

FORM ADV**Uniform Application for Investment Adviser Registration****Part II - Page 1****OMB APPROVAL**

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Name of Investment Adviser: S3, Inc.				
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone Number:
3033 Excelsior Blvd, Suite 460	Minneapolis	MN	55416	612 929-7000

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any governmental authority.**

Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees	2
2	Types of Clients	2
3	Types of Investments	3
4	Methods of Analysis, Sources of Information and Investment Strategies	3
5	Education and Business Standards	4
6	Education and Business Background	4
7	Other Business Activities	4
8	Other Financial Industry Activities or Affiliations	4
9	Participation or Interest in Client Transactions	5
10	Conditions for Managing Accounts	5
11	Review of Accounts	5
12	Investment or Brokerage Discretion	6
13	Additional Compensation	6
14	Balance Sheet	6
	Continuation Sheet	Schedule F
	Balance Sheet, if required.	Schedule G

(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

**Potential persons who are to respond to the collection of information contained in this form
are not required to respond unless the form displays a currently valid OMB control number.**

FORM ADV
Part II - Page 2

Applicant:
S3, Inc.

SEC File Number:
801-N/A

Date:
December 2007

1. **A. Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service.
(See instruction below.)

Applicant:

- | | | | |
|-------------------------------------|-----|---|------------------|
| <input checked="" type="checkbox"/> | (1) | Provides investment supervisory services | <u>100%</u> |
| <input type="checkbox"/> | (2) | Manages investment advisory accounts not involving investment supervisory services | <u> % </u> |
| <input checked="" type="checkbox"/> | (3) | Furnishes investment advice through consultations not included in either service described above | <u>0%</u> |
| <input type="checkbox"/> | (4) | Issues periodicals about securities by subscription | <u> % </u> |
| <input checked="" type="checkbox"/> | (5) | Issues special reports about securities not included in any service described above | <u>0%</u> |
| <input checked="" type="checkbox"/> | (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities | <u>0%</u> |
| <input checked="" type="checkbox"/> | (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities | <u>0%</u> |
| <input type="checkbox"/> | (8) | Provides a timing service | <u> % </u> |
| <input type="checkbox"/> | (9) | Furnishes advice about securities in any manner not described above | <u> % </u> |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term?

Yes No
☒ ☐

C. Applicant offers investment advisory services for: (check all that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input checked="" type="checkbox"/> (2) Hourly charges | <input type="checkbox"/> (5) Commissions |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- | | |
|--|---|
| <input checked="" type="checkbox"/> A. Individuals | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> B. Banks or thrift institutions | <input type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies | <input type="checkbox"/> G. Other (describe on Schedule F) |
| <input type="checkbox"/> D. Pension and profit sharing plans | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

FORM ADV**Part II - Page 3**

Applicant:

S3, Inc.

SEC File Number:

801- **N/A**

Date:

December 2007**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> A. Equity securities | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities | |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | I. Options contracts on: |
| <input checked="" type="checkbox"/> (3) foreign issues | <input checked="" type="checkbox"/> (1) securities |
| | <input type="checkbox"/> (2) commodities |
| <input checked="" type="checkbox"/> B. Warrants | J. Futures contracts on: |
| | <input type="checkbox"/> (1) tangibles |
| <input checked="" type="checkbox"/> C. Corporate debt securities
(other than commercial paper) | <input type="checkbox"/> (2) intangibles |
| <input checked="" type="checkbox"/> D. Commercial paper | K. Interests in partnerships investing in: |
| | <input checked="" type="checkbox"/> (1) real estate |
| <input checked="" type="checkbox"/> E. Certificates of deposit | <input checked="" type="checkbox"/> (2) oil and gas interests |
| <input checked="" type="checkbox"/> F. Municipal securities | <input type="checkbox"/> (3) other (explain on Schedule F) |
| G. Investment company securities: | <input type="checkbox"/> L. Other (explain on Schedule F) |
| <input checked="" type="checkbox"/> (1) variable life insurance | |
| <input checked="" type="checkbox"/> (2) variable annuities | |
| <input checked="" type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|--|
| (1) <input type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|--|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the
Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|--|--|
| (1) <input checked="" type="checkbox"/> Long term purchases
(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions |
| (2) <input type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input type="checkbox"/> Option writing, including covered options, uncovered
options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

FORM ADV**Part II - Page 4**

Applicant:

S3, Inc.

SEC File Number:

801-N/A

Date:

December 2007**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients?

Yes No
☒ ☐

(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- | | |
|-----------------|--|
| • name | • formal education after high school |
| • year of birth | • business background for the preceding five years |

7. Other Business Activities. (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input type="checkbox"/> (3) other investment adviser | <input type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?.....

Yes No
☐ ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

FORM ADV**Part II - Page 5**

Applicant:

S3, Inc.

SEC File Number:

801- **N/A**

Date:

December 2007**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes No
☒ ☐

(If yes, describe on Schedule F.)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Please Refer to Schedule F.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

Please Refer to Schedule F.

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant:

S3, Inc.

SEC File Number:

801-N/A

Date:

December 2007

12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

(1) securities to be bought or sold?

Yes No

☒ ☐

(2) amount of the securities to be bought or sold ?

Yes No

☒ ☐

(3) broker or dealer to be used ?

Yes No

☐ ☒

(4) commission rates paid?

Yes No

☐ ☒

B. Does applicant or a related person suggest brokers to clients?

Yes No

☒ ☐

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients?

Yes No

☒ ☐

B. directly or indirectly compensates any person for client referrals?

Yes No

☐ ☒

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities unless applicant is registered or registering only with the Securities and Exchange Commission; or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet?

Yes No

☐ ☒

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
S3, Inc.	801- N/A	December 2007

Item of Form (identify)	Answer
Part II, Page 2, Item 1.D.	<p>S3, Inc. (hereinafter referred to as “Advisor”) is a private financial advisory firm offering personalized investment advisory services to clients. Advisor’s services and fee arrangements are described in the following pages.</p> <p>Advisor is a corporation formed under the laws of the State of Minnesota. This Schedule F narrative provides clients with information regarding Advisor and the qualifications, business practices, and nature of advisory services that should be considered before becoming an advisory client of Advisor.</p> <p>Additional information about Advisor is available through the Securities and Exchange Commission’s website at www.adviserinfo.sec.gov. Clients can search this site by using Advisor’s name or by an identification number known as a CRD number. The CRD number for Advisor is 108401.</p> <p style="text-align: center;">Investment Advisory Services and Fees.</p> <p>Advisor provides investment supervisory services defined as giving continuous investment advice to a client and making investments for the client based on the individual needs of the client (Asset Management Services). Through this service, Advisor offers a highly customized and individualized investment program for individual clients. A specific investment strategy and investment policy is crafted to focus on the specific client’s goals and objectives.</p> <p>Advisor and its associated persons generally provide Asset Management Services through accounts maintained at Charles Schwab & Company, Inc., a qualified custodian and registered broker/dealer, member SIPC. Upon mutual agreement of Advisor and a client, Advisor may provide services in accounts held at a custodian other than Charles Schwab, as selected and determined by the client. Through this program, an associated person of Advisor will be granted trading authorization on the client’s account.</p> <p>In addition to Asset Management Services, Advisor also provides Portfolio Consultation Services on accounts in which trading authorization is not granted and Financial Planning Services. Through the Portfolio Consultation Services, Advisor will provide review services of the client’s assets; however, the client must implement all trades in the account and Advisor will not have direct access to the account. Advisor does not provide on-going review of these accounts as accounts are reviewed on an as-needed basis as directed by the client. The client-selected qualified custodian will maintain custody of all funds and securities.</p> <p>Advisor also provides clients with Financial Planning Services that may be specific or modular in their preparation (unique to each client in their depth of preparation). This process is used by Advisor to “get to know” the client. Topics included as part of the financial planning services may include the following: asset allocation strategies, investment recommendations, money management, and other topics as agreed upon by Advisor and client. The specific topics included in the financial planning process will be mutually agreed upon, in writing, by Advisor and client.</p> <p>Clients are charged for Advisor’s services based on a percentage of assets under management and/or consultation. Financial Planning Services are also provided under this fee arrangement, i.e. a separate financial planning fee is not charged.</p> <p>Fees charged will be similar to one of the two fee schedules listed below which are provided for illustrative purposes. The fee charged to clients is non-negotiable and determined by the Advisor. Fees will be determined by Advisor based on factors such as the securities held within an account at the time an agreement for services is executed, the amount of assets under management and/or</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
S3, Inc.	801- N/A	December 2007

Item of Form (identify)	Answer																				
Part II, Page 2, Item 1.D. (continued)	<p>consultation, and the overall complexity of the services provided. The exact services and fees will be stated in the Investment Advisory Agreement prior to services being provided.</p> <p style="text-align: center;">Tiered Fee Schedule of Assets Under Management and/or Consultation</p> <table> <tr> <th>Assets</th><th>Annual Fee</th></tr> <tr> <td>\$100,000 to \$250,000</td><td>2.00%</td></tr> <tr> <td>\$250,000 to \$500,000</td><td>1.75%</td></tr> <tr> <td>\$500,000 to \$750,000</td><td>1.50%</td></tr> <tr> <td>\$750,000 to \$1,000,000</td><td>1.25%</td></tr> <tr> <td>\$1,000,000 and above</td><td>1.00%</td></tr> </table> <p style="text-align: center;">Fixed Fee Schedule of Assets Under Management and/or Consultation</p> <table> <tr> <th>Type of Investments</th><th>Annual Fee</th></tr> <tr> <td>Equities</td><td>1.25%</td></tr> <tr> <td>Cash, other assets</td><td>1.25%</td></tr> <tr> <td>Bonds</td><td>0.50%</td></tr> </table> <p>Advisor may also charge an annual fixed service fee per account which shall not exceed \$1000 annually and will be calculated and divided as part of the overall management fee.</p> <p>The annual fee is divided and billed quarterly in advance based on the value of the account on the last day at the end of the previous quarter. The first quarterly fee will be based on the value of the assets under management in the account upon inception of the Advisor-client relationship and will be pro-rated based on the number of days remaining in the initial quarter.</p> <p>Fees are generally deducted directly from the client's account. Clients must provide the custodian with written authorization to have fees deducted from the account and paid to Advisor. Upon discretion of Advisor, clients may pay fees directly to Advisor. For clients that pay directly, payment is due within thirty (30) days after receipt of the billing statement from Advisor. The custodian will send client statements, at least quarterly, showing all disbursements for the account including the amount of the advisory fee, if deducted directly from the account.</p> <p>Brokerage commissions and/or transaction ticket fees charged by the custodian will be billed directly to the client. Advisor will not receive any portion of such commissions or fees from the custodian or client. In addition, clients may incur certain charges imposed by third parties other than Advisor in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and IRA and qualified retirement plan fees. Management fees charged by Advisor are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.</p> <p>Either party may terminate the agreement for services at any time by providing written notice to the other party. If services are terminated within five (5) business days of executing the Investment Advisory Agreement, services will be terminated without penalty and any pre-paid fees shall be refunded. In the event a client terminates services, termination shall be effective from the time Advisor receives written notification or such other time as may be mutually agreed upon, subject to the settlement of transactions in progress and the final payment or refund of advisory fees. In the event Advisor terminates the relationship, the agreement will be terminated on the thirtieth (30th) day after written notification is delivered to the client or such time as may be mutually agreed upon,</p>	Assets	Annual Fee	\$100,000 to \$250,000	2.00%	\$250,000 to \$500,000	1.75%	\$500,000 to \$750,000	1.50%	\$750,000 to \$1,000,000	1.25%	\$1,000,000 and above	1.00%	Type of Investments	Annual Fee	Equities	1.25%	Cash, other assets	1.25%	Bonds	0.50%
Assets	Annual Fee																				
\$100,000 to \$250,000	2.00%																				
\$250,000 to \$500,000	1.75%																				
\$500,000 to \$750,000	1.50%																				
\$750,000 to \$1,000,000	1.25%																				
\$1,000,000 and above	1.00%																				
Type of Investments	Annual Fee																				
Equities	1.25%																				
Cash, other assets	1.25%																				
Bonds	0.50%																				

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
S3, Inc.	801- N/A	December 2007

Item of Form (identify)	Answer
	<p>also subject to the settlement of transactions in progress and the final payment or refund of advisory fees. There will be no penalty charge upon termination.</p> <p><u>Non-Investment Supervisory Consulting Services.</u> Advisor provides non-investment supervisory services for an hourly fee of \$150. Such services include account maintenance and clean-up, tax related services, determining cost basis for estate probate, and other services that may be agreed upon with Advisor and the individual client. Prior to beginning services, Advisor will provide the client with an approximate amount of time necessary to complete the services. Advisor will not provide services beyond the estimated time without receiving the client's approval. All fees are due upon completion of the services and upon presentment of a fee invoice from Advisor.</p> <p><u>Newsletters.</u> Advisor provides periodicals in the form of newsletters, special reports, graphs and charts such as <i>The Blue Chip Bargain Bin</i>, free of charge to all clients. Such materials cover general financial topics but may also discuss specific investments or market trends, but are impersonal in nature.</p>
Part II, Page 4, Item 5	Education and Business Standards. Associated persons of Advisor that provide investment advice must possess, minimally, the following: A college degree and/or appropriate business experience and any required investment advisory licenses.
Part II, Page 4, Item 6	<p>Education and Business Background.</p> <p><u>Mark Sherman, Born 1969</u> <i>Education Background:</i> Bachelor of Science degree from University of Minnesota in Mass Communications (1992) Masters degree from Boston University in Business (1994)</p> <p><i>Business Background:</i> S3, Inc., Chief Executive Officer and Chief Compliance Officer, 01/2000 – Present CharityBox.com., Charity Donation Processing Firm, 09/1999 - Present VIP Advisor, Inc., Client Management System Provider, 05/2003 – Present Tobinex, Inc., Tobacco Trading Company, 06/2007 – Present</p> <p>Mr. Sherman is also independently licensed as an independent insurance agent with various insurance companies and agencies. Clients should be aware that Mr. Sherman will generally only recommend insurance products of those companies for whom he is a sales agent and with which he is familiar with the benefits, exclusions and other terms.</p> <p>Mr. Sherman's activities outside of S3, Inc. comprise approximately 30% of his time.</p>
Part II, Page 5, Item 9.E.	Participation or Interest in Client Transactions. Advisor and its associated persons may buy or sell for their personal accounts, investment products identical to those recommended to clients. It is the express policy of Advisor that no person employed by Advisor may purchase or sell any security prior to a transaction being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.
Code of Ethics	<u>Code of Ethics Summary.</u> Advisor has established a Code of Ethics that will apply to all of its associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Advisor has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for the advisor's Code of Ethics which also covers its Insider Trading and Personal Securities Transactions Policies and

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
S3, Inc.	801- N/A	December 2007

Item of Form (identify)	Answer
	Procedures. Advisor requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand and agree to comply with the advisor's Code of Ethics. Advisor has the responsibility to make sure that the interests of all clients are placed ahead of Advisor or its supervised person's own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. Advisor and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of advisor's Code of Ethics. However, if a client or a potential client wishes to review advisor's Code of Ethics in its entirety, a copy will be provided promptly upon request.
Part II, Page 5, Item 10.	Conditions for Managing Accounts. Advisor requires a minimum investment amount of \$250,000 for its investment supervisory services. Exceptions to this minimum may be granted by Advisor.
Part II, Page 5, Item 11.A.	Review of Accounts. Advisor reviews managed accounts, including analysis of the client's securities portfolio, on a regular or continuous basis. Triggering factors may include changes in market events, changes to a client's situation or when requested to do so by clients. Advisor reviews accounts for which it does not have trading authorization on an as-needed basis when requested by the client. Financial planning services are reviewed and updated on an annual basis. Mark Sherman is responsible for reviewing all client accounts and providing all investment recommendations.
Part II, Page 5, Item 11.B.	Clients will receive statements, at least quarterly, from the custodian at which their accounts are maintained.
Part II, Page 6, Item 12.A.(1) & (2)	Investment or Brokerage Discretion. Discretionary Trading Authorization. Upon receiving written authorization from the client, Advisor provides discretionary investment advisory services for client accounts. When discretionary authority is granted, Advisor will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent for each transaction. Such authority also includes the timing of when to implement buy and sell orders.
Proxy Voting Policy	<u>Proxy Voting Policy.</u> For accounts in which Advisor provides on-going management and trade execution services, Advisor will vote proxies on behalf of the client. Proxies will be voted in the best interest of clients. The Advisor's proxy voting policy is to cast proxy voting in favor of proposals that are anticipated to enhance the long-term value for the client's shareholders and the company. Generally, this will mean voting "for" proposals that are to improve the management of a company, increase the rights or preferences of the voted securities, and/or increase the chance that a premium offer would be made for the company or for the voted securities. The Advisor's decision to vote in support or opposition of a proposal will always depend on the specific circumstances described in the proxy statement and other available information. Advisor may decide to not place a vote for a specific proxy when Advisor determines non-action is in the best interests of the Advisor's clients. Clients may request a complete copy of Advisor's proxy voting policies and procedures as well as information on how the individual client's proxies were voted by contacting the Advisor at the address or phone number indicated on Part II, Page 1 of this disclosure document. <u>Selection/Recommendation of Broker/Dealer.</u> For client contracting for Advisor's assets management services, clients will typically establish brokerage accounts with the Schwab

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:	SEC File Number:	Date:
S3, Inc.	801- N/A	December 2007

Item of Form (identify)	Answer
Part II, Page 6, Item 12.B.	<p>Institutional division of Charles Schwab & Co., Inc. (Charles Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Advisor is independently owned and operated and not affiliated with Schwab. Charles Schwab provides Advisor with access to its institutional trading and custody services, which are typically not available to Charles Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least: \$10 million of the advisor's clients' assets is maintained in accounts at Schwab Institutional and is not otherwise contingent upon Advisor committing to Charles Schwab any specific amount of business (assets in custody or trading). Charles Schwab's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.</p> <p>For Advisor's clients' accounts maintained in its custody, Charles Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Charles Schwab or that settle into Charles Schwab accounts.</p> <p>Charles Schwab also makes available to Advisor other products and services that benefit Advisor but may not benefit its clients' accounts. Some of these other products and services assist Advisor in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and allocation of aggregated trade orders from multiple client accounts); provide research, pricing information and other market data; facilitate payment of Advisor's fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of Advisor's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to Advisor's other services intended to help Advisor manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Charles Schwab may make available, arrange and/or pay for these types of services rendered to Advisor by independent third party providing these services to Advisor. While as a fiduciary, Advisor endeavors to act in its clients' best interests, and Advisor's recommendation that clients maintain their assets in accounts at Charles Schwab may be based in part on the benefit to Advisor of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Charles Schwab, which may create a potential conflict of interest.</p> <p>While Advisor does recommend the use of Charles Schwab, Advisory may allow clients to select a broker/dealer of their own choosing. When a client directs the use of a particular broker/dealer or other custodian, Advisor may not be able to obtain the best prices and execution for the transaction. Clients who direct the use of a particular broker/dealer or custodian may receive less favorable prices than would otherwise be the case if clients had not designated a particular broker/dealer or custodian. Further, clients with directed brokerage arrangements will not be able to participate in aggregate trades (i.e. block trades) and directed trades may be placed by Advisor after effecting non-directed trades.</p> <p><u>Aggregation of Client Transactions.</u> Transactions implemented by Advisor for client accounts are generally effected independently, unless Advisor decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by Advisor when Advisor believes such action may prove advantageous to clients. When Advisor aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV**

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Item of Form (identify)	Answer
Part II, Page 6, Item 13.A.	<p>client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among Advisor's clients in proportion to the purchase and sale orders placed for each client account on any given day. When Advisor determines to aggregate client orders for the purchase or sale of securities, including securities in which the associated persons of Advisor may invest, Advisor will do so in accordance with the parameters set forth in the SEC No-Action Letter, <i>SMC Capital, Inc.</i> It should be noted, Advisor does not receive any additional compensation or remuneration as a result of aggregation.</p> <p>Additional Compensation. In connection with investment advisory services offered to clients, Advisor's associated persons may recommend the purchase of insurance products in the associated person's separate capacity as independent insurance agents. When doing so, Advisor's associated persons will receive commissions and other incentive awards for the recommendation/sale of annuities and other insurance products. The receipt of this compensation may affect the judgment of Advisor's associated persons when recommending products to its clients. While Advisor's associated persons endeavor at all time to put the interest of the clients first as a part of Advisor's fiduciary duty, clients should be aware that the receipt of commission and additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.</p>
Custody Considerations	<p>Custody Considerations. Advisor is deemed to have custody of client funds and securities because it has implemented the following procedures. Advisor may accept client checks made payable to the client's qualified custodian and client securities (i.e. stock certificates) to be forwarded to the client's qualified custodian. In addition, Advisor has fees automatically deducted from client accounts. These are the only forms of custody maintained by Advisor. Advisor has established procedures to ensure all client funds and securities are maintained with a qualified custodian recommended by Advisor or selected by the client. Examples of qualified custodians include Schwab, other broker/dealers, and banks. In addition, Advisor will ensure all clients receive accounts statements from the qualified custodian at least quarterly.</p>
Class Action Lawsuits	<p>Class Action Lawsuits. Clients retain the right under the applicable securities laws to initiate individually a lawsuit or join a class-action lawsuit against the issuer of a security that was held or purchased by or for a client. Advisor will not initiate such legal proceeding on behalf of clients and does not provide legal advice to clients regarding potential causes of action against such a security issuer and whether clients should join a class action. Advisor recommends clients seek legal counsel prior to making a decision regarding whether to participate in such a class-action lawsuit. Moreover, Advisor's services do not include monitoring or informing clients of any potential or actual class-action lawsuits against the issuers of the securities that were held or purchased by or for clients. However, upon a client's specific instruction, Advisor may provide assistance to a client regarding the client's investment history related to the security underlying the individual or class-action lawsuit and provide assistance with the completion of this portion of certain class-action paperwork. At no time should such assistance by the Advisor be deemed as a substitute for consulting with legal counsel.</p>
Customer Privacy Policy Notice	<p style="text-align: center;">Customer Privacy Policy Notice</p> <p>In November of 1999, Congress enacted the Gramm-Leach-Bliley Act (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to nonaffiliated third parties, other than permitted or required by law, customers must be given the</p>

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	<p>opportunity to opt out or prevent such disclosure. Advisor does not share or disclose customer information to nonaffiliated third parties except as permitted or required by law.</p> <p>Advisor is committed to safeguarding the confidential information of its clients. Advisor holds all personal information provided by clients in the strictest confidence and it is the objective of Advisor to protect the privacy of all clients. Except as permitted or required by law, Advisor does not share confidential information about clients with nonaffiliated parties. In the event that there were to be a change in this policy, Advisor will provide clients with written notice and clients will be provided an opportunity to direct Advisor as to whether such disclosure is permissible.</p> <p>To conduct regular business, the advisor may collect personal information from sources such as:</p> <ul style="list-style-type: none">• Information reported by the client on applications or other forms the client provides to the advisor• Information about the client's transactions implemented by the advisor or others• Information developed as part of analyses or investment advisory services <p>To administer, manage, service, and provide related services for client accounts, it is necessary for Advisor to provide access to customer information within the firm and to nonaffiliated companies with whom Advisor has entered into agreements with. To provide the utmost service, Advisor may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on Advisor's behalf.</p> <ul style="list-style-type: none">• Information Advisor receives from the client on applications (name, social security number, address, assets, etc.)• Information about the client's transactions with Advisor or others (account information, payment history, parties to transactions, etc.)• Information concerning investment advisory account transactions• Information about a client's financial products and services transaction with Advisor <p>Since Advisor shares nonpublic information solely to service client accounts, Advisor does not disclose any nonpublic personal information about Advisor's customers or former customers to anyone, except as permitted by law. However, Advisor may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.</p>

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