees be deducted from amounts held in the client's Custodial Account(s).

### To bill an Account, Laurel Wealth will:

- invoice the Custodian directly for the client's Advisory Fees due. Fees will be calculated according to the Fee Payment Schedule and amounts reflected within the client's executed Advisory Services Agreement,
- provide an itemization of the fee billing calculation which will include the formula used to calculate the fee, the value of the assets under management on which the fee is based, and the period covered by the fee. *(For many Custodians, this invoice information will be presented in the form of a data sheet upload reflecting client invoice details, not a copy of an actual "invoice." ), and*
- instruct the Custodian to send the client statements at least quarterly, showing all disbursements and activity on the client's Account, to include the amounts of any assessed Advisory Fees.

Laurel Wealth may also provide the client with a statement specifying the Advisory Fees assessed to the Client's Account. Laurel Wealth urges clients to compare the Account statements they receive from their Custodian with any periodic portfolio report or statement they may receive from us promptly upon receipt, to ensure the accuracy of all Account transactions. The reports received from us may vary from Custodial statements based on Accounting

procedures, reporting dates, or valuation methodologies of certain securities. Laurel Wealth encourage our clients to raise any questions with us about the custody, safety, or security of their assets

### **Fee Negotiation Available**

All Laurel Wealth Advisory Fees are negotiable under certain circumstances, up to the maximum annual rates listed herein. Advisor Representatives may, at their discretion, negotiate the Advisory Services Fee, subject to certain limitations and approval by Laurel Wealth. To the extent that fees are negotiable, some clients may pay more or may pay less than other clients for the same advisory services, depending, but not limited to, Account inception date, number of related investment Accounts, or total assets under management. At Laurel Wealth's discretion, Accounts for members of the client's family (husband, wife and dependent children) or related businesses may be assessed fees based on the total balance of all Accounts. *Lower fees for comparable services can at times, be available from other sources.*

Clients may incur certain charges imposed by custodians, brokers, third-party investments, and other third-parties such as fees charged by managers, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage Accounts and securities transactions. Laurel Wealth's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which incurred by the client. (See, "Other Services Fees," below.)

### **Fixed, Financial Planning & Hourly Fees**

Fixed, financial planning and hourly fees are negotiable under certain circumstances, up to the maximum annual rates listed herein. As noted above, fees are paid in arrears upon completion of the services and can be paid via check or debited directly from the client's Custodial Account, upon completion. Clients can terminate their contracts without penalty within five (5) business days of signing an Advisory Agreement. In all cases, because fees are charged in arrears, no refund is necessary at the time of Account termination. Clients should refer to their Advisory Agreement, for more detail.

#### **Fixed Fees**

Fixed fee services can vary between \$250 and \$5,000, depending on the complexity of the situation.

#### **Financial Planning Fees**

Financial planning fees can be based on a fixed or hourly fee. Financial planning fees can vary between \$450 and \$10,000, depending upon the involvement of the plan. Financial plans over \$5,000 require Principal review and approval.

#### **Hourly Fees**

Depending on the complexity of the situation and the needs of the client, Laurel Wealth's hourly fee is up to \$400.

### **Other Service Fees**

#### **Third-Party Charges**

As noted above, Laurel Wealth's Advisory Fees in a standard managed Account do not include third-party, custodial or transaction/execution charges. Examples of these fees include but are not limited to, trading charges for odd-lot differentials and exchange fees, or fixed income transactional charges, including markups, markdowns, commissions, and dealer profits. A third-party can also impose charges for special services elected by their clients such as electronic fund wire transfers, certificate delivery, American Depositary Receipt (ADR), and transfer taxes mandated by law. Certain portfolios managed by Laurel Wealth will include transactions in foreign securities. These transactions can require execution on foreign stock exchanges, which will result in additional transaction expenses.



### Mutual Fund & Exchange Traded Funds (ETFs) Fees

Mutual funds and exchange-traded funds also charge fees, which are disclosed in each fund's prospectus. These fees will usually include a management fee and other fund expenses, paid by the fund's shareholders. Non-advisory Accounts typically have upfront or back-end charges. Please refer to each fund's prospectus for complete details of each mutual fund and the factors that determine charges and service calculations. *(Factors to consider should include amount, type(s), transaction charges, the range of advisory services and the ancillary charges of each service.)*

Mutual funds recommended by Laurel Wealth can be available directly from the fund company or through other financial service providers. Laurel Wealth offers funds or share classes of funds that a client might not be qualified to purchase outside of Laurel Wealth. All fees paid to Laurel Wealth for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. Such charges, fees, and commissions are exclusive of and in addition to Laurel Wealth's fee, and Laurel Wealth shall not receive any portion of these commissions, fees, and costs.

### Selection of Other Advisors Fees

Under certain circumstances, Laurel Wealth will direct clients to third-party money managers. The firm will be compensated via a fee share from the advisers to which it directs those clients. The relationship is disclosed in the contract between Laurel Wealth and each of the third-party advisers, and shared fees will not exceed any limit imposed by any regulatory agency. Fees are paid quarterly in advance.

To assist the client in the selection of a third-party investment manager, Laurel Wealth will typically gather information about their financial situation, investment objectives, and reasonable restrictions imposed on the management of the Account. Laurel Wealth will not offer advice on any specific securities or other investments regarding this service. Clients can also contact the third-party manager directly managing the Account or sponsoring the program. ***Clients are expected to notify Laurel Wealth of any changes in their financial situation, investment objectives, or Account restrictions.***

Laurel Wealth will periodically review reports provided to the client. The Advisor Representatives of Laurel Wealth will contact the client occasionally, as agreed, to review their financial situation and objectives, to communicate information to the third-party manager as warranted, and to assist the client in understanding and evaluating the services provided by the third-party manager. Laurel Wealth makes every reasonable attempt to ensure that any Investment Advisers that the firm selects or recommends to clients are properly licensed or exempt from registration.

***Please note that lower fees for comparable services to the ones pointed out within this Brochure, can at times, be available from other sources. Services available through Laurel Wealth are available through other companies at differing cost.***

## ITEM 6: PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

Laurel Wealth does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains on or capital appreciation of the client's assets or any portion of the client's assets). Consequently, it does not engage in the side-by-side management of Accounts charged a performance-based fee with Accounts charged another type of fee (such as assets under management). As described above, Laurel Wealth provides its services for an Advisory Fee based upon a percentage of a client's assets under management, which is by state and federal requirements.

## ITEM 7: TYPES OF CLIENTS

---

Laurel Wealth provides discretionary and non-discretionary investment advice and management supervisory services to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Trusts, Estates, or Charitable Organizations
- Corporations

### Minimum Account Size

Laurel Wealth's Account minimum is \$100,000, which can be waived by the Adviser, based on the needs of the client and the complexity of the situation.

## ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF INVESTMENT LOSS

---

### Methods of Analysis

Laurel Wealth's methods of analysis include charting analysis, fundamental analysis, technical analysis, and cyclical analysis.

- *Charting Analysis* - The use of patterns in performance charts, to search for patterns used to help predict favorable conditions for buying and/or selling a security
- *Fundamental Analysis* - The analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages
- *Technical Analysis* - The analysis of past market data; primarily price and volume
- *Cyclical Analysis* - The analysis of business cycles in finding favorable conditions for buying and/or selling a security.

### Investment Strategies

Laurel Wealth uses long-term trading, short-term trading, short sales, margin transactions, options writing (including covered options, uncovered options, or spreading strategies).

### Risk of Investment Loss

All investments present the risk of loss of principal – the risk that the value of securities when sold or otherwise disposed of, may be less than the price paid for the securities.

Clients should be aware that there could be a loss or depreciation to the value of the client's Account, which they should be prepared to bear. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made. Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, that all investing is subject to risk and consequently, the value of the client's Account can, at any time be worth more or less than the amount invested. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

Laurel Wealth's investment recommendations are subject to various market, currency, economic, political, and business risks, and such investment decisions are not always profitable. Investing in securities involves a significant risk of loss. Laurel Wealth does not represent or guarantee that our services or methods of analysis can or will

predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

### Types of Risk

Depending on the distinct types of investments, varying degrees of risk will exist. Global, national, and local economic and market conditions affect the success of investment activities. Economic or market conditions may move unpredictably, or with the correlation of market components behaving outside the range of expectations, which can result in material loss. The below list is not all-inclusive but details many of the risks of which clients should be aware. *(Please note the below list is presented alphabetically, for ease of reading, not in order of importance):*

- *Business* - Risks associated with a specific industry or a particular company within an industry.
- *Credit Risk* - The return on fixed income investments (e.g., bonds and preferred stock) is dependent on the issuer of the security meeting its commitment to making agreed upon payments. Credit risk is the risk that the issuer does not meet that obligation.
- *Currency* - Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. Currency Risk is also referred to as "Exchange Rate Risk."
- *Equity Investment* - Generally refers to buying shares of stocks by an individual or firm in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value; the investment may incur a loss.
- *Exchange Traded Funds (ETF)* - ETFs are securities that track an index, a commodity, or a basket of assets like an index fund, but that trade like a stock on an exchange. ETFs experience price changes throughout the day as they are bought and sold.
- *Financial* - The possibility that shareholders will lose money when they invest in a company that has debt, if the company's cash flow proves inadequate to meet its financial obligations. When a company uses debt financing, its creditors will be repaid before its shareholders if the company becomes insolvent. Financial risk also refers to the possibility of a corporation or government defaulting on its bonds, which would cause those bondholders to lose money.
- *Inflation* - When any inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.
- *Interest-Rate* - Fluctuations in interest rates will cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Liquidity* - Liquidity is the ability to convert an investment into cash readily. Generally, assets are more liquid if there is a high interest in a standardized product. *(For example, Treasury Bills are highly liquid, while real estate properties are not.)*
- *Long-Term Trading* - Long-term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include, but are not limited to, inflation (purchasing power) risk, interest-rate risk, economic risk, market risk, and political/regulatory risk.
- *Market* - The price of a security, option, bond, or mutual fund can drop in reaction to tangible and intangible events and conditions. External factors cause this type of risk, independent of a security's underlying circumstances. For example, political, economic, and social conditions can trigger market events.
- *Municipal Securities* - Municipal securities are backed by either the full faith and credit of the issuer or by revenue that is generated by a specific project (like a toll road or parking garage) for which the

securities were issued. The latter type of securities could quickly lose value or even become virtually worthless if the expected project revenue does not meet expectations.

- *Mutual Funds* - Investing in mutual funds carries the risk of capital loss, and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature.
- *Non-U.S. Investments* - Investment in non-U.S. issuers or securities principally traded outside the United States may involve certain special risks due to economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, and the imposition of withholding taxes on dividend or interest payments.
- *Political & Legislative* - Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning, with significant impact, especially for companies operating outside of the United States or those companies who conduct a substantial amount of their business outside of the United States.
- *Real Estate* - Real Estate funds face several kinds of risk that are inherent in this sector of the market. Liquidity risk, market risk, and interest-rate risk are just some of the factors that can influence the gain or loss that is passed on to the investor. Liquidity and market risk tend to have a greater effect on funds that are more growth-oriented, as the sale of appreciated properties depends upon market demand. Conversely, interest rate risk impacts the amount of dividend income that is paid by income-oriented funds.
- *Real Estate Investment Trusts (REITs)* - REITs have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.
- *Reinvestment* - This is the risk that future proceeds from investments must be reinvested at a potentially lower rate of return. Reinvestment Risk primarily relates to fixed income securities.
- *Stock Market* - The market value of stocks will generally fluctuate with market conditions. While stocks have historically outperformed other asset classes over the long term, they tend to fluctuate over the short term because of factors affecting the individual companies, industries, or the securities market. Past performance of investments is no guarantee of future results.
- *Systematic Risks* - These are risks related to a broad universe of investments. These risks are also known as non-diversifiable risks as diversification within the system will not provide risk reduction if the entire system loses value (*e.g., a diversified portfolio of high-quality bonds in a rising interest rate environment or the S&P 500 in a bear market*).
- *Unsystematic Risks* - These are risks uniquely related to a specific investment. It is also known as “diversifiable risks,” as, at least theoretically, unsystematic risks may be significantly reduced by diversifying between different investments.

#### Risks of Specific Securities Utilized

Laurel Wealth seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and international equity markets. However, will utilize options writing, margin transactions, and short-sales, which generally hold the greater risk of capital loss; there is a material risk of loss using any of these strategies. The below list is not all-inclusive but details many of the risks of which clients should be aware for these specific securities that may be utilized:

- *Margin* - Securities purchased on margin in an investor’s account are the firm's collateral for the loan to the investor. If the account securities decline in value, so does the value of the collateral supporting loan, and, as a result, the firm can act, such as issuing a margin call and/or selling securities or other assets in any of the accounts the investor may hold with the member, to maintain the required equity in the account. It is important to understand the risks involved in trading securities on margin fully. These risks include but are not limited to losing more funds than deposited in the margin account, the

firm forcing the sale of securities or other assets in the account(s), or selling securities or other assets without contacting the investor, or the investor not being entitled to choose which securities or other assets in their account(s) can be liquidated or sold to meet a margin call. Also, the firm can increase its "house" maintenance margin requirements at any time, without the requirement of providing advance written notice, without entitlement to an extension of time on the margin call.

- *Options Contracts* - An option is a contract that gives the buyer the right and the seller the obligation to buy or sell stock or futures contracts at a specific price for a set period. Options trading can present some or all of the following material risks (not an exclusive list):
  - Option sellers receive fixed compensation in exchange for accepting an obligation to buy or sell an underlying asset at a price that can fluctuate widely.
  - Securities price movement can make exercising options financially impractical, and the options would expire worthless. This would result in the loss of the entire amount used to purchase the options.
  - Options sold may be exercised at any time before expiration requiring the seller to purchase or sell underlying securities at an unfavorable price.
  - Sellers of naked positions run margin risks if the position goes into significant losses (i.e., liquidation of positions by the broker).
  - Sellers of call options can lose more money than a short seller of that stock on the same rise on the underlying stock.
  - Call options can be exercised outside of market hours inhibiting remedies that can be taken by the seller of those options.
  - Sellers of stock options may be obligated to buy or sell securities upon exercise even if a trading market is not available or they are unable to perform a closing transaction.
  - The value of the underlying stock may unexpectedly increase or decline, leading to automatic exercises of options against the seller.
  - Options markets have the right to halt trading of options, thus preventing investors from realizing value.
- *Securities Futures Contracts* - (on tangibles and intangibles) - A futures contract is a standardized, transferable, exchange-traded contract that requires delivery of a commodity, bond, currency, or stock index, at a specified price, on a specified future date. Unlike options, which the holder may or may not choose to exercise, futures contracts convey an obligation to purchase the underlying asset at a set future date. The holder of a futures contract must have sold it by that date or be prepared to pay for and take delivery of the underlying asset. Material risks can include, but are not limited to the following:
  - Futures contracts have a margin requirement that must be settled daily.
  - There is a risk that the market for a particular futures contract may become illiquid. This could be the case if a futures price has increased or decreased by the maximum allowable daily limit (and therefore, no one is willing to buy or sell a particular futures contract).
  - The market price for a particular commodity or underlying asset might move against the investor requiring that the investor sell futures contracts at a loss.

Investing carries with it the risk of missing out on more favorable returns that could be achieved by investing in alternate securities or commodities. Clients are advised that investing in securities involves the risk of loss of the entire principal amount invested including any gains. Clients should not invest unless they can bear these losses. Any of the above investment strategies may lead to a loss of investments, especially if the markets move against the client

*Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that clients, should be prepared to bear.*

#### **Practices Regarding Cash Balances in Client Accounts**

Laurel Wealth usually invests client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government-backed debt instruments. Ultimately, Laurel Wealth's goal is to seek to achieve the highest return on its client's cash balances reasonably possible, using relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account, to allow for the debit of Advisory Fees, as applicable.

### **ITEM 9: DISCIPLINARY INFORMATION**

---

Registered Investment Advisers such as Laurel Wealth are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's prospective evaluation of the Adviser or the integrity of its management.

Neither Laurel Wealth nor any management person has any legal or disciplinary events in its history concerning criminal or civil actions material to a client's prospective evaluation of the Adviser, or any administrative proceeding pending before the SEC, or any other federal, state or financial regulatory agency or authority. Neither have the Adviser, nor any management person been found by any self-regulatory agency ("SRO"), to have caused an investment-related business to lose its authorization to do business or been involved in a violation of the SRO's rules in connection with an event that would be material to a client's prospective evaluation of the Adviser or the integrity of its management. Nor has the Adviser or any management person been barred or suspended from membership or association with other members, expelled from membership, otherwise significantly limited from investment-related activities, or fined more than \$2,500, in connection with an event which may be material to a client's or prospective client's evaluation of this advisory business.

There may be items contained on [brokercheck.finra.org](http://brokercheck.finra.org) or [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) you may wish to review and consider when evaluating an advisor's background.

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

---

#### **Material Relationships or Arrangements with Financial Industry**

Laurel Wealth is a fiduciary for clients and is not a broker-dealer. Laurel Wealth receives no fees, referral fees, or commission payments from outside investment companies, pooled investment vehicles, unit investment trusts, private investment funds, futures commission merchants, commodity pool operators, commodity trading advisors, banking or thrift institutions, accounting firms, law firms, insurance companies, pension consultants, real estate brokers or dealers, or sponsors or syndicators of limited partnerships.

#### **Broker-Dealer**

Laurel Wealth is not registered and does not intend to register as a broker-dealer. Certain of Laurel Wealth's Advisor Representatives are Representatives of other registered broker-dealers, member of FINRA and SIPC. In these capacities, Advisor Representatives may recommend securities or other products and receive normal transaction costs, commissions or other compensation. If an Associated Person of Laurel Wealth is a Representative of a registered broker-dealer, that person is not acting in a brokerage capacity or on behalf of Laurel Wealth in any way concerning the services provided under this Agreement.

#### **Futures Commission Merchant/Commodities Commodity Broker**

Neither the Adviser nor any of its management persons are registered or intend to register with the Commodity Futures Trading Commission, as a futures commission merchant, commodity pool operator, a commodity trading

advisor, or an associated person of the preceding entities.

### **Insurance Agents**

While Laurel Wealth is not affiliated with insurance agencies, several of Laurel Wealth's Adviser Representatives are licensed as agents through various insurance companies. In these capacities, Adviser Representatives of the Adviser may recommend securities, insurance, or other products, and receive commissions or other compensation if products are purchased through any firms with which any Adviser Representatives are affiliated.

Clients are under no obligation to act upon any recommendations of the Adviser Representatives or affect any transactions through the Adviser Representatives if they decide to follow the recommendations received.

A potential conflict of interest can exist between the interests of Laurel Wealth's Adviser Representatives and those of its advisory clients, as a result of the above other financial industry activities and affiliations, to the extent that such recommendations will result in a commission being paid to certain Adviser Representative by one or more brokerage firms or insurance companies for transactions effected for client accounts. Clients are under no obligation to implement any recommended transactions through any broker-dealer or insurance company and are not obligated to purchase any securities or insurance products from Laurel Wealth or its Adviser Representatives. Laurel Wealth makes no assurance that brokerage or insurance products are offered at the lowest available cost.

### **Selection of Other Advisors**

In certain situations, Laurel Wealth will direct clients to third-party money managers. Laurel Wealth will be compensated via a fee share from the advisors to which it directs those clients. The relationship will be disclosed in each contract between Laurel Wealth and each of the third-party advisors, and the fees shared will not exceed any limit imposed by any regulatory agency. Laurel Wealth will review any third-party money managers used to ensure they fit the criteria for the Adviser's models. Neither Laurel Wealth nor any of its Advisory Representatives will exercise discretion or make investment choices or recommendation in the Accounts held with any third-party money manager. And, before selecting a third-party money manager for clients, Laurel Wealth will confirm the money manager is appropriately licensed and/or registered as an Investment Adviser.

### **Other Financial Industry Professionals**

Laurel Wealth uses third-party resources to help run its business and provide services to its clients, the majority of which are back-office related. Laurel Wealth sources these professionals with a focus on finding the highest value-add, lowest cost providers to service its clients, acting in a client's best interest with fiduciary responsibility. While the Adviser has developed a network of professionals (e.g., accountants, lawyers, and so forth), neither Laurel Wealth nor its Adviser Representatives or other Associates receives compensation in return for such use or referrals.

A potential conflict of interest can exist between the interests of Laurel Wealth and its Associates and those of its advisory clients, as a result of the above financial industry activities and affiliations. Brokerage, insurance or other recommendations can result in a commission or another form of compensation being paid to an Associated Person for transactions effected for client Accounts. Laurel Wealth makes no assurance that the products or the products of another entity are offered at the lowest available cost. Clients are under no obligation to implement any recommended transaction(s) through any other recommended entity and are not obligated to purchase any securities, insurance or other products from Laurel Wealth or its Associates.

Laurel Wealth mitigates conflicts of interest by placing client interests ahead of those of the Adviser, its Adviser Representatives, and its other Associates, always. Additional details of how the Adviser addresses conflicts are found in the firm's comprehensive compliance Policies & Procedures Manual and Code of Ethics document.



### Relationships with Other Advisers & Relationships with Related Persons

Outside of the relationship referenced herein, neither the Adviser nor any of its management persons have any other material relationships or conflicts of interest with any financial industry participants. Under the Adviser's policies and procedures, Associates are required to obtain pre-approval of any outside business activities in which they intend to engage - the Adviser monitors for potential conflicts of interest between the Associates and its clients.

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

---

### Code of Ethics

As a Registered Investment Adviser, Laurel Wealth has a statutory duty to oversee the investment advisory activities of its Supervised Personnel ("Associates") who act on its behalf. The Adviser holds its Associates to a very high standard of integrity and business practices, and in keeping with its fiduciary obligation, imposes upon Associates a duty to deal fairly and to act in the best interest of its clients. And, to:

- render disinterested and impartial advice,
- make suitable recommendations to clients within the context of the total portfolio, given their needs, financial circumstances, and investment objectives,
- exercise a high degree of care to ensure that all material facts are disclosed to clients,
- ensure adequate and accurate representations of its business and other information about the Adviser's services and investment recommendations are presented to clients,
- disclose any conflicts of interest, and
- promote fair, ethical, and equitable practices.

In keeping with this fiduciary obligation, Laurel Wealth has adopted a Code of Ethics to set forth standards of conduct expected of firm Associates, that applies to all firm Associates. The Code covers a range of topics including general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings, and private placements, reporting ethical violations, distribution of the Code, review and enforcement processes, amendments to Form ADV and supervisory procedures. The Code also outlines and prohibits certain types of activities that are deemed to create conflicts of interest (or at least the potential for or the appearance of such a conflict), and details reporting requirements and enforcement procedures.

Associates must conduct all advisory activities in compliance with applicable federal and state securities laws. They must adhere to other applicable laws, rules, and regulations, including applicable laws of foreign jurisdictions, and firm policies and procedures adopted (or that may be adopted in the future). *Per the Code, the firm and its Associates must ensure that the needs of the clients come first, always.* Upon employment or affiliation and at least annually after that, all Associates are required to sign an acknowledgment that they have read, understand, and agree to comply with the firm's Code.

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

### Personal Trading by Associates

Laurel Wealth recognizes that the personal investment transactions of members and Associates of the firm demand the application of a high Code of Ethics and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, Laurel Wealth believes if the investment goals of clients and members of the firm are similar, it is logical and even desirable that there be common ownership of some securities.



To prevent conflicts of interest in this area, Laurel Wealth has instituted within its Code a “Personal Trading Policy,” which consists of personal trading and pre-clearance procedures for personal Account transactions effected by firm Associates, and a transaction reporting system, to monitor compliance with this Policy. The firm’s Code also includes additional policies and procedures to address insider trading and personal securities transactions, as well as many other important safeguards required of its Associates. Upon employment or affiliation and at least annually after that, all firm Associates must sign an acknowledgment stating they have read, understand, and agree to comply with the firm’s Code of Ethics. And, execute an affirmation stating they will conduct business in an honest, ethical, and fair manner, avoiding all circumstances that might negatively affect or appear to affect, its duty of complete loyalty to all clients.

#### **Recommendations Involving Material Financial Interests**

Laurel Wealth does not recommend that clients buy or sell any security in which a related person to Laurel Wealth has a material financial interest.

#### **Investing Personal Money in the Same Securities as Clients & Trading Securities at or Around the Same Time as Clients’ Securities**

As noted above, from time to time, Advisor Representatives of Laurel Wealth will buy or sell securities for themselves that they also recommend to clients. This act can provide an opportunity for Advisor Representatives of the Adviser to buy or sell the same securities before, or after, recommending the same securities to clients, resulting in their profiting from the recommendations provided. Laurel Wealth’s policy is to always transact client business before their own when similar securities are being bought or sold and to document any transactions that could be construed as a conflict of interest, per firm procedures.

The Adviser does not permit insider trading and has implemented procedures to ensure that its policy regarding insider trading is being observed by firm Associates; Associates are aware of the rules regarding material non-public information and insider trading and seek to ensure that they do not personally benefit from the short-term market effects of their recommendations to clients. Associates may buy or sell specific security for their accounts based on personal investment considerations which the Adviser does not deem appropriate to buy or sell for clients. In all cases, transactions are affected based on the best interests of the client.

### **ITEM 12: BROKERAGE PRACTICES**

Custody of client assets is maintained with independent and separate qualified custodians who take possession of the cash, securities, and other assets in client Custodial accounts. Laurel Wealth has no access to the assets in the client’s Custodial accounts or to the income produced from such accounts and has no physical custody of client funds and securities (*except for the authorized deduction of client Advisory Fees, as detailed within Items 5 and 15, herein*). Custodians hold all client assets in brokerage accounts at the Custodial firm and buy and sell securities upon instructions received by the Adviser or the client. All funds and securities are delivered between the client and the Custodian. The client’s relationship with their Custodian is governed by a separate account agreement between the client and their Custodian. Laurel Wealth is not responsible for any acts or omissions of the client’s Custodian and will not be responsible for ensuring client Custodian’s comply with the terms of their agreement with the client about the client’s brokerage account. Neither will Laurel Wealth be responsible for the payment of the client’s brokerage or Custodial charges or fees; the client is responsible for the expenses billed directly by their Custodian.

#### **Preferred Custodian**

Laurel Wealth typically recommends Charles Schwab & Co., Inc. (“Schwab”) Institutional, a FINRA-registered broker-dealer and member SIPC, as their Preferred Custodian. However, may employ either TD Ameritrade (“TDA”) or Raymond James (“Raymond James”), also FINRA-registered broker-dealers, members SIPC, at times for certain clients. However, clients will decide their own Custodian at the time of Advisory Agreement execution. And, will

enter into a separate custodial/brokerage account agreement directly with their selected Custodian. Laurel Wealth does not and will not open Custodial accounts for clients. Laurel Wealth is independently owned and operated and is not affiliated with any Custodian(s) it may recommend.

### Factors Used to Select Custodians & Broker-Dealers

Laurel Wealth seeks to select and recommend a Custodian who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. While the Adviser has designated Charles Schwab as their Preferred Custodian, and TD Ameritrade and Raymond James as alternative Custodians for certain client accounts, occasionally, Laurel Wealth also will review other custodians. A wide range of factors may be considered, among others, the following:

- the combination of transaction execution services along with asset custody services (generally without a separate fee for custody),
- the capability to execute, clear and settle trades (buy and sell securities for a client's account),
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.),
- competitive trading commissions costs,
- reporting tools, including cost basis and 1099 reports facilitating tax management strategies,
- personal money management tools such as electronic fund transfer capabilities, dividend reinvestment programs and electronic communication delivery capabilities,
- financial stability to ensure individual accounts, including primary and backup account insurance,
- the breadth of investment products made available (stocks, bonds, mutual funds, ETFs, etc.),
- the availability of investment research and tools that assist us in making investment decisions,
- customer service levels and quality of services,
- the competitiveness of the price of those services such as commission rates, margin interest rates, other fees, etc., and the willingness to negotiate them,
- the reputation, financial strength, and stability of the provider,
- the custodian's prior service to us and our other clients; and
- the availability of other products and services that benefit us, as discussed below.

### Custodial Statements

Clients should receive at least quarterly statements from the Custodian who maintains their investment assets. The Adviser's statements or reports may vary from Custodial statements, based on accounting procedures, reporting dates, or valuation methodologies of individual securities.

***Laurel Wealth urges clients to carefully review such statements and compare such official records to the Account statements or reports we may provide them, promptly upon receipt.***

If a client believes there are any inaccuracies or discrepancies in any reports received, whether from their Custodian or Laurel Wealth directly, or if they do not understand the information in any report, document or statement received, they should promptly, and in all cases before the next statement cycle, report any items of concern to Laurel Wealth. Any verbal communications, inquiries, or concerns about their account statements, should be re-confirmed in writing to Laurel Wealth.

### Custodial Support Services

Custodians are in business serving independent investment advisory firms like Laurel Wealth, providing Advisers and their clients with access to institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to retail customers. Custodial support services are generally available on an unsolicited basis; Laurel Wealth does not have to request them. These various support services help the Adviser

manage or administer client Accounts and manage and grow the advisory business. These services are offered at no charge to the Adviser if qualifying amounts of client account assets are maintained with the Custodian. *(Please contact us directly for current qualifying amount numbers.)*

Below is a description of some common support services Laurel Wealth may receive from their qualified Custodians:

#### Services That Benefit You

Custodial services include access to a broad range of institutional investment products, execution of securities transactions, and custody of client assets. The investment products available include some of which Laurel Wealth might not otherwise have access or some that would require a significantly higher minimum initial investment by our clients. Services available are subject to change at the discretion of each Custodian.

#### Services That Will Not Always Directly Benefit You

Custodians make available to us other products and services that benefit us but will perhaps not directly benefit our clients or their Accounts. These products and services assist Laurel Wealth in managing and administering client Accounts. They include investment research, both a Custodian's own and that of third-parties which can be used to service all, some, or a substantial number of our client Accounts. In addition to investment research, software and other technology are also made available that:

- provide access to client account data such as duplicate trade confirmations and Account statements,
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts,
- provide pricing and other market data,
- facilitate the payment of our fees from our clients' accounts, and
- assist with back-office functions, recordkeeping, and client reporting.

#### Services that Generally Benefit Only Us

Custodians also offer other services intended to help us manage and further develop our business enterprise. These services can include:

- educational conferences and events,
- technology, compliance, legal, and business consulting,
- publications and conferences on practice management and business succession, and
- access to employee benefits providers, human capital consultants, and insurance providers.

Custodians provide some of the above services themselves. In other cases, they will arrange for third-party vendors to provide services to us. Our Custodians can also discount or waive their fees for some of these services or pay all or a part of a third-party's fees.

#### Custody & Brokerage Costs

Laurel Wealth's Custodians generally does not charge Laurel Wealth's client Custodial accounts separately for their services. They are compensated by charging clients commissions or other fees on the trades they execute or that settle into the custodial accounts. For some client Custodial accounts, Custodians will charge clients a percentage of the dollar amount of assets in the account, instead of commissions. Custodian commission rates [and asset-based fees] applicable to Laurel Wealth client Accounts are negotiated based on Laurel Wealth's commitment to maintaining client assets in accounts at the Custodian. This commitment benefits clients because the overall commission rates and asset-based fees clients pay are generally lower than they would be if Laurel Wealth had not committed. In addition to commissions, or asset-based fees, Custodians charge a flat dollar amount as a "trade away" fee for each trade that Laurel Wealth executes by a different broker-dealer, where the securities bought or the funds from the securities sold are deposited (settled) into a Custodial account. These fees are in addition to the

commissions or other compensation clients pay the executing broker-dealer. *(For additional details, please refer to each Custodian's specific "Fee Schedule.")*

### **Custodial Benefits**

An Investment Adviser receives benefits from a custodian when they receive research or other products and services in exchange for client securities transactions or maintaining account balances with the custodian. Laurel Wealth does not receive soft dollar benefits; however, the Adviser can receive custodial benefits for its clients.

The Custodians Laurel Wealth uses offer various services to us, including custody of client securities, trade execution, clearance and settlement of transactions, platform systems access, duplicate client statements, research-related products and tools, access to trading desks, 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 direct debit Advisory Fees directly from client accounts, access to an electronic communications network for order entry and account information, access to no-transaction-fee mutual funds and to certain institutional money managers, and the use of overnight courier services. These custodial benefits are paid for as part of the client's fee.

Client transactions and the transaction compensation charged by our Custodians might not be the lowest compensation Laurel Wealth might otherwise be able to negotiate. There are only a few possible firms that meet our sourcing criteria for providing a reliable and satisfactory custodial platform for our clients. These firms offer similar soft dollar programs, leveling the playing field, and as such, Laurel Wealth mitigates the conflict of interest inherent of obtaining custodial benefits, by not considering this factor in our selection of an appropriate Custodian. Also, Investment Advisers could have an incentive to cause clients to engage in more securities transactions that would otherwise be optimal to generate brokerage compensation with which to acquire products and services or custodial benefits. However, Laurel Wealth eliminates this conflict by having a quantitative investment process that creates trades only when the investment model signals the appropriateness of the trade; extra trades are not made. Furthermore, the custodial benefits received by Laurel Wealth provide greater access to advanced research and advanced portfolio management tools, which improve the services the Adviser can offer to clients.

### **Beneficial Interest in Custodial Services**

The availability of these services from our Custodians is a potential conflict of interest. Services received from our Custodians benefits us because Laurel Wealth does not have to produce or pay for them if we maintain a required minimum of client assets in accounts at each Custodian. This required minimum can give Laurel Wealth an incentive to recommend that our clients maintain their accounts with a certain custodian based on our interest in receiving custodial services that benefit our business rather than based on a client's interest in receiving the best value in services and the most favorable execution of their transactions.

Laurel Wealth believes our Custodian selection is in the best interests of our clients. The scope, quality, and price of the services we receive support the belief that services provided by our Custodian(s) do not benefit only us. Given the client assets we have under management, we do not believe that maintaining at least the required minimum of those assets per Custodian, to avoid paying each Custodian quarterly service fees, presents a material conflict of interest.

### **Best Execution**

As a matter of policy and practice, Laurel Wealth conducts initial and on-going due diligence policies, procedures, and practices regarding soft dollars, best execution, and directed brokerage. Laurel Wealth seeks to ensure compliance with the clients Investment Policy Statement and observe best practices.

Laurel Wealth acts on its duty to seek "best execution." However, a client may pay a commission that is higher than another custodian might charge to affect the same transaction when it is determined, in good faith, that the

commission is reasonable given the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest cost possible, but whether the transaction represents the best qualitative execution, taking into consideration the full range services available, including among others, the value of research provided, execution capability, financial strength, commission rates, and responsiveness. While Laurel Wealth will seek competitive rates, they may not necessarily obtain the lowest commission rates for client transactions.

### **Directed Brokerage**

In certain cases, a client may direct Laurel Wealth in writing to use another custodian/broker-dealer to execute some or all transactions for the client's Account. The client will negotiate terms and arrangements for the account with the custodian; Laurel Wealth will not seek better execution services, better prices or be able to aggregate client transactions for execution through other custodians with orders for other accounts managed by Laurel Wealth. As a result, the client may be unable to achieve the most favorable execution of client transactions; directed brokerage may cost the client money. The client may pay higher commissions or other transaction costs or greater spreads, may not be able to aggregate orders to reduce transaction costs or may receive less favorable prices, on transactions for the account that would otherwise be the case had the client used the Adviser's recommended Custodian(s). Subject to its duty of best execution, we may decline a client's request to direct brokerage if, in our discretion, such directed brokerage arrangements would result in additional operational difficulties.

### **Special Considerations for ERISA Clients**

A retirement or ERISA Plan client may direct all or part of portfolio transactions for its Account through a specific custodian to obtain goods or services on behalf of the Plan. Such direction is permitted provided that the products and services offered are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the Plan.

### **Employee Benefit Plan Services**

Laurel Wealth does arrange for the execution of securities transactions for 401k Plans as a part of this service. Transactions are executed directly through employee Plan participation.

### **Investment Allocation & Trade Aggregation Policy**

Laurel Wealth's allocation and aggregation process require fair and equitable treatment of all client orders. *(Please contact us directly, for a complete copy of the firm's Investment Allocation & Trade Aggregation Policy.)*

### **Client Participation in Transactions**

In general, Laurel Wealth makes investment decisions and trades client Accounts in aggregation, particularly when clients have similar objectives. We will seek to be consistent in our investment approach for all Accounts with the same or similar investment goals, strategies, and restrictions.

### **Trading Errors**

Even with our best efforts and controls, trade errors may happen. If a trade is placed for a client's Account, which causes a breach of any regulatory, contractual, investment objective or restriction parameters ("trade error"), such Trade Error will be immediately reported internally for prompt review, direction and/or action, and will be reported directly to the appropriate Custodian for action, to ensure that the client is not disadvantaged.

Laurel Wealth does not use soft dollar credits or the promise of future trade commissions to compensate a Custodian/broker-dealer for absorbing the cost of a trade error. Advisor Representatives may not correct a trade error made in a client's Account by allocating the trade to a different client Account (unless such client was the intended recipient of the trade in the first place).

In resolving any trade error, Laurel Wealth's policy is that its clients' interests will come first, always, and trade errors will be resolved promptly and efficiently upon discovery, to help minimize damages. Generally, clients will be reimbursed for any loss incurred due to a Laurel Wealth trade error. Any gains resulting from a Laurel Wealth trade error will either remain with the client or, be accumulated in a trade error account, to offset trade error losses. In all circumstances involving Laurel Wealth trade errors, clients will be "made whole." In circumstances in which trade errors result from inaccurate instructions provided by the client, the trading error will remain the financial responsibility of the client.

Client interests are placed ahead of those of Laurel Wealth, always. Clients are not required to effect transactions through any Custodian recommended by the Adviser. Laurel Wealth may but is not required to, accept clients who instruct us to execute all transactions through a particular custodian. While a conflict of interest exists in that Laurel Wealth may have an incentive to select or recommend a custodian based on its interest in receiving client referrals, rather than on client interests in receiving the most favorable execution, our preferred Custodians meet the firm's sourcing criteria for providing a strong and satisfactory custodial platform for its clients. *(Additional details of how Laurel Wealth mitigates conflicts of interest in this area is found in the firm's comprehensive compliance Policies & Procedures Manual and its Code of Ethics document.)*

## ITEM 13: REVIEWS OF ACCOUNTS

---

The Adviser has a fiduciary duty to reasonably determine that the investment advice or services provided to clients are suitable. Laurel Wealth's Advisor Representatives regularly evaluate Accounts, per the below schedule. The firm's Managing Director/Salesforce Supervisor monitors Advisor Representative conduct, sales, and Account servicing to confirm the firm's policy of making tailored investment decisions in the best interests of the client are met based on the client's disclosure of their current financial situation and investment needs, and to verify adherence to the Account IPS (i.e., stated client investment policies and risk tolerance levels).

### Frequency of Account Reviews & Review Triggers

#### Annual Reviews

Advisor Representatives are required to maintain current information about each client, and to make and document an extensive review of each Account's investment policy statements and objectives, at least annually, at a minimum. Review will occur for confirmation and/or updates needed to a client's Suitability Profile, for changes in a client's financial circumstances and investment profile, to maintain equilibrium with stated investment objectives, for fluctuations that may have occurred in the client's investment objectives, and to determine if a modification of a client's imposed restrictions on the management of the Account, or if new reasonable Account restrictions, should occur.

#### Quarterly Reviews

Advisor Representatives will perform reviews of client advisory Accounts, no less than quarterly. Accounts are reviewed for consistency with the investment strategy and performance, among other things. While Advisor Representatives will confirm receipt of Custodial account statements by their clients shortly after account inception, they will also reconcile client accounts with Custodian statements/account information in full, at least quarterly.

#### Periodic Reviews

Advisor Representatives are responsible for conducting periodic reviews of investment strategies to ensure their adherence to their client's investment mandates. These periodic reviews are made to detect trading irregularities and unusual positions, to evaluate securities for investment, to ensure asset allocation and security selection decisions are appropriate, and to confirm all account transactions executed correctly.

### Non-Periodic Review

Non-periodic reviews may be triggered by changes in an account holder's financial situation (such as retirement or termination of employment), by their physical move, an inheritance, or by changes in personal, tax, or financial status. Reviews are also triggered by material market, economic or political events or macroeconomic or company-specific events.

### Content & Frequency of Regular Reports Provided to Clients

Clients will receive regular statements directly from the Custodian of record on their Account (the broker-dealer, product sponsor or retirement plan administrator that holds their account). The statements will list the client's account positions, activity in the account over the covered period, and other related information. Clients will also receive confirmations following each brokerage account transaction. The client can also receive periodic reports from Laurel Wealth, and additional reports, if a client requests supplementary reviews.

***Statements provided by the Custodian should be reviewed promptly upon receipt. Clients should compare the investment performance of their Portfolio against the appropriate benchmark, and their Custodial statements against the statements they may receive from the periodic portfolio reports they receive from Laurel Wealth.***

If a client believes there are any inaccuracies or discrepancies in any reports received, whether from their Custodian or Laurel Wealth directly, or if they do not understand the information in any report, document or statement received, they should promptly, and in all cases before the next statement cycle, report any items of concern to Laurel Wealth. Any verbal communications, inquiries, or concerns about their account statements, should be re-confirmed in writing to Laurel Wealth.

## ITEM 14: CLIENT REFERRALS & OTHER COMPENSATION

---

### Economic Benefits Received

Laurel Wealth receives an economic benefit from its Custodians in the form of the support products and services it makes available to us, and other independent Investment Advisers that have their clients maintain Accounts at such Custodians. These products and services, how they benefit us, and the related conflicts of interest are described above. The availability to Laurel Wealth of Custodial products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. (See Item 12: Brokerage Practices).

### Compensation for Client Referrals

Laurel Wealth or a related person does not have any arrangement, oral or in writing, where it is paid cash by or receives some economic benefit (including commissions, equipment, or non-research services) from a non-client about advising clients. Laurel Wealth or a related person does not have any arrangement, oral or in writing, where it directly or indirectly compensates any person for client referrals.

## ITEM 15: CUSTODY

---

Laurel Wealth does not accept or permit the firm or its Associates to obtain custody of client assets including cash, securities, acting as trustee, provide bill paying service, to have password access to client accounts to control Account activity, or to have any other form of client asset control. The Adviser will not take title to any assets or have the authority to withdraw funds from the client's Accounts, *except to cover payment of the agreed to "Advisory Management Fees" specified within the client's Advisory Services Agreement*, or at the client's specific and written direction. All checks or wire transfer to fund client Accounts must be made out to/sent to the client's Custodian.

Regardless of the above, under federal regulations, Laurel Wealth is deemed to have custody of client assets if a client authorizes the Adviser to instruct the Custodian to deduct the Adviser's Advisory Fees directly from their



Account. Concerning such transactions, Laurel Wealth observes following points noted in the SEC's No-Action Letter of February 21, 2017, for any Advisory Fee debited directly from a client's Custodial Account.

For client Accounts in which Laurel Wealth directly debits Advisory Fees:

1. the client will provide written instruction to their Custodian, that includes the client's signature, Laurel Wealth's name, and either the Adviser's address or their account number at the Custodian to which the transfer should be directed.
2. the client will authorize their Custodian, in writing, to direct transfers to Laurel Wealth, either on a specified schedule or from time to time.
3. the Custodian will perform appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
4. the client has the ability to terminate or change the instruction to their Custodian at any time.
5. Laurel Wealth has no authority or ability to designate or change the identity of the client's instruction.
6. Laurel Wealth will maintain records showing they are not a related party of the client's Custodian.
7. the Custodian will be asked to, and will be responsible for sending the client, in writing, an initial notice confirming the above instruction and an annual notice reconfirming the instruction.

The Custodian will maintain actual custody of the client's assets. The client will provide the above written limited authorization instructions directly to their Custodian and will request the Custodian provide a "transfer of funds" notice to them at their address of record after each Advisory Fee payment transfer occurs. The client will provide these instructions either on the qualified Custodian's form, via execution of "EXHIBIT I - Custodian Identification, Acknowledgment & Instructions" of their Laurel Wealth Advisory Agreement, or separately.

Clients will receive account statements directly from the Custodian to the email, or postal mailing address of record which the client provided to the Custodian. And, will receive at least quarterly statements from their Custodian reflecting all disbursements for the account, including the amounts of any assessed advisory fees. Clients should review statements provided by their Custodian promptly upon receipt. Laurel Wealth urges clients to compare the statements they receive directly from their Custodian with the information outlined in any reports or periodic portfolio statements received from the Adviser, to ensure the accuracy of all account transactions. The reports received from Laurel Wealth may vary from Custodial statements based on Accounting procedures, reporting dates, or valuation methodologies of certain securities. Laurel Wealth encourages our clients to promptly raise any questions with us about the custody, safety, or security of their assets.

## ITEM 16: INVESTMENT DISCRETION

Laurel Wealth provides individually tailored client investment strategies and recommendation services to its clients on a discretionary and non-discretionary basis. Clients will provide Laurel Wealth discretionary authority on their Accounts, via a limited power-of-attorney in their Advisory Agreement and the contract between the client and their chosen Custodian. Details of this relationship are disclosed fully to the client before any advisory relationship commences.

### Discretionary Authorization

Under the discretionary authorization, Laurel Wealth executes securities transactions for clients without having to obtain specific client consent before each transaction. Discretionary authority is limited to investments within a client's managed Accounts, and clients may impose restrictions on investing in certain securities or types of securities.



### **Non-Discretionary Authorization**

Under the non-discretionary authorization, Laurel Wealth notifies the client and obtains permission before the sale or purchase of each security within the Managed Account. Clients may decide not to invest in certain securities or types of securities and may refuse to approve securities transactions.

## **ITEM 17: VOTING CLIENT SECURITIES (PROXY VOTING)**

---

Laurel Wealth will not ask for, nor accept voting authority for client securities; clients will receive proxy material directly from the issuer of the security or the Custodian. Under circumstances where Laurel Wealth receives proxy material on behalf of a client involving any security held in the client's Account, Laurel Wealth will promptly forward such material to the client's attention. Proxy voting for plans governed by ERISA must conform to the plan document in effect. In the case where the investment manager is listed as the fiduciary responsible for voting proxies, the responsibility will be designated to another fiduciary and reflected in the Plan document. While Laurel Wealth shall not be deemed to have proxy voting authority solely because of providing advice or information about a particular proxy vote to a client in either of the above situations, it is the client's responsibility to vote their proxy; clients should direct all proxy questions to the issuer of the security.

## **ITEM 18: FINANCIAL INFORMATION**

---

### **Balance Sheet**

Laurel Wealth neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, does not need to include a balance sheet with this brochure.

### **Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither Laurel Wealth nor its management has any financial conditions that are likely to impair our ability to meet contractual commitments to clients reasonably. No member of management, officer, or a principal of the Investment Adviser has been involved in an award or otherwise found liable in an arbitration claim alleging damages in excess of \$2,500 in an activity involving investment or investment-related activity; fraud, false statements or omissions; theft, embezzlement or other wrongful taking of property; bribery, forgery, counterfeiting or extortion; dishonest, unfair or unethical practices. Further, no member of management, officer, or a principal of the Adviser has been found liable in a civil, self-regulatory organization or administrative proceeding involving investment or investment-related activity; fraud, false statements or omissions; theft, embezzlement or other wrongful taking of property; bribery, forgery, counterfeiting or extortion; dishonest, unfair or unethical practices.

### **Bankruptcy Petitions in Previous Ten Years**

Laurel Wealth has not been the subject of a bankruptcy petition.

## **BUSINESS CONTINUITY PLAN**

---

Laurel Wealth has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services, or key people. The Business Continuity Plan covers natural disasters such as snowstorms, hurricanes, tornados, and flooding. The Plan covers human-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, a chemical event, biological event, T-1-communications line outage, Internet outage, railway accident, and aircraft accident. Electronic files are backed up daily and archived offsite.

### **Alternative Offices**

Alternate offices are identified to support ongoing operations in the event the headquarters/main office is unavailable. We intend to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

### **Summary of Business Continuity Plan**

A summary of the business continuity plan is available by contacting us directly at 858.459.1101 or on [www.laurelwa.com](http://www.laurelwa.com).

## **INFORMATION SECURITY PROGRAM**

---

Laurel Wealth maintains an Information Security Program to reduce the risk that client's personal and confidential information is breached. Please contact us directly at 858.459.1101 with any questions regarding this Program.

## **PRIVACY PRACTICES**

---

Investment Advisers, like all providers of personal financial services, are now required by law to inform their clients of their policies regarding privacy of client information. Investment Advisors have been and continue to be bound by professional standards of confidentiality that are even more stringent than those required by law. Therefore, we have always protected your right to privacy.

### **Types of Nonpublic Personal Information We Collect**

We collect nonpublic personal information about you that is either provided to us by you or obtained by us with your authorization.

### **Parties to Whom We Disclose Information**

For current and former clients, we do not disclose any nonpublic personal information obtained during our practice except as required or permitted by law. Permitted disclosures include, for instance, providing information to our employees and, in limited situations, to unrelated third parties who need to know that information to assist us in providing services to you. In all such cases, we stress the confidential nature of the data being shared.

### **Protecting the Confidentiality & Security of Current & Former Client's Information**

We retain records relating to professional services that we provide so that we are better able to assist you with your professional needs and in some cases, to comply with professional guidelines. To guard your nonpublic personal information, we maintain physical, electronic, and procedural safeguards that comply with our professional standards.

Our client's privacy, our professional ethics, and the ability to provide clients with quality financial services are very important to us. Please contact us directly at 858.459.1101, with any questions regarding our Privacy Policy.

## FORM ADV PART 2B - BROCHURE SUPPLEMENT

---



### Laurel Wealth Advisors, Inc.

Form ADV Part 2B – Individual Disclosure Brochure

For

Investment Advisor Representative

**LEE A. TRIPODI**

(Individual CRD # 2149812)

Telephone: 858.459.1101, x502

Fax: 858.456.0020

Email: [lee@laurelwa.com](mailto:lee@laurelwa.com)

**Laurel Wealth Advisors, Inc.**

8008 Girard Avenue, Suite 330

La Jolla, CA 92037

Telephone: 858.459.1101

Fax: 858.456.0020

Email: [d.cooper@laurelwa.com](mailto:d.cooper@laurelwa.com)

Website: [www.laurelwa.com](http://www.laurelwa.com)

January 1, 2019

In accordance with federal and state regulations, Form ADV, Part 2B, this "Brochure Supplement" or "Brochure," is on file with the appropriate securities regulatory authorities as required. All the material within this Brochure must be reviewed by those who are considering becoming a client of Laurel Wealth Advisors, Inc. ("Laurel Wealth," the "Firm," the "Adviser," "us," "we," or "our").

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. The information provided in this Brochure is not to be construed as an endorsement or recommendation by state securities authorities in any jurisdiction within the United States or by the SEC. Nothing in this document is to be construed as an offer of securities; please refer to actual fund and investment offering documents for more complete disclosures. Registration of an Investment Advisor does not imply any level of skill or training; investments involve risk, including the possible loss of principal. The oral and written communications of an Advisor provide you with information which you may use to determine whether to hire or retain an Advisor.

This Brochure provides information about the above Investment Advisor Representative that supplements Laurel Wealth's Firm ADV Brochure. You should have received a copy of the Firm's ADV Brochure that describes the investment advisory services offered through Laurel Wealth Advisors, the Investment Adviser. Please contact Laurel Wealth's CCO, directly at 858.459.1101, if you did not receive the Firm's ADV Brochure, or if you have any questions about the contents of this Brochure Supplement.

Additional information about Lee A. Tripodi is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

(Click on the link, select "Investment Advisor – Individual" and type in the above Individual CRD #.)

## LEE A. TRIPODI

---

### Date of Birth & Educational Background

Lee A. Tripodi was born in 1963. He received his Bachelor's degree from California Polytechnic State University in 1986. He has fulfilled Laurel Wealth Advisors' requirement that its Investment Advisor Representatives hold either a bachelor's degree and further coursework (i.e., an MBA, a DFP, a CFA, a ChFC, JD, CTFA, EA or CPA), or possess relevant work experience demonstrating their knowledge of and aptitude for, investment management principles.

### Business Background & Experience

05/2011 - Present	Laurel Wealth Advisors, Inc., La Jolla, CA Principal & President
09/2010 - 04/2011	Torrey Pines Securities, Inc., San Diego, CA President
04/2010 - 09/2010	Burns Advisory Group, Oklahoma City, OK Business Consultant
09/2009 - 04/2010	Sabbatical
04/2005 - 09/2009	UBS Financial Services, Inc., La Jolla, CA Complex Manager
07/1993 - 04/2005	Citigroup Global Markets Inc., La Jolla, CA Branch Manager

### Professional Designations, Licensing & Exams

Lee A. Tripodi does not have any additional professional designations, licensing or exams to disclose.

### Disciplinary Information

Laurel Wealth Advisors is required to disclose all material facts regarding any legal or disciplinary event material to your evaluation of Lee A. Tripodi providing advice to you. Mr. Tripodi does not have disciplinary history to disclose, which may be material to a client's or prospective client's evaluation of this advisory business. Further, there may be items contained on [brokercheck.finra.org](http://brokercheck.finra.org) or [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) that you may wish to review and consider in your evaluation of your Investment Advisor Representative's background.

### Other Business Activities

Lee A. Tripodi is an Investment Advisor Representative, President, and Principal of Laurel Wealth, who dedicates 100% of his time to this activity during trading hours. He has no other business activities to report.

### Additional Compensation

Mr. Tripodi does not receive any economic benefit from any person, company, or organization, in exchange for providing clients with advisory services through Laurel Wealth.

### Supervision

Laurel Wealth takes its compliance and regulatory obligations seriously; supervision is a multi-tiered process. Donna L. Cooper is the firm's Chief Compliance Officer. She oversees and administers Laurel Wealth's Compliance Program in coordination with the efforts of the firm's onsite Supervisory Staff, Principals, and Executive Officers: Elizabeth A. Cave, Compliance Management Officer, Mark D. Welsh, Principal & Managing Director, and Lee A.

Tripodi, Principal/President. Mark D. Welsh directly supervises Mr. Tripodi.

Covered Persons (Associates) are required to abide fully by all applicable federal and state regulations and the firm's guiding principles as outlined in its written supervisory Policies & Procedures Manual and Code of Ethics (including any updates thereto). Laurel Wealth's Code of Ethics requires all Associates to exercise a fiduciary duty to its clients by acting in each client's best interest, and by placing client interests first and foremost, *always*. Associates are required to attest no less than annually to their compliance with, and understanding of, the above matters (including confirmation and acknowledgment by every Investment Advisor Representative, of the Firm's expectations regarding their conduct, given the duties, responsibilities, and principles required of them).

#### Requirements for State Registered Investment Advisers

*This disclosure is required by California securities authorities and is provided for your use in evaluating this Investment Advisor Representative's suitability.*

A. Lee A. Tripodi has not been involved in any of the events listed below.

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
  - a) an investment or an investment-related business or activity;
  - b) fraud, false statement(s), or omissions;
  - c) theft, embezzlement, or other wrongful taking of property;
  - d) bribery, forgery, counterfeiting, or extortion; or
  - e) dishonest, unfair, or unethical practices.
2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
  - a) an investment or an investment-related business or activity;
  - b) fraud, false statement(s), or omissions;
  - c) theft, embezzlement, or other wrongful taking of property;
  - d) bribery, forgery, counterfeiting, or extortion; or
  - e) dishonest, unfair, or unethical practices.

B. Lee A. Tripodi has not been the subject of a bankruptcy petition.

## FORM ADV PART 2B - BROCHURE SUPPLEMENT

---



### Laurel Wealth Advisors, Inc.

Form ADV Part 2B – Individual Disclosure Brochure

For

Investment Advisor Representative

**MARK D. WELSH**

(Individual CRD # 1365388)

Telephone: 858.459.1101, Ext. 503

Email: [mark@laurelwa.com](mailto:mark@laurelwa.com)

**Laurel Wealth Advisors, Inc.**

8008 Girard Avenue, Suite 330

La Jolla, CA 92037

Telephone: 858.459.1101

Fax: 858.456.0020

Email: [d.cooper@laurelwa.com](mailto:d.cooper@laurelwa.com)

Website: [www.laurelwa.com](http://www.laurelwa.com)

January 1, 2019

In accordance with federal and state regulations, Form ADV, Part 2B, this “Brochure Supplement” or “Brochure,” is on file with the appropriate securities regulatory authorities as required. All the material within this Brochure must be reviewed by those who are considering becoming a client of Laurel Wealth Advisors, Inc. (“Laurel Wealth,” the “Firm,” the “Adviser,” “us,” “we,” or “our”).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. The information provided in this Brochure is not to be construed as an endorsement or recommendation by state securities authorities in any jurisdiction within the United States or by the SEC. Nothing in this document is to be construed as an offer of securities; please refer to actual fund and investment offering documents for more complete disclosures. Registration of an Investment Advisor does not imply any level of skill or training; investments involve risk, including the possible loss of principal. The oral and written communications of an Advisor provide you with information which you may use to determine whether to hire or retain an Advisor.

This Brochure provides information about the above Investment Advisor Representative that supplements Laurel Wealth’s Firm ADV Brochure. You should have received a copy of the Firm’s ADV Brochure that describes the investment advisory services offered through Laurel Wealth Advisors, the Investment Adviser. Please contact Laurel Wealth’s CCO, directly at 858.459.1101, if you did not receive the Firm’s ADV Brochure, or if you have any questions about the contents of this Brochure Supplement.

Additional information about Mark D. Welsh is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

(Click on the link, select “Investment Advisor – Individual” and type in the above Individual CRD #.)

## MARK D. WELSH

---

### Date of Birth & Educational Background

Mark D. Welsh was born in 1959. He has fulfilled Laurel Wealth Advisors' requirement that its Investment Advisor Representatives ("IARs") hold either a bachelor's degree and further coursework (i.e., an MBA, a DFP, a CFA, a ChFC, JD, CTFA, EA or CPA), or possess relevant work experience demonstrating their knowledge of and aptitude for, investment management principles.

### Business Background & Experience

05/2011 - Present	Laurel Wealth Advisors, Inc., La Jolla, CA Principal & Managing Director
06/2009 - 05/2011	Torrey Pines Securities, Inc., Del Mar, CA Branch Manager
08/2008 - 07/2009	Nexcore Capital, Inc., San Diego, CA Branch Manager
01/2008 - 08/2008	Countrywide Bank, FSB/Investment Services, Inc., Thousand Oaks, CA Regional Sales Manager
12/2006 - 10/2007	Farmers Financial Solutions, LLC, Temecula, CA Agent
09/1997 - 12/2004	UBS Financial Services Inc., San Diego, CA Branch Manager & Vice President
09/1995 - 09/1997	Prudential Securities, Inc., New York, NY Vice President
05/1982 - 12/1994	Smith Barney / Shearson Lehman Brothers, New York, NY Director & Branch Admin/Senior Vice President

### Professional Designations, Licensing & Exams

Mark D. Welsh does not have any additional professional designations, licensing or exams to disclose.

### Disciplinary Information

Laurel Wealth Advisors, Inc. ("Laurel Wealth") is required to disclose all material facts regarding any legal or disciplinary event material to your evaluation of Mark D. Welsh providing advice to you. Mr. Welsh has no disciplinary history to disclose, which may be material to a client's or prospective client's evaluation of this advisory business. Further, there may be items contained on [brokercheck.finra.org](http://brokercheck.finra.org) or [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) that you may wish to review and consider in your evaluation of your Investment Advisor Representative's background.

### Additional Compensation

Mr. Welsh does not receive any economic benefit from any person, company, or organization, in exchange for providing clients with advisory services through Laurel Wealth.

### Supervision

Laurel Wealth takes its compliance and regulatory obligations seriously; supervision is a multi-tiered process. Donna L. Cooper is the firm's Chief Compliance Officer. She oversees and administers Laurel Wealth's Compliance

Program in coordination with the efforts of the firm's onsite Supervisory Staff, Principals, and Executive Officers: Elizabeth A. Cave, Compliance Management Officer, Mark D. Welsh, Principal/Managing Director, and Lee A. Tripodi, Principal/President. Lee A. Tripodi directly supervised Mark D. Welsh.

Covered Persons (Associates) are required to abide fully by all applicable federal and state regulations and the firm's guiding principles as outlined in its written supervisory Policies & Procedures Manual and Code of Ethics (including any updates thereto). Laurel Wealth's Code of Ethics requires all Associates to exercise a fiduciary duty to its clients by acting in each client's best interest, and by placing client interests first and foremost, *always*. Associates are required to attest no less than annually to their compliance with, and understanding of, the above matters (including confirmation and acknowledgment by every Investment Advisor Representative, of the firm's expectations regarding their conduct, given the duties, responsibilities, and principles required of them).

#### Requirements for State Registered Investment Advisers

*This disclosure is required by California securities authorities and is provided for your use in evaluating this Investment Advisor Representative's suitability.*

A. Mark D. Welsh has not been involved in one of the events listed below.

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
  - a) an investment or an investment-related business or activity;
  - b) fraud, false statement(s), or omissions;
  - c) theft, embezzlement, or other wrongful taking of property;
  - d) bribery, forgery, counterfeiting, or extortion; or
  - e) dishonest, unfair, or unethical practices.
2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
  - a) an investment or an investment-related business or activity;
  - b) fraud, false statement(s), or omissions;
  - c) theft, embezzlement, or other wrongful taking of property;
  - d) bribery, forgery, counterfeiting, or extortion; or
  - e) dishonest, unfair, or unethical practices.

B. Mark D. Welsh has not been the subject of a bankruptcy petition.