



## Form ADV Part 2A Brochure

**GARDEN STATE INVESTMENT ADVISORY SERVICES, LLC**  
**328 NEWMAN SPRINGS ROAD, 3<sup>RD</sup> FLOOR**  
**RED BANK, NEW JERSEY 07701**  
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June 10, 2019

This brochure provides information about the qualifications and business practices of Garden State Investment Advisory Services, LLC ("GSIAS"). If you have any questions about the contents of this brochure, please contact us at 732-280-6886 and/or [compliance@gardenstatesecurities.com](mailto:compliance@gardenstatesecurities.com).

GSIAS is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The information in this brochure has not been approved or verified by the SEC or by any state securities authority. SEC registration does not imply a certain level of skill or training.

## Item 2 – Material Changes

Our last Amendment was dated and filed on March 29, 2019. Effective on July 22, 2019 GSIAS will cease its relationship with RBC Capital Markets, LLC as a custodian and will no longer offer the managed account programs sponsored and administered by RBC. As of the effective dates, all of our customer accounts will be transferred to either TD Ameritrade, Inc. (“TD”) or Axos Clearing, LLC (“Axos”), the two new custodians with which we have contracted to serve as custodians for our customer accounts. As a result of this change, each existing client will be required to execute a new customer agreement with GSIAS, which will be provided to each client in conjunction with the account transfers.

As a result of the change in custodians, this Brochure contains material changes to Item 4 - Advisory Business; Item 5 - Fees and Compensation, which includes changes to our new monthly billing practice; Item 12 - Brokerage Practices, which now includes a description of a new soft dollar program offered to us by TD; Item 14 - Client Referral and Other Compensation; and Item 15 - Custody, which describes our new custodial relationships. Please review these material changes carefully as they will impact certain aspects of the management of your account and the timing of the payment of advisory fees.

If you have any questions about any of these changes, please contact your investment advisor representative (“IAR”), or our Compliance Department at 732-280-6886.

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## Item 4 – Advisory Business

### **Firm Background**

Garden State Investment Advisory Services, LLC (hereafter “GSIAS” “we” “us” or the “Firm”) offers personalized investment advisory services to individuals, high net worth individuals, trusts, estates, corporations and other business entities. The Firm's services and fee arrangements are described in the following pages. We are a limited liability company formed under the laws of the State of New Jersey. The Firm is an SEC registered investment adviser, and previously was a State registered investment adviser in New Jersey since April 2005 and Idaho from August 2010.

This Brochure provides you with information regarding our firm and the qualifications, business practices, and nature of advisory services that we provide which you should consider before becoming our advisory client.

Please contact Steven Trigili, Chief Compliance Officer at 732-280-6886, if you have any questions about the information contained in the Brochure. Additional information about us is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our CRD number is 133088.

Registered investment adviser representatives (‘IAR’s) associated with us will provide its investment advisory services. These individuals are appropriately licensed, qualified and authorized to provide advisory services on our behalf.

Most of our IARs are also securities-licensed registered representatives of Garden State Securities, Inc. (“GSS”), a full-service securities broker-dealer registered under federal and state securities laws located at the same location in Red Bank, New Jersey. GSS is registered with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investors Protection Corporation (“SIPC”). We and GSS are under common ownership and control, and GSS is referred to herein as an “affiliated broker/dealer.”

Securities transactions for GSS’ brokerage clients are primarily executed, cleared and custodied through Axos Clearing, LLC (“Axos”), a member of FINRA/SIPC, an unaffiliated securities broker and federally registered investment adviser and Qualified Custodian. However, in certain cases, GSS representatives or GSIAS IARs may recommend that clients invest directly in a securities product, such as a variable annuity product or private placement transaction, and in these cases the securities are held directly with the product sponsor and/or issuer.

Through our IARs, we offer a variety of investment advisory services to individuals, “high net worth” individuals and institutional clients. The services offered include the selection of, or assistance with, the selection of independent portfolio managers, ongoing evaluation and review of portfolio managers, evaluation and review of portfolio composition, execution, and/or activity in your account(s), consultation on client assets, and active portfolio management. Portfolio management may be provided by your IAR or an unaffiliated investment adviser.

Many of our IARs are also life/health insurance agents with an affiliated general insurance agency, Garden State Insurance Agency, Inc. (“Garden State Insurance”), as well as other unaffiliated third-party insurance agencies. We and Garden State Insurance are also under common ownership and control, along with GSS, our affiliated broker/dealer. When associated IARs effect transactions in insurance products for you, they will earn commissions for these activities. IARs may make differing recommendations with

respect to the same insurance products to different advisory clients. All recommendations made by IARs, while acting in their separate capacities as insurance agents, are specific to each client's individual needs and current financial situation. You are hereby advised that as an advisory client, you are under no obligation to purchase insurance products through our related insurance agency.

### **Products and Services**

Our advisory services are described herein.

#### **1. Portfolio Management Services**

GSIAS offers ongoing portfolio management services based on the clients' goals, objectives, time horizon and risk tolerance. These services may be managed on a discretionary basis by the IAR, as set forth in your Agreement with us. Trades are affected through, and your cash and securities are held by Qualified Custodians Axos and/or TD Ameritrade, Inc. ("TD"). Your GSIAS IAR works closely with you to determine your investment objectives and financial goals based on an understanding of your investment needs and objectives gained from the consultation process and your completion of a Risk Profile Questionnaire. This service is available to individuals, employee benefit plans, trusts and estates, businesses and other suitable investors. To participate in these programs, you are required to pay a monthly wrap fee, based upon the amount of assets under management, for the following services: (i) an initial analysis, and periodic re-evaluation of your investment objectives and needs; (ii) discretionary investment advisory and portfolio management services; (iii) periodic account reports and portfolio reviews; (iv) transaction fees, e.g. brokerage, for securities transactions effected through TD and/or Axos (subject to certain exceptions such as exchange fees, taxes, and fees required by law (called "Regulatory Fees" at TD and "Handling Fees" at Axos)), and (v) asset custody and other account-related services. On a limited basis, client portfolios may execute a long/short investment strategy that emphasizes an absolute rate of return with the expectation of decreasing volatility compared to the S&P index on a longer-term basis. The wrap fee, based on the assets in your account, is negotiable between you and us. Fees are calculated as a percentage of the account value as of the last business day of the preceding month. There may be specific circumstances where the monthly fee may exceed the tiers listed below. Fees are payable in arrears on a monthly basis and calculated based on GSIAS' appraisal of the market value of the assets in the account. Our method for fee calculations for our services is explained in Item 5, below.

#### **2. Financial Planning and Consulting**

In addition to the managed account programs described above, certain IARs are authorized to offer financial planning and consulting services. For these services, the IAR may negotiate a fee based upon the overall experience of the IAR, a client's financial needs and investment objectives, the time necessary to develop a plan and the complexity of a plan. If you engage an IAR for financial planning or consulting services, your IAR will provide you with a Financial Planning or Consulting Agreement at the beginning of the relationship, which will detail all of the important terms and conditions pertaining to the financial plan or consultation, including the fee.

Fee-based financial planning is a service that takes into account many different aspects of your financial circumstances, typically by utilizing a financial planning software program and other criteria to create an overall financial plan that is designed to meet your goals and objectives.

Financial consulting is an open architecture process that requires your IAR to collect information from you and develop customized recommendations that are delivered to you within the parameters of an agreed upon scope of consulting services. The financial planning and consulting services provide for ongoing consultation with your IAR, typically through a series of personal meetings and telephone calls.

The services provided may include follow-up meetings with you and your other advisors (e.g., attorneys, accountants, etc.).

Depending on your needs and pursuant to the agreement with your IAR, your formal written financial plan or consultation recommendations may cover:

- General Financial Planning
- Goal Planning (e.g. Education Planning)
- Retirement Planning
- Risk Management
- Cash Flow Planning
- Estate Planning
- Business Succession and Exit Planning
- Business Planning
- Corporate Retirement Planning
- Investment Analysis
- Insurance Planning

Your written financial plan or consultation will consist of observations, assumptions, strategies and recommendations. You will have the opportunity to renew the agreement and update your plan at least annually, or as your circumstances change. You may choose to implement all or any part of the financial plan or consultation recommendations through us, or through any other broker-dealer, investment adviser or service provider of your choice. Please note if you choose to implement all or part of the financial plan through us, your IAR will receive additional compensation for any product purchases or additional investment advisory services as more fully described herein.

### **3. Variable Annuity Accounts**

Through appropriately insurance-licensed agents/IARs, GSIAS offers account management for investments in annuity insurance products that are held directly by the insurance company. All such recommendations to invest in variable annuities are specific to each client's individual needs, financial situation, investment time horizon, investment objectives and risk tolerance. The insurance company is the custodian of the assets and will provide you with statements confirming initial and subsequent investments, as well as periodic statements detailing the current value of assets and any changes in value from the previous statement. Annuity account fees are fully described in Item 5, below. Under this program, the IAR may provide advice with respect to investment options within the annuity such as recommendations to transfer assets from one investment option to another or to rebalance the portfolio.

### **Client Suitability and Risk Information**

In all of the investment advisory programs which we offer, the IAR works with you to collect adequate suitability information to formulate proper investment recommendations. Some advisory programs described in this Brochure include a formalized risk profile whereas suitability and risk information for other programs and products is maintained within our internal systems and documents. The suitability information gathered contains the financial data and general information necessary to set the appropriate investment objectives for the managed accounts or services. The IAR will submit the completed suitability information to their supervisor for review and approval.

## **Assets Under Management (“AUM”)**

As of June 20, 2019, through the various advisory programs described in this Brochure, we manage \$4.6 million on a discretionary basis and \$184.7 million on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

### **General Overview of Client Advisory Account Fees**

Unless otherwise noted, the annual fee is negotiable between us and is payable monthly in arrears. The fees are based on the market value of the account(s) on the last business (trading) day of the previous month. The fee for portfolio management will be charged as an annual percentage of assets under management, according to the schedule shown for each program. Fees are prorated for any billing period that is less than a complete month, and the fee is adjusted proportionately based on the value of cash or securities added to or withdrawn from the account between billing periods. Your account agreement with us authorizes us and your account custodian to deduct fees from your managed account and pay the fees directly to us. If you choose to close your account within the first year (twelve-month period), GSIAS will not assess a termination fee.

<u>Total Account Value</u>	<u>Total Annualized Fee</u>
\$0 to \$500,000	2.00%
\$500,001 to \$1,000,000	1.75%
\$1,000,001 to \$2,000,000	1.50%
\$2,000,001 to \$3,000,000	1.25%
\$3,000,001 and up	1.00%

Fees are prorated for any billing period that is less than a complete month, and the fee is adjusted proportionately based on the value of cash or securities added to or withdrawn from the account between billing periods. If you close your account prior to the last day of the month, a pro-rata portion of the fees paid, based upon the business days remaining in the month, will be charged to you for that month. In certain circumstances, our fees may be negotiated.

### **General Overview of Annuity Account Fees**

Account fees are calculated and payable quarterly based on the value of the assets in the Annuity Account (as determined by the insurance company in accordance with industry valuation standards) as of the last business day of the preceding calendar quarter. The initial fee shall be calculated on the value of the initial investment in the insurance product (valued as of the effective date of the Advisor Agreement) and shall cover the initial quarter (or with respect to a partial quarter, pro-rated based on the number of remaining days in such quarter.) Management fees are billed directly from GSIAS to you and must be paid within 10 days of receipt. If the Agreement is terminated prior to the last day of a quarter, a prorated portion, based upon the days remaining in such quarter, of the quarterly fee paid in advance will be refunded to you. Additional charges by the insurance company are as set forth in the agreement between you and the insurance company.

## **Financial Planning/Consulting Services Fees**

Prospective clients have the opportunity to meet with an IAR for an initial consultation at no cost. If you decide to retain us and an IAR for financial planning/consulting services, you must sign a client agreement and must pay for such services either by hourly or flat fees as you and your IAR may mutually agree. Financial planning/consulting fees are negotiable. Hourly fees will generally range from \$100/hour to \$300/hour, and flat fees will generally range from \$500 to \$5,000 per agreement, depending on the complexity of your investment goals and objectives, the amount of assets included under the plan and the amount of time spent by the IAR. In the case of termination of your relationship with us with respect to consulting services, you will only be charged for services rendered prior to the termination of the engagement.

## **Item 6 – Performance-Based Fees & Side-By-Side Management**

We do not charge a performance-based fee for any of our services.

## **Item 7 – Types of Clients**

Our client base includes retail and institutional client services, including but not limited to providing advice with respect to financial markets and securities transactions. Our clients primarily consist of general retail clients as well as “high net worth” retail clients, small to mid-size institutional clients, including foundations, limited liability companies, and pensions and profit sharing plans. “High net worth” retail clients are individuals or families with at least \$750,000 under management with us.

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

Our advisory services include the selection of or assistance in selecting a portfolio manager, ongoing evaluation and review of portfolio managers, evaluation and review of portfolio composition, execution, and/or activity in client accounts, consultation on client assets, and active portfolio management. Portfolio management may be provided by the IAR, or an unaffiliated investment adviser.

In the management of your account(s), we utilize fundamental, technical, cyclical and charting analysis, as well as third party research provided by investment banks and brokerages, and review corporate filings, including company audited financial statements.

## **No Performance Guarantee**

Investments in securities involve risk of loss of principal that you should be prepared to bear. Various clients have varying degrees of risk tolerance and you should understand the potential risk of loss and how that loss may impact your overall financial situation before investing through us. There is no guarantee that our advisory services will result in your goals and objectives being met. Nor is there any guarantee of profit or protection from loss. No assumption can be made that any wrap fee arrangement, portfolio management service, or other advisory service of any nature will provide a better return than other less sophisticated investment strategies.

## **Client Suitability and Risk Information**

With all investment advisory programs or services we offer, our IARs work with you to collect adequate suitability information to formulate recommendations. Some programs described in this brochure include a formalized risk profile whereas suitability and risk information for other programs products is maintained within the firm's internal systems and documents. The suitability information which we gather contains financial data and general information necessary to set the appropriate investment objectives for your managed accounts or other advisory services. Suitability information will also be reviewed by our IAR supervisors.

## **Item 9 – Disciplinary Information**

In December 2017 our broker/dealer affiliate, GSS, entered into an Administrative Consent Order (the "Order") by the New Jersey Bureau of Securities which resolved an investigation into GSS' handling of a brokerage account maintained by a private entity charged with responsibility for providing water to the greater Newark, New Jersey area, in which the Bureau alleged that GSS did not adequately supervise the representative handling that account, among other allegations. The Order required the payment of a fine of \$275,000 over time and the retention of an independent consultant to review the adequacy of the Firm's supervisory policies, systems, procedures and training.

In December 2017 our broker/dealer affiliate, GSS, entered into an Agreement and Order with the Idaho Department of Finance (the "Department") which resolved an investigation by the Department that GSS did not adequately supervise the activities of one of its representatives who had previously resided and operated a branch office in Idaho. The settlement, which was entered into without GSS admitting or denying the allegations, resulted in the issuance of an Agreement and Order which required the Firm to pay a \$10,000 penalty to the Department, which was paid on December 19, 2017.

In January 2016 our broker/dealer affiliate, GSS, entered into a Consent Order with the State of Alaska Division of Banking and Securities which resolved a Cease and Desist Order arising from a former representative's solicitation of a securities transaction with an Alaska resident while not registered to conduct securities business in Alaska, and GSS's alleged failure to supervise this former representative. GSS agreed to withdraw its broker/dealer registration in Alaska and pay a civil penalty of \$25,000.

In June 2015 our broker/dealer affiliate, GSS, entered into an Offer of Settlement with FINRA which resulted in an Order of Settlement resolving a disciplinary complaint which charged GSS with violations of certain FINRA and NASD rules. Without admitting or denying the allegations, GSS agreed to pay a fine of \$85,000 and a censure.

In March 2014 Mr. Steven Trigili, the Chief Compliance Officer for GSIAS and GSS, resolved an administrative proceeding with FINRA through an Acceptance, Waiver and Consent ("AWC") which alleged that Mr. Trigili failed to report certain written customer complaints in a timely basis, and ensure that various events were reported to individual registered representatives' Forms U-4. The matter was resolved by Mr. Trigili agreeing to the payment of a \$17,500 administrative fine and a censure.

In October 2012 we entered into a Consent Order with the New Jersey Bureau of Securities (the "Bureau") based on the Bureau's findings that one of the firm's owners was not properly registered as an investment advisor representative of the company and was permitted to conduct business as an investment adviser representative. In resolving this matter by consent order, we agreed to cease and desist from further violations of the New Jersey Securities Law, pay investment adviser representative registration back fees of \$350 and a monetary payment of \$5,000.

In October 2010 the Bureau issued a Summary Order against us for a violation of the applicable rule requiring the firm to file an investment adviser renewal form with the Bureau annually on a timely basis. In 2010, we did not file the annual renewal form by the required due date. The Bureau issued an Order which imposed a monetary penalty of \$3,000; \$2,700 of which was suspended. We were also required to cease and desist from future violations of the NJ securities laws.

Mr. Kevin DeRosa, one of the firm's owners, was sanctioned by FINRA in April 2010 in his capacity as a registered representative and principal of GSS. An administrative proceeding was resolved through an Acceptance, Waiver and Consent ("AWC") which alleged that Mr. DeRosa issued research reports that contained exaggerated, misleading, or unwarranted statements and failed to disclose required information, and in so doing violated certain FINRA rules. The matter was resolved by Mr. DeRosa agreeing to the payment of a \$5,000 administrative fine.

In April 2011 Mr. DeRosa, and GSS entered into an AWC with FINRA which resolved a regulatory proceeding in which FINRA charged that Mr. DeRosa and GSS failed to establish, maintain and/or enforce a supervisory system and written supervisory procedures that were reasonably designed to achieve compliance with rules and regulation in connection with private offering solicitation, and that Mr. DeRosa mischaracterized and/or negligently omitted material facts in connection with the sale of a certain private offering to clients and distributed sales literature that was not fair and balanced and which contained unwarranted, exaggerated and/or inaccurate statements. Mr. DeRosa agreed to a censure, a 20-business day suspension of his securities registration in all capacities and a two-month suspension in a supervisory capacity, as well as a \$25,000 fine. Mr. DeRosa and GSS were also required to pay restitution to six customers of \$300,000 in the aggregate.

## Item 10 – Other Financial Industry Activities and Affiliations

Our four owners are also the owners of Garden State Securities, Inc. ("GSS"), an SEC registered securities broker/dealer and member of the Financial Industry Regulatory Authority ("FINRA"). Each of our owners is also a registered principal and representative with GSS. Many of our IARs are also securities registered representatives with GSS who conduct general securities transactions on behalf of brokerage clients, some of whom may also be our clients. The two firms share administrative offices, personnel, services and equipment. Our advisory clients are required to open an account with TD or Axos as qualified custodians through which all managed account investments will be transacted and client funds and securities are custodied.

Many of our IARs are also life/health insurance agents with an affiliated general insurance agency, Garden State Insurance Agency, Inc. ("Garden State Insurance"), as well as other unaffiliated third-party insurance agencies. When our IARs effect transactions in insurance products, other than as noted above under "Variable Annuity Accounts," they will earn commissions for these activities. IARs may make differing recommendations with respect to the same insurance products to different advisory clients. All recommendations made by IARs, while acting in their separate capacities as insurance agents, are specific to each client's individual needs and current financial situation. You will be notified in advance of sources of compensation. You are also advised that you are under no obligation to purchase insurance products through us or our agents.

Additionally, our licensed independent insurance agents may offer life, disability, fixed annuities, and long-term care insurance from a variety of product sponsors for which they may earn commissions. We expect that clients to whom we offer advisory services may also be clients for whom our IARs will transact insurance business. You are advised that fees paid to us for advisory services are separate and

distinct from any commissions earned by individuals who are licensed insurance agents when placing the client in insurance products. You are advised that you are under no obligation to utilize insurance agents associated with us for insurance services.

The amount of professional time our IARs will spend in these various capacities will fluctuate from time to time, but it is estimated that the majority of their professional time will generally be spent providing investment advisory services through us.

### Conflicts of Interest

We, as well as our IARs who are also licensed as insurance agents with our related insurance agency, have a conflict of interest in connection with rendering investment advisory services and/or investment advice if we/they have also recommended or sell any life insurance or annuity product through our insurance company affiliate since they will receive additional compensation for such sales in addition to receiving a portion of the advisory fee paid by our clients.

Neither we nor our management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

## Item 11 – Code of Ethics

### Code of Ethics

Pursuant to SEC Rule 204A-1, we have adopted a Code of Ethics (Code) to establish rules of conduct for all Supervised Persons (as defined by the Code). The Code is based upon the principle that we and our Supervised Persons have a fiduciary responsibility to you to conduct our affairs, including our personal securities transactions, in such a manner as to avoid (i) serving our own personal interests ahead of yours; (ii) taking inappropriate advantage of our positions and; (iii) any unacceptable actual or potential conflicts of interest or any abuse of our position of trust and responsibility. A copy of our Code of Ethics is available upon request by contacting our Compliance Department at 732-280-6886.

### Participation or Interest in Client Transactions

We may affect riskless principal transactions through GSS, our affiliated registered securities broker/dealer for purposes of filling orders for our client accounts. Most of our investment adviser representatives are also registered representatives of GSS. As such, they are licensed to sell securities including, but not limited to, stocks, bonds, options, and mutual funds for separate commission-based compensation. Additionally, individuals who are appropriately licensed will also earn commission-based compensation for the sale of relevant insurance products, except as provided under “Variable Annuity Accounts,” above. All compensation received for securities and/or insurance transactions through GSS will be separate, yet customary for effecting these services and transactions. GSS will also derive compensation from any investment banking transactions in which our clients may choose to invest. We may make differing recommendations with respect to the same securities or insurance products to different advisory clients. All recommendations made are specific to each client’s individualized needs and current financial situation.

## **Personal Trading**

Our principals, officers, employees, and IARs (collectively “adviser persons”) may own an interest in, and buy or sell for our own accounts, the same securities which may be purchased or sold for your managed account. It is also possible that GSS may own certain of the same securities in its proprietary trading and other accounts as are recommended by your IAR. It is our policy that our associated persons shall not have priority over any client account in the purchase or sale of securities. Under certain circumstances, exceptions to the trading policy may be made. Our IARs may give advice and take action in personal accounts that differs from advice provided to, or action taken with respect to clients and client accounts.

## **Item 12 – Brokerage Practices**

### **Selection of Broker-Dealers and Custodians**

GSIAS has selected Axos Clearing, LLC and TD Ameritrade Institutional, a division of TD Ameritrade, Inc. as broker-dealers to execute trades and as custodians for its clients’ investment accounts. Both Axos and TD are members of FINRA/SIPC and are independent and unaffiliated SEC-registered and FINRA-member broker-dealers. Axos and TD offer certain enhanced services to independent investment advisors, such as GSIAS. These services include custody of securities, trade execution platforms, clearance and settlement of transactions, and access to research not available to the general public. Axos and TD are both wholly independent from GSIAS.

GSIAS recommends Axos and TD to execute trades for clients on the most favorable terms for the client under the circumstances. In seeking “best execution,” the determinative factor is not exclusively the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although GSIAS will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for client account transactions.

GSIAS re-evaluates the use of Axos and TD at least annually to determine if they are still the best value for our clients. We do not consider whether Axos or TD or any other broker-dealer/custodian, refers clients to GSIAS as part of our evaluation of these broker-dealers.

GSIAS participates in the institutional advisor program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. GSIAS receives some benefits from TD Ameritrade through its participation in the Program. (*See* Item 14, below)

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

Generally, in addition to a broker’s ability to provide “best execution,” GSIAS may also consider the value of “research” or additional brokerage products and services a broker-dealer has provided or may be willing to provide. This is known as paying for those services or products with “soft dollars.” Because many of the services or products could be considered to provide a benefit to GSIAS, and because the “soft dollars” used to acquire them are client assets, GSIAS could be considered to have a conflict of interest in allocating client brokerage business: GSIAS could receive valuable benefits by selecting a particular

broker or dealer to execute client transactions and the transaction compensation charged by that broker or dealer might not be the lowest compensation GSIAS might otherwise be able to negotiate. In addition, GSIAS could have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire permissible products and services with soft dollars.

GSIAS's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), GSIAS will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, we generally determine, considering all the factors described below, that the compensation to be paid to the broker-dealer is reasonable in relation to the value of all the brokerage and research products and services provided. In making this determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services and products in our performance of our overall responsibilities to all of our clients. In some cases, the commissions or other transaction fees charged by a particular broker-dealer for a particular transaction or set of transactions may be greater than the amounts charged by another broker-dealer who did not provide research services or products.

### **Brokerage for Client Referrals**

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

### **Directed Brokerage**

GSIAS requires clients to use their custodian/broker-dealer to execute transactions. When clients are allowed to direct trades to outside broker-dealers, GSIAS may be unable to achieve the most favorable execution of client transactions. Not all investment advisers allow their clients to direct brokerage.

### **Trade Aggregation for Multiple Clients**

GSIAS' policy is to not aggregate trades. However, in the event there are instances where we believe that we can obtain favorable execution and/or lower commissions if trades are aggregated, there are internal procedures to aggregate trades and ensure that our Clients are treated fairly and that their interests are before those of the Firm or its IARs.

## **Item 13 – Review of Accounts**

The IAR servicing your account is responsible for reviewing the account(s) on a regular basis, including a review of account activity on a monthly and quarterly basis. IARs are supervised by a Designated Principal ("DP"). The DP is obliged to review the accounts and is responsible for ongoing supervision of the IAR activities. In addition, our Compliance Department utilizes various supervisory tools and reports to assist in identifying activity that may require further scrutiny and attention. System-generated alerts are designed to detect transactions in designated securities, excessive transactions, front-running, and the

purchase of unsuitable investments. You may be sent an activity letter when and if your account activity reveals a change in trading pattern, a large number of transactions in a single month or any other activity that may be inconsistent with the information that we have on file.

## Item 14 – Client Referrals and Other Compensation

### **Mutual Fund Fees and Expenses**

Any and all fees paid to us for investment advisory services are separate and distinct from any fees and expenses charged by mutual funds to their shareholders. Fees and expenses charged by mutual funds are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. Any management fees imposed by the mutual fund are separate and distinct from our management fees described herein. Your IAR may receive a portion or all of this sales charge/commission in their separate capacities as registered representatives.

IARs may also receive 12b-1 fees in this manner. 12b-1 fees are fees paid by a mutual fund on an on-going basis from its assets for shareholder services, distribution, and marketing expenses. 12b-1 fees therefore reduce a fund's overall return. Because each share class (e.g. "A" shares, "B" shares) of a mutual fund represents an interest in the same portfolio of securities, those share classes that charge 12b-1 fees may not be the most advantageous to own from a total return perspective. Thus, if an IAR recommends a share class with a 12b-1 fee, there exists a conflict of interest and the IAR must disclose this conflict of interest to you. Notwithstanding the foregoing, no 12b-1 fees are payable to us with respect to any assets in an account of a client which is an employee benefit plan or IRA subject to ERISA or other account subject to the prohibited transaction rules of the Internal Revenue Code which are substantially the same as ERISA.

You may also have the ability to invest in a mutual fund directly, without utilizing our services. In you choose to invest directly with a mutual fund company, you would not receive the advisory services that we provide, which are designed among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial goals and objectives. Accordingly, you should review the fees charged by both the mutual fund companies as well as our fees to fully understand the total amount of fees you will be paying.

### **Mutual Fund Trailers**

We and your IAR may receive payments from certain mutual funds distributed pursuant to a 12b-1 or 12b-2 distribution plan or other such plans, as compensation for administrative services during the time you hold mutual fund shares in your managed account. As such, a substantial conflict of interest may exist with respect to recommendations to buy or sell these funds. As indicated above, the existence of a 12b-1 fee on the mutual fund that your IAR recommends to you must be fully disclosed to you before you invest in that share class of the mutual fund.

### **Compensation to Advisory Personnel for Client Referrals**

We have entered into a Solicitor's Agreement with Strategic Equity Management, Inc. doing business as SEM Wealth Management, ("SEM"), an SEC-registered investment adviser, for certain of our IARs' to act as solicitors to introduce clients to SEM. SEM is not owned or controlled directly or indirectly by us, and their investment advisory clients are not our investment advisory clients. Likewise, our IARs that

introduce clients to SEM are not IARs with SEM. For the introduction of clients to SEM, our IAR's must provide a written Solicitor's Disclosure Agreement which must be signed by the client. We and the IAR receive a portion of SEM's ongoing advisory fee for as long as the client remains a client of SEM for making that introduction. Each soliciting IAR can select their portion of the client management fee which can range from 0% up to 1.12% annually of the amount of assets being managed by SEM. The default fee is for the solicitor to receive the same fee percentage as SEM.

### **Compensation to Non-Advisory Personnel as Solicitors for Client Referrals**

GSIAS may also enter into written arrangements with third parties to act as solicitors for GSIAS' investment management services. Such arrangements generally provide for the payment of a fee to the solicitor. In order to comply with the SEC Adviser's Act, a copy of this document (the Brochure) and the terms of the solicitor's compensation will be disclosed in writing to the prospective client and the prospective client will confirm in writing to GSIAS that they received such information. Further, to the extent there are registration requirements for the solicitor, GSIAS will verify compliance. Successful referrals will result in the payment of a solicitor's fee paid by us to each solicitor for each referral made to us that becomes a client. In each such case, we will enter into Solicitor's Agreement with the third party and provide each referred client with a Solicitor Disclosure Statement which will contain all of the disclosures and information required under Rule 206(4)-3 of the Investment Adviser Act of 1940.

### **Economic Benefits Provided by Third Parties**

As disclosed under Item 12 above, GSIAS participates in TD's institutional customer program and GSIAS may recommend TD to Clients for custody and brokerage services. There is no direct link between GSIAS' participation in the program and the investment advice it gives to its Clients, although GSIAS receives economic benefits through its participation in the program that are typically not available to TD retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving GSIAS participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to GSIAS by third party vendors.

TD may also have paid for business consulting and professional services received by GSIAS' related persons. Some of the products and services made available by TD through the program may benefit GSIAS but may not benefit its Client accounts. These products or services may assist GSIAS in managing and administering Client accounts, including accounts not maintained at TD. Other services made available by TD are intended to help GSIAS manage and further develop its business enterprise. The benefits received by GSIAS or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD. As part of its fiduciary duties to clients, GSIAS endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by GSIAS or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the GSIAS's choice of TD for custody and brokerage services.

GSIAS also receives from TD certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program.

Specifically, the Additional Services include Advent Software's Black Diamond, which provides portfolio management and billing services.

TD provides the Additional Services to GSIAS in its sole discretion and at its own expense, and GSIAS does not pay any fees to TD for the Additional Services. GSIAS and TD have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

GSIAS' receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to GSIAS, TD most likely considers the amount and profitability to TD of the assets in, and trades placed for, GSIAS's Client accounts maintained with TD. TD has the right to terminate the Additional Services Addendum with GSIAS, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD, GSIAS may have an incentive to recommend to its Clients that the assets under management by GSIAS be held in custody with TD and to place transactions for Client accounts with TD. GSIAS's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including seeking best execution of trades for Client accounts.

## Item 15 – Custody

We do not maintain custody of any client funds or securities. Custody of your account will be maintained by a qualified custodian through arrangements with Axos or TD. Both Axos and TD provide you with written confirmations for all transactions and monthly and/or quarterly account statements. For certain programs, you may request in writing that the mailing of transaction confirmations be suppressed. This request will not impact the mailing of monthly or quarterly account statements. At your request, reports generated by the Custodian or the wrap fee sponsor may be aggregated to include all accounts owned by a family (or "household"). It is strongly suggested that you carefully review your account statements and to compare the statements issued by the custodian with any additional reports received from any program sponsor to ensure accuracy in reporting, and immediately report any discrepancies to us.

Client may authorize the Custodian to deduct GSIAS advisory fees from the client's managed account or another account the client has custodied through the Custodian. The Custodian will provide periodic account statements to the client no less than quarterly. Such statements will reflect all management fees paid to GSIAS. We strongly recommend that clients verify the accuracy of the fee calculation and notify us of any discrepancies. The custodian will accept our determination of the month-end valuation and fee calculation for each account, and will deduct from each account and directly pay to us our advisory fees pursuant to our instructions.

## Item 16 – Investment Discretion

In most cases, we require that you provide us with written authority to manage your account on a discretionary basis. In so doing, you will be providing us with written discretionary authority to conduct transactions in your account without obtaining your prior authorization in advance for each specific transaction. We will only make transactions within your account that we deem to be in your best interests and suitable with your stated investment goals, objective and risk tolerance levels. If you wish to have your account managed on a non-discretionary basis, you will be required to sign a non-discretionary managed account agreement.

## Item 17 – Voting Client Securities

We do not accept authority to vote client securities. You will receive shareholder proxy information directly from the Custodian and you should take any action with respect to voting of securities that you deem to be in your best interests.

## Item 18 – Financial Information

Not applicable.

## Item 19 – Requirements for State-Registered Advisers

Not applicable.

End of Brochure