

# MJC ADVISORS, LLC

CRD # 136839

ADV Part 2A, Brochure

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This Brochure provides information about the qualifications and business practices of MJC Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at [leonard@mjcadvisorsllc.com](mailto:leonard@mjcadvisorsllc.com) or (917) 355-9321. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

References to MJC Advisors, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## **Item 2           Material Changes**

This Brochure has not been materially amended since the March 23, 2023 annual update filing.

MJC Advisors, LLC's Chief Compliance Officer, Leonard Cooperman is available to address any questions about this Brochure.

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

- A. MJC Advisors, LLC, ("MJC") is a limited liability company formed in Maryland on July 21, 2005. MJC has been registered with the United States Securities and Exchange Commission since January 10, 2020 and was previously registered with the Maryland Securities Division (and with various other states). MJC's Managing Member, Michael Cooperman, is MJC's principal owner.
- B. As discussed below, MJC offers to its clients (currently comprised of individuals, high net worth individuals, trusts, estates, pensions and profit-sharing plans) investment advisory services and financial planning and consulting services.

##### **INVESTMENT ADVISORY SERVICES**

Clients can engage MJC to provide discretionary investment advisory services on a fee-only basis. MJC's annual investment advisory fee is based upon a percentage of the market value of the assets placed under its management. When engaging MJC to provide investment advisory services, clients are required to enter into an Investment Advisory Agreement with MJC setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. Upon request or as part of the advisory process, MJC may at its discretion also provide financial planning and consulting services as part of its engagement that typically relate to account performance as compared to established financial goals and risks.

MJC's investment advisory services are specifically tailored to the needs of each client. Before providing investment advisory services, an investment adviser representative will collaborate with the client to develop investment objectives, which are based upon an assessment of factors that typically include: capital preservation; risk tolerance; income production; liquidity requirements; client preferences; asset and liability levels; and investment restrictions. The client's investment objectives are established, and a compatible investment strategy and plan are then implemented. Clients may, at any time impose restrictions in writing on investing in certain securities or types of securities. MJC primarily allocates investment assets among mutual funds and exchange traded funds ("ETFs") and may also allocate to individual equities when consistent with investment objectives. Once client investment assets are allocated, MJC provides ongoing monitoring and review of account performance and asset allocation as compared to client-designated investment objectives and may execute account transactions or implement a corresponding shift in investment strategy because of those reviews or other triggering events.

## **MISCELLANEOUS**

**Limitations of Non-Investment Consulting/Implementation Services.** MJC does not serve as a law firm, accounting firm, or insurance agency, and no portion of MJC's services should be construed as legal, accounting, or insurance implementation services. Accordingly, MJC does not prepare estate planning documents, tax returns, or sell insurance products. Unless specifically agreed in writing, neither MJC nor its representatives are responsible to implement any financial plans or financial planning advice; provide ongoing financial planning services; or provide ongoing monitoring of financial plans or financial planning advice. MJC's financial planning and consulting services are completed upon communicating its recommendations to the client. If requested by a client, MJC may also recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance agents, etc.). Clients are under no obligation to engage the services of any recommended professional, who are responsible for the quality and competency of the services they provide.

**Client Obligations.** In performing its services, MJC will not be required to verify any information received from the client or from the client's designated professionals and is expressly authorized to rely thereon. Clients are responsible to promptly notify MJC if there is ever any change in their financial situation or investment objectives for the purpose of reviewing or amending MJC's services or previous recommendations.

**Retirement Plan Rollovers-No Obligation / Conflict of Interest.** A client or prospective client leaving an employer has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If MJC recommends that a client roll over their retirement plan assets into an account to be managed by MJC, such a recommendation creates a conflict of interest if MJC will earn a new (or increase its current) advisory fee as a result of the rollover.

**ERISA / IRC Fiduciary Acknowledgment.** When MJC provides investment advice to a client about the client's retirement plan account or individual retirement account, it does so as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts. Because the way MJC makes money creates some conflicts with client interests, MJC operates under a special rule that requires it to act in the client's best interest and not put its interests ahead of the client's. Under this special rule's provisions, MJC must: meet a professional standard of care when making investment recommendations (give prudent advice); never put its financial interests ahead of the client's when making recommendations (give loyal advice); avoid misleading statements about conflicts of interest, fees, and investments; follow policies and procedures designed to ensure that MJC gives advice that is in the client's best interest; charge no more than is reasonable for MJC's services; and give the client basic information about conflicts of interest.

**Portfolio Trading Activity / Inactivity.** As part of its investment advisory services, MJC will review client portfolios on an ongoing basis to determine if any trades are necessary based upon various factors, including but not limited to investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods when MJC determines that upon review, trades within a client's portfolio are not prudent. Clients nonetheless remain subject to the fees described in Item 5 during periods of portfolio trading inactivity.

- C. MJC provides investment advisory services tailored specifically to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objectives. Thereafter, MJC will allocate investment assets consistent with the designated investment objectives. The client may, at any time, impose reasonable restrictions in writing, on MJC's services.
- D. MJC does not participate in a wrap fee program.
- E. As of December 31, 2023, MJC had \$144,562,779 in assets under management on a discretionary basis.

## **Item 5 Fees and Compensation**

### **A. INVESTMENT ADVISORY SERVICES**

MJC offers to provide discretionary investment advisory services on a negotiable fee-only basis. MJC's annual investment advisory fee is based upon a percentage (%) of the market value of assets placed under MJC's management. The specific annual investment advisory fee, which will not exceed 1.00%, is memorialized in, and is subject to the terms and conditions of the Investment Advisory Agreement between MJC and the client.

The annual investment advisory fee is payable quarterly, in advance, based upon the market value of the Assets on the last business day of the previous quarter. The initial investment advisory fee will be prorated based on the percentage of days remaining in the initial billing quarter. If the client deposits additional assets that will increase the investment advisory fee by at least \$50 during a billing quarter, the investment advisory fee will also be prorated based on the number of days remaining in that billing quarter and charged for the next billing quarter. In a parallel fashion, withdrawals made during the billing quarter are credited back to the client based on the number of days remaining in the quarter. These credits will be made to the client account from which the charges were originally made. Unless MJC expressly agrees otherwise in writing, account assets consisting of cash and cash equivalent positions are included in the value of an account's assets for purposes of calculating MJC's advisory fee.

MJC's annual investment advisory fee varies depending upon objective and subjective factors, including but not limited to the amount of assets to be managed; account composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated

future additional assets; the professionals rendering the services; and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees. The services to be provided by MJC to any particular client could be available from other advisers at lower fees.

- B. Clients may elect to have MJC's investment advisory fees deducted from their custodial account on a quarterly basis. The applicable form of agreement between MJC and the client, as well as the applicable custodial / clearing agreement may authorize the custodian to debit the account for the amount of MJC's fee and to directly remit that fee to MJC in compliance with regulatory procedures. In the limited event that MJC bills the client directly on a quarterly basis for those services, payment is due upon receipt of MJC's invoice.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, MJC will generally recommend that Charles Schwab and Co., Inc. an SEC-registered and FINRA member broker-dealer, and its affiliates, (collectively, "Schwab") serve as the broker-dealer/custodian for client investment advisory assets. Broker-dealers such as Schwab charge brokerage commissions and/or transaction fees for effecting certain securities transactions (e.g., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity, certain exchange traded fund and fixed income securities transactions). In addition to MJC's investment advisory fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and ETF purchases, charges imposed at the fund level (e.g., management fees and other fund expenses). The fees charged by the applicable broker-dealer/custodian, and the charges imposed at the mutual fund and exchange traded fund level, are in addition to MJC's investment advisory fee referenced in this Item 5.
- D. MJC's annual investment advisory fee will be prorated and paid quarterly in advance, based upon the market value of the assets on the last day of the previous quarter. The Investment Advisory Agreement between MJC and the client will continue in effect until terminated by either party or upon completion of the services in conformity with the terms of that Agreement. Upon termination of the Investment Advisory Agreement, MJC will refund the pro-rated portion of the advanced investment advisory fee paid based upon the number of days remaining in the billing quarter.
- E. Neither MJC, nor its representatives accept compensation from the sale of securities or other investment products.

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

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

## **Item 7           Types of Clients**

MJC's clients currently include individuals, high net worth individuals, trusts, estates, pensions, and profit-sharing plans. MJC does not impose any minimum requirements for opening or maintaining an account.

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

- A. MJC may utilize the following methods of security analysis:
- Fundamental - analysis performed on historical and present data, with the goal of making financial forecasts;
  - Technical – analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices; and/or
  - Cyclical – analysis performed on historical relationships between price and market trends, to forecast the direction of prices.

MJC may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases – securities held at least a year;
- Short Term Purchases – securities sold within a year; and/or

The goal of MJC's investment strategy is to consider the client's unique situation and to then generate attractive risk-adjusted returns through a customized portfolio. In this respect, MJC primarily uses an asset allocation strategy, driven by "Modern Portfolio Theory," to generate diversification across equity asset classes and fixed income asset classes.

**Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by MJC) will be profitable or equal any specific performance levels. Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies. While asset values may increase and client account values could benefit as a result, it is also possible that asset values may decrease, and client account values could suffer a loss.

- B. MJC's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis MJC must have access to current/new market information. MJC has no control over the dissemination rate of market information; therefore, unbeknownst to MJC, certain analyses may be compiled with outdated market information, severely limiting the value of MJC's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can

be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

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

MJC does not recommend the use of margin for investment purposes. However, if a client determines to take a margin loan that collateralizes a portion of the assets that MJC is managing, MJC's investment advisory fee will be computed based upon the full value of the assets, without deducting the amount of the margin loan. The client's use of margin presents a conflict of interest for MJC if it gives MJC the incentive to recommend that the client continue the use of margin to preserve asset-based fees on the value of collateralized assets.

The information technology systems and networks that MJC and its third-party service providers use to provide services to MJC's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in MJC's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and MJC are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although MJC has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that MJC does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

- C. MJC recommends asset allocations based on several factors including a particular client's: economic situation, liquidity needs, risk tolerance, proposed investment period, need for diversification, reliance upon current income, present and anticipated tax situation. MJC also considers such factors that include but are not limited to historical yields, potential appreciation, and marketability before making investment recommendations. MJC primarily allocates investment assets among mutual funds and ETFs and may also allocate to individual equities when consistent with investment objectives.



An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF investors are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Mutual fund and ETF investors are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss. Therefore, a mutual fund or ETF investor may incur substantial tax liabilities even when the fund underperforms.

Shares of mutual funds are distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any applicable fees (e.g., sales loads, purchase fees, redemption fees). The per-share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes in the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro-rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. While investors may be able to sell their ETF shares on an exchange, ETFs generally only redeem shares directly from investors when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, an investor may have no way to dispose of such shares.

An investment in an individual equity security (stock) is also subject to the risk of loss, based upon of circumstances affecting the issuer, macroeconomic changes, or other events that affect substantial portions of the stock market. In addition, the prices of an equity position can be highly volatile. Price movements can be influenced by the following and other factors: interest rates, general economic conditions, the condition of financial markets, developments or trends in any particular industry, the financial condition of the issuers of such assets, changing supply and demand relationships, programs and policies of governments, and national and international political and economic events and policies.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in the investor's account minus what the client owes the broker-dealer falls below a certain level, the broker-dealer will issue a "margin call," and the investor will be required to sell the position in the security purchased on margin or add more cash to the account. In some circumstances, investors may lose more money than originally invested.

MJC may hold a portion of client's assets in cash or cash equivalent positions (such as but not limited to money market funds) typically for defensive and liquidity purposes.

Investments in these assets may cause a client to miss upswings in the markets. MJC's advisory fee could exceed the interest income from holding cash or cash equivalents. A client can advise MJC not to maintain (or to limit the amount of) cash or cash equivalent positions in their account.

#### **Item 9            Disciplinary Information**

MJC has not been the subject of a disciplinary action.

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

- A. Neither MJC, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither MJC, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. MJC has no other relationship or arrangement with a related person that is material to its advisory business.
- D. MJC does not recommend or select other investment advisors for its clients for which it receives direct or indirect compensation.

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

- A. MJC maintains an investment policy relative to personal securities transactions. This investment policy is part of MJC's overall Code of Ethics, which serves to establish a standard of business conduct for all of MJC's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

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

- B. Neither MJC nor any related person of MJC recommends, buys, or sells for client accounts, securities in which MJC or any related person of MJC has a material financial interest.
- C. MJC and/or representatives of MJC may buy or sell securities that are also recommended to clients. This practice may create a situation where MJC and/or representatives of MJC are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price

which follows the recommendation) could take place if MJC did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed before those of MJC's clients) and other potentially abusive practices.

MJC has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of MJC's "Access Persons." MJC's securities transaction policy requires that Access Person of MJC must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Furthermore, Access Persons must provide the Chief Compliance Officer with a quarterly transaction report, detail all trades in the Access Person's account during the previous quarter; and on an annual basis, each Access Person must provide the Chief Compliance Officer with a written report of the Access Person's current securities holdings. However, at any time that MJC has only one Access Person, he or she will not be required to submit any securities report described above.

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

## **Item 12      Brokerage Practices**

- A. If a client requests that MJC recommend a broker-dealer/custodian for execution or custodial services, MJC generally recommends that investment management accounts be maintained at Schwab. Before engaging MJC to provide investment management services, the client enters into an agreement with MJC setting forth the terms and conditions for the management of the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian. Depending on which broker-dealer/custodian the client selects to maintain their account, they may experience differences in customer service, transaction timing, the availability of sweep account vehicles and money market funds, and other aspects of investing that could cause differences in account performance.

When seeking "best execution," from a broker-dealer, the determinative factor is not always the lowest possible cost, but whether the transaction represents the best qualitative execution when considering the full range of a broker-dealer's services including the value of research provided, execution capability, commission rates, and responsiveness. Although MJC cannot guarantee that clients will always experience the best possible execution available, MJC seeks to recommend a broker-dealer/custodian that will hold client assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. MJC

considers a wide range of factors when recommending a broker-dealer/custodian, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody);
- Capability to execute, clear and settle trades (buy and sell securities for client accounts);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.);
- Quality of services (including research);
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices;
- Reputation, financial strength, and stability; and
- Prior service to MJC and its other clients.

Schwab is compensated for its services according to its fee schedule, generally by charging clients commissions or other fees on trades that it executes or that settle into their Schwab account. Although MJC will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for all client account transactions. The fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, MJC's investment advisory fees. Schwab charges clients a flat dollar amount as a "prime broker" or "trade-away" fee for each trade that MJC executes by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited or settled into the client's Schwab account. These fees are in addition to the commissions or other compensation clients pay the executing broker-dealer. Therefore, in an attempt to minimize client trading costs, MJC directs Schwab to execute most if not all trades for client accounts. When doing so, MJC has determined that having Schwab execute most trades is consistent with the duty to seek "best execution" of client trades.

#### 1. Research and Other Benefits

While MJC does not receive traditional "soft dollar benefits," MJC and by extension, its clients receive access to certain institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes various support services available to MJC. Some of those services help MJC manage or administer its clients' accounts; while others help it manage and grow its business. Schwab's support services generally are available on an unsolicited basis (MJC does not have to request them) and at no charge to MJC.

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which MJC might not otherwise have access or that would require a significantly higher minimum initial investment by its clients. These services benefit MJC's clients and their accounts.

Schwab also makes other products and services available to MJC that benefits MJC but may only indirectly benefit its clients or their accounts, such as investment research developed by Schwab or third parties that MJC may use to service clients' accounts. In addition to investment research, Schwab also makes available software and other technology 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 payment of our fees from other clients' accounts; and
- Assist with back-office functions, recordkeeping, and client reporting.

Schwab also offers other services intended to help MJC manage and further develop its business. These services include:

- Educational conferences and events;
- Consulting on technology, compliance, legal and business needs;
- Publications and conferences on practice management and business succession; and
- Access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to MJC. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide MJC with other benefits, such as occasional business entertainment for MJC's personnel.

MJC's Interest in Schwab's Services and Benefits and Related Conflict of Interest.

The availability of the services and products described above that MJC receives from Schwab (the "Services and Products") provides MJC with an advantage, because MJC does not have to produce or purchase them. However, MJC does not have to pay Schwab or any other entity for Services and Products that Schwab provides. MJC's clients do not pay more for investment transactions executed or assets maintained at Schwab because of this arrangement. The receipt of Services and Products are not contingent upon MJC committing any specific amount of business to Schwab in trading commissions or assets in custody. There is no corresponding commitment made by MJC to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific securities or investment products because of the above. However, this arrangement nonetheless incentivizes MJC to recommend that clients maintain their account with Schwab, based on its interest in receiving Schwab's services that benefit its business rather than based on clients' interest in receiving the best value in custody services and the most favorable execution of their transactions. This presents a conflict of interest. When making such a recommendation, however, MJC does so when it reasonably believes that

recommending Schwab to serve as broker-dealer/custodian is in the best interests of its clients. It is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only MJC.

2. MJC does not receive referrals from broker-dealers.

3. Directed Brokerage.

MJC does not generally accept directed brokerage arrangements (when a client requires that account transactions be executed through a specific broker-dealer). In those client-directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and MJC will not seek better execution services or prices from other broker-dealers. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. If the client directs MJC to execute securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to execute account transactions through alternative clearing arrangements that may be available through MJC. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

B. MJC will generally execute account transactions for each client independently, unless MJC decides to purchase or sell the same securities for several clients at approximately the same time. MJC may (but is not obligated to) combine or "bunch" such orders to seek best execution, to negotiate more favorable commission rates, or to equitably allocate differences in prices and commissions or other transaction costs among MJC's clients, which might have been obtained if the orders were placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. MJC will not receive any additional compensation or remuneration because of such aggregation.

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

A. For those clients to whom MJC provides investment supervisory services, account reviews are conducted on an ongoing basis by MJC's investment adviser representatives and/or Chief Compliance Officer. All investment supervisory clients are advised that it remains their responsibility to advise MJC of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with MJC on an annual basis.

B. MJC may conduct account reviews on a non-periodic basis upon a triggering event, such as a change in client investment objectives or financial situation, market corrections and client request.

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

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

- A. As referenced in Item 12.A.1 above, MJC receives economic benefits from Schwab (and can receive such benefits from other broker-dealer/custodians, unaffiliated investment managers, investment platforms, and/or mutual fund sponsors), such as support services and/or products without cost or at a discount.

MJC's clients do not pay more for investment transactions effected and/or assets maintained at a broker-dealer/custodian because of this arrangement. There is no corresponding commitment made by MJC to a broker-dealer/custodian or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products because of the above arrangement. MJC's Chief Compliance Officer, Leonard Cooperman, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding conflict of interest any such arrangement may create.

- B. Neither MJC nor any supervised person of MJC compensates any non-supervised person for client referrals.

#### **Item 15      Custody**

MJC will have the ability to have its investment advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian for the client accounts. MJC may also provide a written periodic report summarizing account activity and performance.

To the extent that MJC provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by MJC with the account statements received from the account custodian. The account custodian does not verify the accuracy of MJC's investment advisory fee calculation.

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

Clients can engage MJC to provide investment advisory services on a discretionary basis. Before MJC assumes discretionary authority over a client's account, clients are required to execute an Investment Advisory Agreement granting MJC full authority to buy, sell, or otherwise execute investment transactions involving the assets in the client's name held in their discretionary account. Clients who engage MJC on a discretionary basis may, at any time, impose restrictions, in writing, on MJC's discretionary authority (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe MJC's use of margin, etc.).

#### **Item 17            Voting Client Securities**

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

#### **Item 18            Financial Information**

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

MJC's Chief Compliance Officer, Leonard Cooperman, is available to address any questions about this Brochure or MJC's services in general.