



# Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of FOCUS Wealth Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (713) 800-7170 or by email at: [info@focus-wa.com](mailto:info@focus-wa.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about FOCUS Wealth Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). FOCUS Wealth Advisors, LLC's CRD number is: 165425.*

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*Registration as an investment adviser does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

There are no material changes in this brochure since the last annual updating amendment of FOCUS Wealth Advisors, LLC on March 29, 2023. Material changes relate to FOCUS Wealth Advisors, LLC's policies, practices, or conflicts of interests only.

## Item 3: Table of Contents

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

## Item 4: Advisory Business

### A. Description of the Advisory Firm

FOCUS Wealth Advisors, LLC (hereinafter “FWA”) is a Limited Liability Company organized in the State of Texas. The firm was formed in March 2011, and the principal owner is Mark Andrew Frugoni.

### B. Types of Advisory Services

#### *Portfolio Management Services*

FWA offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. FWA creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels). Portfolio management services include, but are not limited to, the following:

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

FWA evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. FWA will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

FWA seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of FWA’s economic, investment, or other financial interests. To meet its fiduciary obligations, FWA attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, FWA’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is FWA’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

#### *Wealth Planning Services*

Our Family Wealth & Legacy Planning Services exist to coordinate with individuals and families in an effort to design, formalize, create and implement custom wealth, investment and legacy plans to meet our client’s needs and goals.

Wealth Planning encompasses aggregating all sources of wealth; formalizing goals and objective parameters; defining and documenting risk perceptions, tolerance and capacity; assessing in place risk management strategies; reviewing estate, legacy, gifting and philanthropic plans; and determining cash management needs for large liquidity events.

Investment Planning addresses the feasibility of the financial plan by assessing stress-tested scenarios for achievability results and deploying a final and agreed-upon investment allocation strategy from which to monitor on-going performance and plan progress.

Legacy Planning seeks to solidify the client legacy goals, uncovered in the financial planning process, by formulating strategies for protecting and distributing family or philanthropic wealth transfer goals; all with an eye toward passing on assets to heirs or charitable organizations in the most efficient, tax-advantaged and probate-friendly manner - now or in the future.

Plan Reviews consist of the coordination of periodic and ad-hoc assessments of the financial, investment and legacy plans. During this process all goal, objective and assumptions are reviewed, inputs updated and hypothetical scenarios analyzed and assessed for possible consideration and deployment on an as-needed basis.

### ***Pension Consulting Services***

FWA offers consulting services to pension or other employee benefit plans (including but not limited to 401(k) plans). Pension consulting includes, but is not limited to, some or all of the following:

- identifying investment objectives and restrictions
- providing guidance on various asset classes and investment options
- monitoring investment options and making recommendations for changes
- recommending other service providers, such as custodians, administrators, and broker-dealers
- creating a written pension consulting plan

These services are based on the goals, objectives, demographics, time horizon, and/or risk tolerance of the plan and its participants.

### ***Services Limited to Specific Types of Investments***

FWA does not limit its services to specific types of investments. Fixed income securities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, non-U.S. securities, and a minimal amount of mutual funds are typically used, while other securities are periodically used to help diversify a portfolio when applicable.

## C. Client-Tailored Services and Client-Imposed Restrictions

FWA offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client's Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients are permitted to impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent FWA from properly servicing the client account, or if the restrictions would require FWA to deviate from its standard suite of services, FWA reserves the right to end the relationship.

## D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, and certain other administrative fees. FWA does not participate in wrap fee programs.

## E. Assets Under Management

FWA has the following assets under management:

| Discretionary Amounts: | Non-discretionary Amounts: | Date Calculated:  |
|------------------------|----------------------------|-------------------|
| \$244,372,796          | \$3,380,453                | December 31, 2023 |

# Item 5: Fees and Compensation

## A. Fee Schedule

### *Portfolio Management Fees*

| Total Assets Under Management | Annual Fees |
|-------------------------------|-------------|
| All assets                    | Up to 2.00% |

FWA's annual fee for managed and non-managed accounts is prorated and charged quarterly, in advance, and is calculated using the value of the assets in the client's account on the last business day of the prior billing period, is based on the number of days in the quarter and is adjusted for deposits and withdrawals made during the billing period. The adjustments are calculated based on how much was deposited or withdrawn and the timing. Depending upon the market value of the assets under management and the type of investment management services to be rendered, the annual fee assessed can be up to 2.00%.

These fees are generally negotiable, and the final fee schedule will be memorialized in the client's investment advisory agreement. Clients can terminate the agreement without penalty for a full refund of FWA's fees within five business days of signing the investment advisory agreement. Thereafter, clients can terminate the investment advisory agreement immediately upon written notice.

### *Pension Consulting Services Fees*

#### **Asset-Based Fees for Pension Consulting**

| <b>Total Assets Under Advisement</b> | <b>Annual Fee</b> |
|--------------------------------------|-------------------|
| All assets                           | Up to 0.30%       |

The advisory fee is calculated using the value of the assets on the last business day of the prior billing period, is based on the number of days in the quarter, and is adjusted for deposits and withdrawals made during the billing period. The adjustments are calculated based on how much was deposited or withdrawn and the timing.

These fees are generally negotiable, and the final fee schedule will be memorialized in the client's retirement plan consulting agreement.

Clients can terminate the agreement without penalty for a full refund of FWA's fees within five business days of signing the retirement plan consulting agreement. Thereafter, clients can terminate the retirement plan consulting agreement immediately upon written notice. FWA bills based on the balance on the first day of the billing period.

## **B. Payment of Fees**

### *Payment of Portfolio Management Fees*

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. Fees are paid in advance.

### *Payment of Pension Consulting Fees*

Asset-based pension consulting fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. Fees are paid in advance.

## **C. Client Responsibility for Third-Party Fees**

Clients are responsible for the payment of all third-party fees (i.e., custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by FWA. Please see Item 12 of this brochure regarding broker-dealer/custodian.

#### **D. Prepayment of Fees**

FWA collects fees in advance. Refunds for fees paid in advance but not yet earned will be refunded on a prorated basis and returned within fourteen days to the client via check or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

#### **E. Outside Compensation for the Sale of Securities to Clients**

Neither FWA nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

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

### **Item 7: Types of Clients**

FWA generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension Plans
- ❖ Corporations or Business Entities

There is no account minimum for any of FWA's services.



## Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

FWA's methods of analysis include charting analysis, modern portfolio theory and technical analysis.

**Charting analysis** involves the use of patterns in performance charts. FWA uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets.

**Technical analysis** involves the analysis of past market data, primarily price and volume.

#### *Investment Strategies*

FWA uses long-term trading, short-term trading and margin transactions.

### B. Material Risks Involved

#### *Methods of Analysis*

**Charting analysis** strategy involves using and comparing various charts to predict long- and short-term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This will not always be the case.

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio

exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method will not always take into account new patterns that emerge over time.

### *Investment Strategies*

FWA's use of margin transactions generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

**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 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.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral. When losses occur, the value of the margin account could possibly fall below the brokerage firm's threshold thereby triggering a margin call. This could force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired.

**Short-term trading** risks include liquidity, economic stability, and inflation, in addition to the long-term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Mutual funds are rarely purchased for clients. For mutual funds and 529 Plan share classes that have substantial loads or distribution fees, conflicts of interest happen when an adviser receives more fees for recommending more expensive share classes of funds. To uphold its fiduciary duty, FWA will not cause a client to purchase a more expensive share class of a fund when a less expensive class of that fund is available. Any 12b-1 fees are retained by Fidelity.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **C. Risks of Specific Securities Utilized**

FWA's use of margin transactions generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation

Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you could lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities could fluctuate in response to specific situations for each company, industry conditions, and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds are the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest, and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically could be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, and (3) a significant change in the attitude of speculators and investors.

**Non-U.S.** securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting, and the lesser degree of accurate public information available.

Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

## **Item 9: Disciplinary Information**

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

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither FWA nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither FWA nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Mark Andrew Frugoni, through his relationship with FWA, acts as a pension consultant and from time to time will offer clients advice or products from those activities.

### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

FWA does not utilize nor select third-party investment advisers.

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

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

FWA holds its supervised persons accountable for adhering to and advocating the following general standards to the best of their knowledge and ability:

- Always place the interest of the clients first and never benefit at the expense of advisory clients;
- Always act in an honest and ethical manner, including in connection with the handling and avoidance of actual or potential conflicts of interest between personal and professional relationships;
- Always maintain the confidentiality of information concerning the identity of security holdings and financial circumstances of clients;
- Fully comply with applicable laws, rules, and regulations of federal, state, and local governments and other applicable regulatory agencies; and
- Proactively promote ethical and honest behavior with FWA including, without limitation, the prompt reporting of violations of, and being accountable for adherence to, the firm's Code of Ethics.

FWA's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

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

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of FWA will buy or sell securities for themselves that they also recommend to clients. This could possibly provide an opportunity for representatives of FWA to profit off the recommendations they provide to clients. Such transactions create a potential conflict of interest. FWA will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when the same securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of FWA will buy or sell securities for themselves at or around the same time as clients. Such transactions create a potential conflict of interest.

When the same securities are being bought or sold at the same time, FWA employees will transact alongside clients' transactions in block or bunch trades to mitigate this conflict.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on FWA's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. In deciding what constitutes best execution, the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. In making this determination, FWA's policy is to consider the full range of the broker's services including, without limitation, execution capabilities, commission rate, financial responsibility, administrative resources, and responsiveness. Factors that will be considered will include:

- Quality of overall execution services provided by the broker-dealer;
- Promptness of execution;
- Liquidity of the market for the security in question;
- Provision of dedicated telephone lines;
- Creditworthiness, business reputation, and reliability of the broker-dealer;
- Promptness and accuracy of reports of execution and confirmation statements;
- Ability and willingness to correct trade errors;
- Ability to access various market centers, including the market where the security trades;
- The broker-dealer's facilities, including any software or hardware provided to the firm;
- Any specialized expertise the broker-dealer may have in executing trades for the particular type of security; and
- Commission rates.

FWA will require clients to use Fidelity Brokerage Services LLC ("Fidelity").

### ***Research and Other Soft-Dollar Benefits***

FWA does not use research from a broker-dealer. Although there is no formal soft-dollar arrangement with Fidelity, FWA receives the following benefits: assistance with the deduction of client fees; access to client account data; trading services that assist in trading execution and/or client allocation; assistance with recordkeeping; and educational services, such as newsletters. FWA's receipt of benefits from Fidelity creates a conflict of interest regarding FWA's decision to execute client trades with Fidelity, as such benefits received by FWA may influence FWA's judgement. This is

mitigated when we try to minimize transaction costs, pick the lowest cost share classes, find the optimal balance in selecting No Transaction Fee (“NFT”) funds versus paying transaction fees, and obtain best execution pricing.

### ***Brokerage for Client Referrals***

FWA receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***Clients Directing Which Broker/Dealer/Custodian to Use***

FWA will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer. FWA uses ETFs in its portfolio management. All the ETFs available through Fidelity are available without a transaction charge – or NTF – for accounts with assets over \$1 million, as well as for household accounts under \$1 million so long as they are enrolled in Fidelity’s e-Delivery service. As a matter of practice, FWA auto-enrolls all its clients in this service.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

If FWA buys or sells the same securities on behalf of more than one client, then it will periodically (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, FWA would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. FWA would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution.

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

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Mark A Frugoni, Principal, attempts to review, at least annually, all client accounts that are managed on an ongoing basis with regard to clients’ respective investment policies and risk tolerance levels. All accounts at FWA are assigned to this reviewer.

## **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

These factors include material market, economic, or political events or by changes in a client's financial situation (such as retirement, termination of employment, physical move, or inheritance).

## **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of FWA's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

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

## **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

FWA does not receive any economic benefit, directly or indirectly, from any third party for advice rendered to FWA's clients.

## **B. Compensation to Non-Advisory Personnel for Client Referrals**

FWA does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

# **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, FWA will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive account statements from the qualified custodian, and they should carefully review those statements.

FWA has standing letters of authorization to third parties to withdraw client funds or securities maintained with a qualified custodian upon its instruction to the qualified custodian. According to the SEC, this means that FWA has custody of those clients' assets and is required to comply with the Custody Rule. Because the SEC's seven conditions have been met, a surprise exam is not required.



## **Item 16: Investment Discretion**

FWA provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, FWA generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

## **Item 17: Voting Client Securities (Proxy Voting)**

FWA will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

FWA neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

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

Neither FWA nor its management has any financial condition that is likely to reasonably impair FWA's ability to meet contractual commitments to clients.

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

FWA has not been the subject of a bankruptcy petition in the last ten years.