

## MGM, LLC

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March 29, 2019

This Brochure provides information about the qualifications and business practices of MGM, LLC (“MGM”). If you have any questions about the contents of this Brochure, you may contact us at (505) 346-3434 or [chris@focuspointsolutions.com](mailto:chris@focuspointsolutions.com) to obtain answers and additional information. MGM is a registered investment adviser with the United States Securities and Exchange Commission (“SEC”). Registration of an investment adviser does not imply any level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about MGM is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for MGM is 136725.

## **Item 2 – Material Changes**

The date of our previous annual update to our Brochure was March 30, 2018.

We will ensure that when required, all current clients will receive a Summary of Material Changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. When required, a Summary of Material Changes will also be included with our Brochure on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for MGM, LLC is 136725. Any Summary of Material Changes will be listed as "Exhibit A" to our Brochure. We may further provide other ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting us at (505) 346-3434 or [chris@focuspointsolutions.com](mailto:chris@focuspointsolutions.com). Our Brochure is provided free of charge.

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#### Item 4 – Advisory Business

MGM, LLC was established in 1993 by James F. MacGillivray, CFP<sup>®</sup>, David C. Grosjean, CLU, ChFC, CSA, and Mary O. Mahoney, CFP<sup>®</sup>, and became a Registered Investment Advisor in August 2005. The firm's main office is located in Albuquerque, New Mexico. MGM, LLC is owned by Christopher K. Hicks, Managing Member and Chief Compliance Officer. Mr. Hicks may be reached via the contact information found on the cover page of this document.

MGM offers a wide range of Client Advisory Services. Advice and Services are tailored to the stated objectives of each Client. All transactions in the account shall be made in accordance with the directions and preferences provided by the Client to the Advisor.

Client services include:

- Investment Planning
- Investment Policy Statements
- Retirement and Financial Independence Planning
- Capital Needs Analysis
- Income Tax Planning
- Estate Planning
- Education Planning
- Risk Management

MGM always acts in the client's best interests. Every portfolio is customized based on your investment objectives. You may make requests or suggestions regarding your portfolio, however we will not act on suggestions that we believe are not in your best interest.

MGM does not sponsor a wrap fee program.

MGM, as of December 31, 2018, has \$103,279,487 in discretionary reportable Assets under Management and \$0 in non-discretionary reportable Assets under Management.

#### Item 5 – Fees and Compensation

We provide investment supervisory, financial planning and investment consulting services to Clients primarily under the following fee schedules below:

<b>Assets Under Management</b>	<b>Annual Fee (%)</b>
Less than \$100,000	1.95%
\$100,001 to \$250,000	1.75%
\$250,001 to \$500,000	1.50%
\$500,001 to \$1,000,000	1.25%
\$1,000,001 to \$3,000,000	1.00%
\$3,000,001 to \$5,000,000	0.75%
\$5,000,001 and above	0.50%

The above fees are subject to a minimum quarterly fee of \$250.00 at the account level and may be negotiable in special circumstances.

Compensation to MGM for its services will be calculated in accordance with our Wealth Management Agreement, which may be amended from time to time by Advisor upon thirty (30) days prior written notice to Client.

MGM does not select other advisors.

#### IRA Rollover Considerations

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a potential conflict of interest because we have an incentive to recommend a rollover to you for the purpose of generating fee based compensation. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of a rollover.

Note that an employee will typically have four options in this situation:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has positives and negatives. Because of that, along with the importance of understanding the differences between these types of accounts, we will discuss with you the advantages and disadvantages of both types of accounts prior to proceeding.

#### **Financial Planning Fees**

In addition to the Client Investment Advisory Services previously noted, MGM provides financial planning services as noted below:

- Assessment of Client's Stated Financial Goals
- Retirement Analysis
- Educational Funding Analysis
- Estate Planning
- Review and Update of Client's Financial Plan

Financial planning clients enter into an Advisory Services Agreement with MGM. Fees for planning services are based on an hourly rate of \$250.00 plus New Mexico gross receipts tax. Advisors will also perform certain financial planning projects on a fixed fee basis.

All invoices are due within ten (10) days of invoice. Special arrangements may be made with Clients who want to retain financial planning services on an ongoing basis.

Along with the meeting and information provided to financial planning clients, the fees also include the time and activities necessary to work with client's attorney, accountant or other professional in reaching agreement on solutions, as well as assisting the Advisors in implementation of all appropriate documents. The Advisor is not responsible for attorney, accountant or other professional fees charged to client as a result of the above activities.

MGM will prepare a written financial plan for all financial planning clients. Preparation of the plan will include gathering all information necessary to provide our client with appropriate and agreed upon services, which may include one or more of the following:

- Budgeting and Cash Flow Planning
- Disability and Income Protection
- Debt Management
- Estate Planning
- Business Succession Planning
- Retirement Planning
- Investment Planning

The plan considers all client assets, liabilities, goals and objectives. Since individual or financial circumstances can change, clients are encouraged to review their plans with Advisor regularly.

### **Fee Payment Options**

#### *Investment Management Fees*

Our fees are paid from your account by the custodian when we submit an invoice to them. If there is insufficient cash in your account, securities may be sold. In addition to our fees, there may be custodial, mutual fund or similar third party management fees and charges.

Our fees are paid quarterly in advance, with payment due within 10 days from the date of the invoice. The quarterly fee will be equal to the agreed upon annual rate, multiplied by the market value of the account for that quarter. This number is then divided by four. Our fee is subject to a minimum quarterly amount of \$250.00 at the account level. The market value is the sum of the values of all assets in the account, not adjusted by any margin debit. Fees for partial quarters at the commencement or termination of Wealth Management Agreement will be billed or refunded on a pro-rated basis contingent on the number of days the account was open during the quarter.

#### *Financial Planning Fees*

Hourly financial planning fees are paid upon completion of the project.

Fixed fees are paid prior to work beginning or based on a mutually agreeable payment schedule. Fees will not be billed more than six months in advance.

All financial planning invoices are due within ten (10) days of invoice. Special arrangements may be made with Clients wishing ongoing financial planning services.

MGM or our clients can terminate our agreement upon receipt of written notice to the other party.

When an agreement is terminated, we will refund any pre-paid, unearned wealth management fees based on the number of days remaining in the quarter after termination. Refunds will be made within 30 calendar days of the effective date of termination.

When an agreement is terminated, all assets may need to be transferred from the current custodian. You will be responsible for paying all fees including full quarterly custodial administrative fees, account closure fees, mutual fund fees and all trading costs due to the termination. Custodian may assess additional fees for transfer of illiquid investments. If there is insufficient cash in the account, the liquidation of some securities may be used to pay the fees. Prior to termination of an agreement, we can provide a good-faith estimate of these fees.

Clients are responsible for the payment of all third party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees charged by Advisor.

All brokerage commissions, stock transfer fees, and other similar charges incurred in connection with transactions for the account will be paid out of the assets in the account and are in addition to the investment management fees paid to Advisor. The Client bears responsibility for verifying the accuracy of fee calculations.

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

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client's account.

### **Item 7 – Types of Clients**

We generally provide asset management and financial planning services to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Pension and Profit Sharing Plans
- Trusts, Estates, Foundations and/or Charitable Organizations
- Corporations

#### *Minimum Account Size*

There is no account minimum. However, the Advisor may decline to accept Clients with smaller portfolios.

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

We create broadly diversified portfolios in the worldwide fixed-income and equity markets, combined with periodic rebalancing. Our Advisory Affiliates create an investment strategy with each Client, outlining the investment philosophy, management procedures, and long-term goals for the investor. Portfolio design is tailored to each Client's risk tolerance and preferences.

### *Types of Investments*

As part of our core investment approach, we offer advice on investments primarily including mutual funds. However, we may also utilize other investments such as: exchange-traded funds, equity securities, debt securities, certificates of deposit, municipal securities, U.S. government securities and money market funds when suitable and appropriate. Each type of security has its own unique set of risks associated with it, and it would not be possible to disclose all of the specific risks of every type of investment in this brochure. If our Clients have any questions regarding the risks associated with a particular investment, they are encouraged to contact us.

Mutual funds are professionally managed collective investment companies that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual or exchange traded funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. Other fund risks include foreign securities and currency risk, emerging markets risk, small-cap, mid-cap and large-cap risk, trading risk, and turnover risk that can increase fund expenses and may decrease fund performance. Brokerage and transactions costs incurred by the fund will reduce returns.

ETFs are investment funds traded on stock exchanges, much like stocks or equities. An ETF holds assets such as stocks, commodities, or bonds and trades at approximately the same price as the net asset value of its underlying assets over the course of the trading day. Most ETFs track an index, such as the S&P 500. However, some ETFs are fully transparent actively managed funds. Market risk is, perhaps, the most significant risk associated with ETFs. This risk is defined by the day to day fluctuations associated with any exchange traded security, where fluctuations occur in part based on the perception of investors.

Individual equity securities (also known simply as “equities” or “stock”) are assessed for risk in numerous ways. Price fluctuations and market risk are the most significant risk concerns. As such, the value of your investment can increase or decrease over time. Furthermore, you should understand that stock prices can be affected by many factors including, but not limited to, the overall health of the economy, the health of the market sector or industry of the issuing company, and national and political events. When investing in stock, it is important to focus on the average returns achieved over a given period of time, across a well-diversified portfolio.



Individual debt securities (or “bonds”) are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be “called” prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

Primarily we invest with a focus on Long Term Purchases, where securities are purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. Sometimes we will employ a Short Term Purchase strategy where securities are purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities’ short term price fluctuations. Short-term trading (in general, selling securities within 30 days of purchasing the same securities) is not a fundamental part of our overall investment strategy.

### ***Methods of Analysis***

We may use one or more of the following methods of analysis when formulating investment advice:

Top-Down Global Macro-Economic Analysis involves a big-picture analysis of the prevailing economic, demographic and social trends followed by a more focused analysis at the country level, then the industry level and ultimately the specific security level.

Mutual Fund/Exchange Traded Fund Analysis involves qualitative analysis looking at factors such as the background and experience of the fund manager and/or the fund company (style, consistency, risk-adjusted performance, management expenses, average daily trading volume, etc.).

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

### ***Investment Risk of Loss***

As indicated in the descriptions above, investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Except as may otherwise be provided by law, we are not liable to Clients for:

- Any loss that a Client may suffer by reason of any investment decision made or other action taken or omitted in good faith by us with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use;
- Any loss arising from our adherence to a Client’s instructions, or the disregard of our recommendations made to a Client; or
- Any act or failure to act by a custodian or other third party to a Client’s account.

It is the responsibility of the Client to give us complete information and to notify us of any changes in financial circumstances or goals.

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

On September 6, 2012, MGM managing member, Chris Hicks, along with two investment advisor firms also owned by Mr. Hicks, reached a consent settlement with the SEC. The consent and settlement involved disclosure, and proxy voting violations related to the operations of those firms. Without admitting or denying any of the SEC's findings, pursuant to a SEC Order and Offer of Settlement, Mr. Hicks, agreed to pay a fine of \$50,000 in his capacity as owner of those related entities. We welcome any inquiries regarding this matter.

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

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

Neither MGM nor its employees hold any of the above registrations.

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

We are affiliated through common ownership and control with The H Group, Inc ("THG"), The H Group Washington, Inc ("THGWA"), CS Planning Corp ("CSP"), FocusPoint Solutions, Inc. ("FPS"), and Distribution Consultants ("DC"). MGM, THG, THGWA, CSP, FPS, and DC are all under common control of Christopher K. Hicks who is considered a control person of each firm because he holds more than 25% ownership interest in each firm.

THG, THGWA, CSP, and DC are investment advisors registered with the Securities and Exchange Commission. THG, THGWA, and CSP offer a wide range of financial planning and investment advisory services through numerous Advisory Affiliates to the firm. DC is an investment advisor to a collective investment fund.

FPS also provides turnkey asset management, back office, and administrative services to both affiliated and non-affiliated registered investment advisory firms, including MGM. These services may include, but are not limited to the following:

- research,
- due diligence,
- reporting,
- portfolio analysis,
- investment execution services, and
- back-office administration.

For certain RIA Firm clients, FPS also provides non-discretionary subadvisory services, including investment recommendations. FPS generally does not have any direct contact with our Clients. FPS provides services directly to us and we are solely responsible for Client accounts. Upon entering into an agreement for advisory services with us, Clients authorize us to use FPS to service their account,

including billing and the deduction of fees. Clients agree to allow us to share non-public, personal information with FPS for the purpose of administering and managing Client's account. We require FPS to execute a confidentiality agreement and not share Client information with any unauthorized person or entity. The use of FPS will not cause Clients to incur any additional fees. We pay FPS for services out of the Wealth Management Retainer fee charged to Clients. Our fee schedule is disclosed under Item 5 above.

The use of an affiliated service provider such as FPS creates a conflict of interest because we have an incentive to hire FPS over other unrelated third party service providers. In order to mitigate this conflict of interest, we conduct regular assessments to evaluate the continued use of all third party service providers, whether or not affiliated.

The principal business of MGM is that of a registered investment advisor and provider of financial planning services. Some of the principals and associated persons of the firm may be licensed as insurance agents and consultants. However, no principals or associated persons are actively engaged in the business of selling insurance products nor do they receive any insurance commission income.

MGM does not select other advisors.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transaction & Personal Trading**

### **Code of Ethics Description**

At MGM, we have adopted a Code of Ethics that governs a number of potential conflicts of interest we have when providing our advisory services to you. This Code of Ethics is designed to ensure we meet our fiduciary obligation to you and to stress the importance of a culture of compliance within our firm. An additional benefit of our Code of Ethics is to detect and prevent violations of securities laws, including our obligations we owe to you.

Our Code of Ethics is comprehensive, is distributed to each employee at the time of hire, and annually thereafter (if there are changes). We also supplement the Code of Ethics with annual training and on-going monitoring of employee activity. A complete copy of our Code of Ethics will be supplied to you, free of charge, if you request it.

Our Code of Ethics includes the following:

- Requirements related to the confidentiality of your personal, business and financial information
- Prohibitions on insider trading (if we are in possession of material, non-public information)
- Reporting of gifts and business entertainment
- Pre-clearance of employee and firm transactions
- Reporting (on an on-going and quarterly basis) all personal securities transactions (what we call "reportable securities" as mandated by regulation)
- On an annual basis, we require all employees to re-certify to our Code of Ethics, identify members of their household and any account to which they have a beneficial ownership (they "own" the account or have "authority" over the account), securities held in certificate form and all securities they own at that time

### **Participation or Interest in Client Transactions**

MGM or its employees may buy and sell some of the same securities for our own accounts that we buy and sell for our clients. We will always buy or sell from our clients' accounts before we buy or sell from our accounts. In some cases MGM or its employees may buy or sell securities for our own accounts and not for clients' accounts, as it may not meet the objectives or plans for the client.

MGM will always maintain full disclosure with our clients so that you can make informed decisions. We will always evaluate our activity from the view of our clients to ensure that any and all required disclosures are made. For example, we will disclose anything that would cause you to be unfairly influenced to make any decision regarding actions or inactions in your account.

### **Item 12 – Brokerage Practices**

As part of our services, MGM will recommend a broker-dealer. We have selected our broker-dealers based on price, reliability, speed of processing, tools and "best execution" in addition to other considerations. And while you are not required to effect transactions through any broker-dealer recommended by us, we feel we have made our selections based on a totality of benefits they offer.

To avoid creating a possible conflict of interest in recommending broker-dealers, we have established the following restrictions in order to ensure its fiduciary responsibilities:

1. We adhere to our Code of Ethics as outlined in Item 11 above
2. If MGM receives separate compensation for transactions, we will fully disclose them
3. We emphasize the unrestricted right of you to select and choose your own broker or dealer
4. We will always act in accordance with all applicable federal and state regulations governing registered investment advisory practices.

Due to our relationship with FPS and the aggregation of Client accounts with custodians, we do receive investment research products and/or services which assist us in our investment decision making process. Such research generally will be used to service all Client accounts. The receipt of investment research products and/or services poses a conflict of interest because we do not have to produce or pay for the products or services.

Indirectly and through our relationship with FPS, MGM receives, without cost to us, computer software and related systems support, which allow us to better monitor accounts. We receive software and related support without cost because our Clients maintain assets with these custodians. The software and related systems support benefits us, but may not benefit the Clients directly. Our receipt of these types of benefits from a custodian creates a conflict of interest since these benefits may influence our recommendation of one custodian over another that does not furnish similar software, systems support, or services. Additionally, we receive: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively service the custodians' respective institutional division participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to accounts; and access to an electronic communication network for order entry and account information.

Many of the above benefits are generally considered to be “soft dollar” arrangements. As a result of receiving such products and services for no cost, we have an incentive to recommend to Clients custodians that offer soft dollar arrangements. However, these types of arrangements are similar and common to the custodial relationships of other registered investment advisory firms in the industry. We periodically evaluate custodians to determine whether the benefits we receive are reasonable in relation to the value of services provided to our Clients.

Due to our affiliation with FPS we have an incentive to recommend Fidelity as a custodian for Client accounts. FPS, has entered into a support services agreement with Fidelity Brokerage Services LLC and National Financial Services LLC (together referred to as “Fidelity”). Under this agreement, Fidelity pays FPS a support fee based on a portion of Client assets in the custody of Fidelity. However, FPS and Fidelity have agreed that no support fee payments will be made with respect to investments in transaction fee funds and Fidelity sponsored funds. Under this arrangement, FPS provides numerous and substantial services to RIA firms like MGM that would normally be provided by the custodian (for example, back office, administrative and clerical services). While this arrangement results in cost savings for the custodian and increased costs for FPS, the receipt of this additional compensation may create an incentive for MGM to recommend funds available through the Fidelity platform for which (i) Fidelity is not a sponsor or manager, and (ii) transaction fees are not imposed (together, “NTF Funds”). It would not be unusual for the majority of investments made through the Fidelity platform to be in NTF Funds, for which FPS would receive support fees. Because FPS generally pays custodial trading costs for the trades recommended by us there may also be an incentive to make fewer trading recommendations in ordinary transaction fee funds in order to control trading expenses. These conflicts of interest may influence our recommendation of one custodian over another that does not furnish similar benefits. However, these conflicts are mitigated by our fiduciary duty to put our Clients’ interests first. We review what types of funds are available for use in Client portfolio allocations and seek those that are the most suitable, appropriate and in the Client’s best interest.

We may aggregate trades for Clients. The allocations of a particular security will be determined by us before the trade is placed with the broker. When practical, Client trades in the same security will be bunched in a single order (a “block”) in an effort to obtain best execution at the best security price available. When employing a block trade:

- We will make reasonable efforts to attempt to fill Client orders by day-end.
- If the block order is not filled by day-end, we will allocate shares executed to underlying accounts on a pro rata basis, adjusted as necessary to keep Client transaction costs to a minimum.
- If a block order is filled (full or partial fill) at several prices through multiple trades, an average price and commission will be used for all trades executed;
- All participants receiving securities from the block trade will receive the average price.
- Multiple blocks may be executed within a single day. However, only trades executed within the block on the single day may be combined for purposes of calculating the average price.

It is expected that this trade aggregation and allocation policy will be applied consistently. However, if application of this policy results in unfair or inequitable treatment to some or all of our Clients, we may deviate from this policy.

Finally, it is our policy to minimize the occurrence of trade errors. Should any trade errors which are attributable to MGM occur, we shall take any steps necessary to put the Client in the position it should have been as if the trade error never occurred. In the event we determine that a bona fide trade error has occurred which is attributable to MGM, we will correct the trade error using funds from our error account. Depending on the internal trade error policies and procedures of the particular custodian, our error account may be debited if the correction results in a loss. Likewise, our error account may be credited if the correction results in a gain. This situation creates a conflict of interest as MGM has an incentive to recommend particular custodians over others that may not have a similar policy.

### **Item 13 – Review of Accounts**

Accounts are reviewed by Michael R. Albillar or other qualified staff members. All reviews are either conducted or supervised by Michael R. Albillar. The frequency of reviews is determined based on the Client's investment objectives, but no less than annually.

Financial planning clients receive their financial plans and recommendations at time service is completed. Depending on the type of financial planning service requested, Advisor will meet on a regular basis with clients to discuss any potential changes to their financial plan.

More frequent reviews are triggered by a change in client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in economic climate.

Clients receive reports when they are requested on representative investments recommended specifically by the Advisor. Reports are also provided at the time of portfolio reviews. Investment advisory clients also receive standard account statements from the custodian of their accounts on a monthly basis.

Financial planning clients do not normally receive investment reports.

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

MGM may purchase software, research tools, training programs or seminar services from its Custodian. Additionally, the Custodian may provide services, tools or other non-financial benefits to the Advisor as a benefit for using the Custodian's services. As part of its fiduciary duties to clients, MGM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of the types of benefits discussed above can create a potential conflict of interest by influencing the Advisor's choice of a Custodian.

MGM may pay a fee to individuals or entities that refer clients. Such persons are commonly called "solicitors."

Advisor will not pay a solicitor a referral fee unless the following conditions are met:

- The solicitor is not subject to a regulatory enforcement order or been convicted of a serious crime within the past 10 years;
- The solicitor and Advisor have entered into a written agreement that;
  - a) describes the activities and the fee the solicitor will receive;

- b) contains an undertaking that the solicitor perform its activities in a manner consistent with Advisor's instructions and relevant State law; and
  - c) requires the solicitor to provide the prospective client with Advisor's ADV Part II and Schedule F, along with a written disclosure document; and
- At the time of entering an advisory contract with a solicited client, MGM obtains a dated acknowledgement of receipt of MGM's Form ADV Part 2 Part A and B.

### **Item 15 – Custody**

Other than having the ability to deduct our fees from Client accounts, and the ability to disburse or transfer certain funds pursuant to Standing Letters of Authorization executed by Clients, MGM does not have custody of the assets in the account and shall have no liability for any loss or other harm to any property in the account. This includes harm resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian. We cannot ensure that when harm is caused whether or not the full amount of loss is covered by the Securities Investor Protection Corporation ("SIPC") or any other insurance which may be carried by the custodian. SIPC provides only limited protection for the loss of property held by a broker-dealer.

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

Generally, Clients grant us ongoing and continuous discretionary authority to execute investment recommendations in accordance with an agreed upon investment strategy or plan without the Client's prior approval of each specific transaction. Under this discretionary authority, Client allows us to purchase and sell securities and instruments in their account(s), arrange for delivery and payment in connection with the foregoing, select and retain sub-advisors, and act on behalf of the Client in matters necessary or incidental to the handling of the account, including monitoring certain assets. The only restrictions on this discretionary authority are those set by the Client on a case by case basis. We make it a practice to question Clients to determine if there are any limitations to the Advisor's discretionary authority on such matters.

In certain circumstances, we will request non-discretionary authority over our clients' accounts. Non-discretionary authority requires us to obtain your prior approval of each specific transaction prior to executing investment recommendations.

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

MGM does not receive and vote proxies or receive annual reports on issues held in our client's accounts. The custodian will send all expected proxy and report information directly to our clients.

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

MGM has no financial issues that could impair our ability to carry out our fiduciary duty to our clients. Advisor has not been the subject of a bankruptcy petition in the last ten (10) years.

MGM does not require prepayment of more than \$1,200.00 in fees from clients more than six (6) months in advance of services.

### **Exhibit A – Summary of Material Changes**

This Item discusses only specific material changes that have been made to our Brochure since our last annual update on March 30, 2018. Since that date we have made no material changes to this Brochure.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting us at (503) 292-5853 or [chris@focuspointsolutions.com](mailto:chris@focuspointsolutions.com). Our Brochure is provided free of charge.