

# Councilor, Buchanan & Mitchell, P.C. (CBM) Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Councilor, Buchanan & Mitchell, P.C. (CBM). If you have any questions about the contents of this brochure, please contact us at (301) 986-0600 or by email at: [jbarnhard@cbmcpa.com](mailto:jbarnhard@cbmcpa.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 Councilor, Buchanan & Mitchell, P.C. (CBM) is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Councilor, Buchanan & Mitchell, P.C. (CBM)'s CRD number is: 290348.*

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*Registration does not imply a certain level of skill or training.*

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## **Item 1: Material Changes**

The material changes to this brochure from the last annual updating amendment of Councilor, Buchanan & Mitchell, P.C. (CBM) on 03/24/2023, are described below. Material changes relate to CBM's policies and practices.

- CBM has updated its email address. (Cover page).
- CBM has updated its fees and compensation. (Item 4)
- CBM has updated its types of clients. (Item 6)

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## **Item 3: Advisory Business**

### **A. Description of the Advisory Firm**

Councilor, Buchanan & Mitchell, P.C. (CBM) (hereinafter "CBM") is a corporation organized in the State of Maryland. The firm was formed in January 1921, and there are no persons who own 25% or more of the company.

### **B. Types of Advisory Services**

#### *Financial Planning*

Financial plans and financial planning may include but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

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

CBM generally limits its investment advice to mutual funds, fixed income securities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds and non-U.S. securities. CBM may use other securities as well to help diversify a portfolio when applicable.

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

CBM will tailor a financial plan for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be discussed with the client and executed by the client. CBM may use model allocations together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may impose restrictions for investment recommendations of certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent CBM from properly servicing the client account, or if the restrictions would require CBM to deviate from its standard suite of services, CBM 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, fund expenses, and other administrative fees. CBM does not participate in any wrap fee programs.

## **E. Assets Under Management**

CBM does not accept any assets under management.

# **Item 4: Fees and Compensation**

## **A. Fee Schedule**

### *Financial Planning Fees*

#### **Hourly Fees**

The hourly fee for these services ranges between \$200 and \$475.

Clients may terminate the agreement without penalty within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice.

## **B. Payment of Fees**

### *Payment of Financial Planning Fees*

Financial planning fees are paid via check, wire, debit or credit card.

Hourly financial planning fees are invoiced monthly. Upon signing our engagement letter, CBM requests a retainer to be applied towards fees incurred. Retainers generally range between \$1,000- \$3,000.

## **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 CBM. Please see Item 11 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

CBM may collect a retainer in advance. Refunds for fees paid in advance, but not yet earned, will be refunded upon request within thirty (30) days to the client via check.

For retainer fees that are collected in advance, the fee refunded will be the balance of the fees collected in advance minus the hourly rate times the number of hours of work that has been completed up to and including the day of termination.

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

CBM not sell securities to clients. Accordingly, neither CBM nor its supervised persons accept any compensation for the recommendation or sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## **Item 5: Performance-Based Fees and Side-By-Side Management**

CBM 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 6: Types of Clients**

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

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Tax-exempt organizations

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

## **Item 7: Methods of Analysis, Investment Strategies, & Risk of Loss**

### **A. Methods of Analysis and Investment Strategies**

#### *Methods of Analysis*

CBM's methods of analysis include Fundamental analysis and Modern Portfolio Theory.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**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 asset.

#### *Investment Strategies*

CBM generally recommends that clients invest for the long-term.

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

## **B. Material Risks Involved**

### *Methods of Analysis*

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**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.

### *Investment 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.

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

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

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 may 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 may 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 may be 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 may 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, (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 8: 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 9: Other Financial Industry Activities and Affiliations****A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither CBM 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 CBM 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**

Debora E May, Judith P. Barnhard, Jane Ochsman Rowny, Gregory Estes, Joshua Hahn and Stephanie Anderson are investment adviser representatives (IAR) with another investment advisory firm, May Barnhard Investments, LLC (MBI), a wholly owned subsidiary of CBM. From time to time, the IAR's may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. CBM always acts in the best interest of the client and clients are in no way required to use the services of any representative of CBM in connection with such individual's activities outside of CBM.

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

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

## **Item 10: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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

CBM has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. CBM's Code of Ethics is available free upon request to any client or prospective client.

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

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

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

From time to time, representatives of CBM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of CBM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. CBM 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 similar securities are being bought or sold.

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

From time to time, representatives of CBM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of CBM to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, CBM will never engage in trading that operates to the client's disadvantage if representatives of CBM buy or sell securities at or around the same time as clients.

## **Item 11: Brokerage Practices**

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

CBM does not trade clients' accounts or recommend broker/custodians.

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

CBM does not trade clients' accounts and therefore receives no research, product, or services from a broker-dealer ("soft dollar benefits").

#### **2. Brokerage for Client Referrals**

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

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

CBM does not trade clients' accounts.

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

CBM does not trade clients' accounts and therefore does not have the ability to block trade purchases across accounts.

## **Item 12: Review of Accounts**

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

CBM has no client accounts under management. Upon commencement of a financial planning engagement, CBM advisors will review clients' investment assets upon request. Financial planning clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

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

With respect to financial plans, CBM's services will generally conclude upon delivery of the financial plan.

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

Each financial planning client will generally receive a financial plan upon completion.

## **Item 13: Client Referrals and Other Compensation**

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

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

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

Non-advisory personnel of CBM may receive an origination bonus for client referrals.

## **Item 14: Custody**

CBM does not take custody of client accounts at any time. Custody of clients' accounts is held primarily at the clients' custodian. Clients will receive account statements from the custodian and should carefully review those statements for accuracy.

## **Item 15: Investment Discretion**

CBM does not have discretion over client accounts at any time.

## **Item 16: Voting Client Securities (Proxy Voting)**

CBM 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 17: Financial Information**

### **A. Balance Sheet**

CBM 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 CBM nor its management has any financial condition that is likely to reasonably impair CBM's ability to meet contractual commitments to clients.

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

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