

## Part 2A of Form ADV: Firm *Brochure*

Item 1 Cover Page



### BAILEY & ASSOCIATES

**Investment Management and Financial Planning**

Owner: Delton O. Bailey, Jr., CFP®, Ph.D.,

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#### **Date of this Brochure:**

February 3, 2011 Version 1.0

**This document is a “Brochure”. This brochure provides information about the qualifications and business practices of Bailey & Associates. If you have any questions about the contents of this brochure, please contact us at 1-803-799-6850 or [baileyandassociates@msn.com](mailto:baileyandassociates@msn.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Under the Investment Advisers Act of 1940, an employee at Bailey & Associates who renders investment advice for a fee is required to register with the state securities authority as an investment adviser representative. He/she who will be holding himself/herself as an investment adviser representative at Bailey & Associates is required to apply for registration with the state securities authority after successfully passing the Series 65, the Uniform Investment Adviser Law examination, as a non-FINRA candidate under the Form U-10. The Series 65 examination “is designed to qualify candidates as investment adviser representative.”<sup>1</sup> Registration with a state securities authority does not imply that a registered investment adviser representative at Bailey & Associates has ascertained any specific level of skill or training approved, certified, or verified by the United States Securities Exchange Commission or by a state securities authority.**

## Material Changes

### January 31, 2011

The paper version of Part 2, Form ADV (also known as The Brochure) dated February 26, 2010 has been revised in its entirety to conform to the current Uniform Requirements for the Investment Adviser Brochure and Brochure Supplements plain English narrative format.

The new plain English, narrative format must address the following:

1. New cover page
2. Details of material changes from the last version
3. Table of contents
4. Information about the advisory business
5. Fees and compensation
6. Performance-based Fees and Side-by-Side Management
7. Types of Clients
8. Methods of Analysis, Investment Strategies and Risk of Loss
9. Disciplinary Information
10. Other Financial Industry Activities and Affiliations
11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading
12. Brokerage Practices
13. Review of accounts
14. Client referrals and other compensation
15. Custody
16. Investment Discretion
17. Voting Client Securities
18. Financial information
19. Requirements for State registered advisers
20. Part 2B of Form ADV: Brochure Supplement for supervised person

### February 3, 2011, Version 1.0

Amended Item 4 Advisory Business to include brief description of Item 16 Investment Discretion with regards to deduction of management fees and disbursement of funds. Amendment is in italics. Also made relevant formatting and cosmetic changes since January 31, 2011.

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## About the Advisory Business

The principal owner is Dr. Delton O. Bailey, Jr., Ph.D. From 1981 to the present, Dr. Bailey has been the owner of Bailey & Associates (formerly known as Resource Management). Bailey & Associates is a firm that does “fee only” financial planning and investment management for individuals and small corporations. Bailey and Associates offer continuous and regular portfolio management and financial planning services for sophisticated investors and small business owners who do not have the time or desire to monitor their investments on a day-to-day basis.

Bailey and Associates receives 100% of its compensation from providing investment supervisory services. The investment supervisory services provided is also called financial planning, investment management, or retirement planning. The firm offers investment advisory services for a percentage of assets under management (1% per year or 0.25% per quarter). The management fee includes ongoing investment and financial planning consultation for the client.

Bailey & Associates also offer financial planning consultation service as a one-time or periodic basis for a fee of \$200 per hour. This service includes developing a comprehensive financial plan for the individual or a comprehensive annual review of his/her financial plan.

An initial consultation is offered to the prospective client free of charge to determine if our services will meet the individual’s objectives and also allows the individual to be better acquainted with how we do business.

As a fee only service, Bailey & Associates does not receive a commission on any purchase made for a client and does not accept compensation from agents offering investments that are recommended to a client. The recommendations we make are based on what we perceive as an investment that best meets the client’s individual investment objective and risk tolerance. Investment choices will be made with judgment and care when considering the probable safety of the client’s capital as well as the probable income to be derived.

The firm utilizes the services of Charles Schwab & Co., Inc. (or Schwab) to custody client assets. Client assets are not commingled. Each client is the registered owner, trustee, or executor of his or her own account. All of the firm’s clients are asked to sign a limited power of attorney (LPOA) authorizing Schwab at the direction of the investment adviser, to execute trades to buy and sell securities for the client, *deduct management fees, and to disburse funds on behalf of the client (see also page 5 Item 5 Fees and Compensation, page 15 Item 15 Custody, and page 16 Item 16 Investment Discretion).*

The Principle consultant at Bailey and Associates will monitor the daily activities of securities selected for your portfolio. Clients are reminded each quarter to come in and meet with his or her adviser and to review his or her portfolio to ensure that his or her investments coincide with his or her investment objectives.

## **Fee Schedule**

The firm offers investment advisory services for a percentage of assets under management (1% per year or 0.25% per quarter). The annual one-percent fee charged by Bailey & Associates may be tax deductible.

Individuals seeking a comprehensive financial plan (personal budget planning, investment planning, retirement planning, education planning, life insurance planning, income tax planning, and estate planning) on a one-time or periodic basis are billed at an hourly rate of \$200 per hour.

## **Billing Method**

Assets under management are billed in the arrears. Bailey & Associates does not require prepayment of fees. Upon execution of a service agreement with Bailey & Associates, the client signs a Limited Power of Attorney authorizing the *qualified custodian* (Schwab) to deduct quarterly management fees from the client's Schwab account. The client will receive a quarterly statement showing the fee debited from the account, the assets under management, and the performance of the portfolio during the past quarter. Hourly charges are billed upon completion of financial services and/or product delivery.

## **Custodian Fees and Other Expenses**

Schwab (the custodian) does not charge the client an account maintenance fee for custody services but is compensated by charging the client commissions or other fees on trades that Schwab executes or that settle into the client's Schwab account. In addition to commissions, Schwab charges the client a flat dollar amount as a "prime broker" fee or "trade away" fee for each trade that Schwab has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account.

Bailey & Associates does not receive a percentage of the commission or transaction fee from Schwab. Schwab is a discount brokerage firm whose trading fees can be further reduced if clients use Schwab electronic delivery.

See also page 12, Item 12 Broker Practices.

## **Prepayment of Fees (Not applicable)**

Bailey & Associates does not request prepayment of fees. Management fees are billed in the arrears at the end of each quarter. Hourly charges are billed upon completion of financial services and/or product delivery.

## **Other Compensation (Not applicable)**

Bailey & Associates does not receive compensation for the sale of securities or investment products from broker-dealers and mutual funds.

**Performance-Based Fees and Side-By-Side Management (Not Applicable)**

Bailey & Associates does not accept fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle).

Bailey & Associates does not manage accounts that are charged a performance based fee. The firm does not manage accounts that are charged another type of fee other than fees described in the previous page, Item 5, Fees and Compensation.

## **Types of Clients**

The types of clients whom Bailey & Associates generally provide investment advice to are individuals, pension and profit sharing plans, small corporations or businesses, trusts, estates, or charitable organizations.

A minimum of \$250,000 in total assets; exceptions for multiple accounts apply.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

Bailey & Associates security analysis methods include Technical & Fundamental analysis.

- A. Bailey & Associates incorporates both the top-down and bottom-up method. Domestic and international markets are analyzed to determine market trends, and individual companies are reviewed to determine leaders in specific sectors. When a security is selected, fundamental analysis of the companies data include but not limited to, company earnings, dividends, sales and book value per share. The securities are ranked using the relative value scale retrieved from the Bloomberg Professional data base to compare similar companies. Fundamentals and estimates of earnings, credit profile, and the company risk and Beta calculations are considered prior to each transaction.
- B. Securities purchased for a client are selected based on individual risk assessment forms completed by the client that measure risk on a scale of 1 – 10. A value of one is very conservative and 10 will accept a high level of risk. The risk tolerance is revisited if the client's financial objectives or personal circumstance change.
- C. Bailey & Associates' investment strategy is primarily to buy and hold, and we do not engage in frequent trading unless the client requests it. If the client requests frequent trading, we advise them of the cost and danger of trying to time the market. We do not recommend securities that have unusual or significant risk. We do apprise our clients that they will always be subject to normal market and individual security risk.



**Disciplinary Information – Not Applicable**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Bailey & Associates, or the integrity of the advisory firm's management.

A. 1 thru 4. NOT APPLICABLE.

The advisory firm and its advisers have not been convicted of or pled guilty or no contest to, nor are subject to any felony, misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or a conspiracy to commit any of these offenses.

B. 1 thru 2. NOT APPLICABLE.

The advisory firm and its advisers have not appeared before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which the firm or a management person was found to have caused an investment-related business to lose its authorization to do business or was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority.

## Other Financial Industry Activities and Affiliations

- A. Bailey & Associates is an investment adviser and its advisers are registered representatives of an investment adviser. Bailey and Associates and its advisers are not registered nor have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Bailey & Associates and its advisers are not registered, nor 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.
- C. Bailey & Associates and its advisers will on occasion recommend its clients to estate planners and accountants or insurance professionals who can assist clients meet their financial planning goals. Bailey and Associates does not have any arrangements, written or oral, where it receives cash or some economic benefit (including commissions, equipment, or non-research services) from a “non-client” in connection with giving investment advice or financial planning advice to clients.

Only professionals who have credentials recognized by their peers are consulted, i.e., insurance needs are discussed with an agent or insurance broker who has the CLU designation, and the implementation of an estate plan is conducted by registered estate planning attorneys.

- D. Bailey & Associates does not receive compensation for recommending a client to an investment adviser that is not affiliated with the firm.

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

Bailey & Associates including its advisers does buy and sell for itself securities it also recommended to clients. Clients are informed that some of the securities purchased for their account may also be held in a personal account of one or more of its advisers. Commingling of client assets is not permitted at Bailey & Associates. There is no commingling of client assets.

The advisers at Bailey & Associates are bound by the CFP Board's Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals. The Standards prominently require that CFP® professionals provide financial planning services (including investment management services to the client) at a fiduciary standard of care. This means CFP® professionals must provide financial planning services (including investment management services to the client) in the best interest of the client.

The advisers at Bailey & Associates who fail to comply with the CFP Board Standards of Professional Conduct may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification. Additionally, advisers at Bailey & Associates are also subject to state and federal securities laws.

A copy of the CFP Board Standards of Professional Conduct is offered to a client if he/she so wishes to obtain a copy of the advisory firm's code of ethics.

## Brokerage Practices

For the purpose of this brochure, the term *Qualified Custodian* is synonymous to *Broker/Dealer*.

The client assets must be maintained in an account at a “*qualified custodian*”. Bailey and Associates request that clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian.

Bailey & Associates is independently owned and operated and is not affiliated with Schwab. While Bailey & Associates recommend clients use Schwab, the client will decide whether to do so and will open the client’s account with Schwab by entering into an account agreement directly with Schwab. Bailey & Associates does not open the Schwab account for the client. The firm will assist the client in opening the account.

The only reason for directing a client to Schwab is to have access to the account to conduct transactions for the client and to monitor the performance of the client’s account. Bailey & Associates choose to use Schwab’s custodial services and trading platform because of the following reasons:

- Transaction/execution services and asset custody services provided generally without a separate fee for custody to the client
- The commissions on trades must be substantially below that charged by full-service brokerage firms
- There is no additional cost for the research and advice provided for all clients
- Schwab’s capability to execute, clear, and settle trades (buy and sell securities in the client’s account) for the client’s account
- Schwab’s capability to facilitate transfers and payments to and from client accounts (e.g. wire transfers, check requests, bill payment, electronic journals, and Schwab MoneyLink®)
- Quality of client services through Schwab plus competitiveness of price of those services (e.g. commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Schwab reputation in the brokerage industry, its financial strength and stability
- More importantly, prior quality services provided to the clients

Schwab will hold the client’s assets in a brokerage account. The client is requested to allow Bailey & Associates discretionary authority to instruct Schwab to buy and sell securities in the client’s account on behalf of the client; and in the best interest of the client. Even though the client’s account is custody and maintained at Schwab, Bailey & Associates can still, but choose not to, use other brokers to execute trades for the client’s account.

## **Review of Accounts**

Portfolio management and performance software is used to price all securities at the beginning of each day. The same software is used to monitor account progress, provide performance data, and show the suggested high and low for each security. The Bloomberg service is used to determine historical data for stocks, and to determine historical data for mutual funds. This data and other financial publications are used to determine buy, sell, or hold strategies for securities held in client accounts.

Quarterly meetings are requested for each client for a comprehensive review of the client's objectives. This service is included in the quarterly management fee. Prior to the meeting, the client is mailed a statement showing the fee for service and a portfolio statement showing the current price and present gain or loss for all securities. During the meeting, the entire portfolio is reviewed and suggestions are made to meet the client's current investment objectives.

## **Client Referrals and Other Compensation**

Bailey & Associates does not have any arrangements, oral or written, where it receive cash or some economic benefit (including commissions, equipment, or non-research services) from a “non-client” in connection with giving investment advice or financial planning advice to clients.

Bailey & Associates does not receive any additional compensation other than fee for investment and financial planning services from its clients.

Charles Schwab & Company, Inc. or Schwab, provides Bailey & Associates research information that is also available to clients and the general public through Schwab’s website.

Schwab provides the firm and to the firm’s clients who have accounts custody at Schwab, with a trading applet that enables the adviser and its clients to buy and sell securities and monitor accounts in real-time. Schwab also provides daily download of prices and transactions used by Bailey & Associates to track individual accounts and performance data. Clients who have Schwab accounts can also access the same information on-line.

The database Bailey & Associates use to track client accounts and performance data is purchased separately each year through Schwab Performance Technology’s maintenance agreement. In the year 2010, in an effort to assist Schwab’s independent advisers with cost reduction, the annual maintenance agreement was waived for one year.

## **Custody**

The Securities and Exchange Commission (SEC) or *Commission* amended rule 206(4)-2, *Custody rule*, of the Investment Advisers Act of 1940. A summary of the Commission's amendment of rule 206(4)-2 is as follows:

*"The Commission is amending rule 206(4)-2, the custody rule under the Advisers Act, to reflect modern custodial practices and clarify circumstances under which an adviser has custody of client assets. The amendments require advisers that have custody to maintain client funds and securities with a broker-dealer, bank, or other "qualified custodian." If the qualified custodian sends account statements directly to an adviser's clients, the adviser is relieved from sending its own account statements and from undergoing an annual surprise examination. The amendments also add a definition of "custody" to the rule and illustrate circumstances under which an adviser has custody of client funds or securities. Finally, the amendments remove the Form ADV requirement that advisers with custody include an audited balance sheet in their disclosure brochure to clients."* (reference:

<http://www.sec.gov/rules/final/ia-2176.htm>)

Under the amended rule, Bailey & Associates is deemed to have *custody* of client assets because the client has given written authorization to the *qualified custodian* to accept instructions from Bailey & Associates to deduct management fees directly from the client's account, and because the client will, on occasion, authorize the *qualified custodian* to accept instructions from Bailey and Associates to move the client's money to another person's account (e.g. to an account owned by the client's spouse, child, or charitable organization of the client's choosing). The Final Rule also *relieves* Bailey & Associates from undergoing an annual surprise examination and from disclosing an audited balance sheet in the brochure.

The *qualified custodian* maintains actual custody of client assets. The firm has selected Charles Schwab & Co., Inc. as the *qualified custodian* to custody client assets (*see also page 12, Broker Practices*).

Every single account activity is recorded in the client's account; which the client can access 24 hours a day/7 days a week on-line or by telephone. The client will receive account statements monthly either electronically or by mail directly from the *qualified custodian*. Statements will be sent to the email or postal mailing address the client provided to the *qualified custodian*. The client will also receive quarterly statements from Bailey & Associates; along with an invitation to set-up an appointment to meet with us to discuss the client's portfolio.

## Investment Discretion

A client authorizes Bailey & Associates discretionary authority by signing a limited power of attorney (LPOA) to act on behalf of the client, in the best interest of the client. The LPOA is a separate document prepared and executed by the *qualified custodian*. The LPOA allows the qualified custodian (i.e., *Schwab*) to accept instructions from the Investment Adviser (IA) at Bailey and Associates to:

1. Execute trades in the client's account on the client's behalf
2. Deduct management fees from the client's account
3. Disburse funds to the client or to the payee whom the client chooses on the client's behalf
4. Determine the securities to be bought or sold on the client's behalf; unless the client requests to be notified prior to an execution of trade(s)
5. Determine the amount of securities to be bought or sold on the client's behalf; unless the client requests to be notified prior to an execution of trade(s)
6. Qualified custodian or Broker/dealer to be used

Bailey and Associates will obtain consent from the client before deciding in the best interest of the client, the following (see also page 12, Broker Practices):

1. Commission rates paid by the client

Bailey and Associates does suggest Schwab as the qualified custodian to clients. The firm is not affiliated with the qualified custodian chosen to custody client assets. A qualified custodian recommended to clients must meet the following criteria:

1. Discounted fees for the ability to hold bonds, stocks, mutual funds, and a money market account in a single portfolio.
2. The commissions on trades must be substantially below that charged by full-service brokerage houses.
3. There is no additional cost for the research and advice provided for all clients.
4. Secure access to the client's account to conduct transactions and monitor the performance of the account on behalf of the client.

See also page 12, Broker Practices.



## **Voting *Client* Securities**

Bailey & Associates will not accept authority to vote on behalf of a client on securities owned by the client. Each client will receive from the custodian (Schwab) his/her own proxy statement to vote. The firm and its advisers are not duty-bound to vote proxy statements on behalf of its clients and choose not to vote proxy statements on behalf of its clients.

## Financial Information

- A. If you [the investment advisory business] require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, include a balance sheet for your most recent fiscal year.

Bailey & Associates does not require or solicit prepayment in fees from its clients six months or more in advance.

- B. If you [the investment advisory business] have *discretionary authority* or *custody of client* funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to *clients*.

The office space, postage machine, and the Bloomberg Professional System are leased property.

Bailey & Associates has made every possible and foreseeable effort to run its business from a remote location should an isolated event interrupt the firm's normal course of business at its primary location. However, a catastrophic natural disaster or an act of war and terrorism impairing the U.S. stock and bond markets may impair or delay our ability to meet contractual commitments to clients.

See also page 12 *Broker Practices*, page 15 *Custody*, and page 16 *Investment Discretion*.

- C. If you [the investment advisory business] have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.

Not applicable. The firm has not been the subject of a bankruptcy petition.

## Requirements for State-Registered Advisers

### *Principal or Management Person of the Firm:*

- A. Financial advice is provided by Dr. Delton O. Bailey, Jr.

Dr. Bailey completed his post secondary education at:

- Baptist College of Charleston 1975 BS
- Southern Illinois University 1977 MS
- University of South Carolina 1981 Ph.D.

Dr. Bailey left the faculty of the University of South Carolina upon completion of his doctorate and began conducting financial planning and retirement planning seminars for state agencies, banks, and manufacturing corporations in South Carolina. From 1981 to the present, Dr. Bailey has been the owner of Bailey & Associates, a firm that does “fee only” financial planning and investment management for individuals and small corporations. Dr. Bailey is a Certified Financial Planner <sup>TM</sup>.

*“The Certified Financial Planner <sup>TM</sup> certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. The CFP® certification is recognized in the United States and a number of other countries. To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:*

- *Education – complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning.*
- *Examination –Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;*
- *Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and*
- *Ethics – Agree to be bound by CFP Board’s ‘Standards of Professional Conduct’, a set of documents outlining the ethical and practice standards for CFP® professionals*

*Individuals who become certified must complete ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks: complete 30 hours of continuing education every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct.”*

- B. Dr. Bailey is not engaged in any other business other than giving investment advice or financial planning advice.

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<sup>1</sup> Source: North American Securities Administrators Association,  
[http://www.nasaa.org/industry\\_regulatory\\_resources/exams/1057.cfm](http://www.nasaa.org/industry_regulatory_resources/exams/1057.cfm)

**Part 2B of Form ADV: *Brochure Supplement***

Item 1 Cover Page

**Part 2B of Form ADV: *Brochure Supplement***

The purpose of this brochure supplement is to disclose all “supervised persons” affiliated with Bailey & Associates. The Investment Advisers Act of 1940 defines a “supervised person” as

“... any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser.” (ref: <http://www.sec.gov/rules/extra/ia1940.htm>)

This brochure supplement provides information about **Patricia Bailey**, an employee that supplements Bailey & Associates’ brochure. Please contact Bailey & Associates if you have any questions about the contents of this supplement.

## Item 2 Educational Background and Business Experience

### **Educational Background and Business Experience**

Patricia Bailey can provide financial advice. Ms Bailey completed her post secondary education at:

- University of South Carolina 1986 BS in Computer & Electrical Engineering
- University of South Carolina 1996 ME in Electrical Engineering
- Midlands Technical College 2002 Financial Planning Certificate Program

Ms. Bailey has been with the firm since January 2, 2000. Ms. Bailey took and passed the revised Series 65 exam on December 18, 2001 under the Form U-10 as a non-FINRA candidate. She is registered to work as an investment adviser representative in the state of South Carolina. Ms. Bailey serves as the firm's chief compliance officer and is a Certified Financial Planner™.

*"The Certified Financial Planner™ certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. The CFP® certification is recognized in the United States and a number of other countries. To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:*

- *Education – complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning.*
- *Examination –Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;*
- *Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and*
- *Ethics – Agree to be bound by CFP Board's 'Standards of Professional Conduct', a set of documents outlining the ethical and practice standards for CFP® professionals.*

*Individuals who become certified must complete ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks: complete 30 hours of continuing education every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct."*

Item 3 Disciplinary Information

**Disciplinary Information**

There are no legal or disciplinary events material to a *client's* or prospective *client's* evaluation of the *supervised person*. See also page 27 "Item 7. Requirements for State-Registered Advisers".

- A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the *supervised person*
1. Was convicted of or pled guilty or nolo contendere ("no contest") to
    - a. Any felony **NO**
    - b. A misdemeanor that *involved* investments or an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or **NO**
    - c. A conspiracy to commit any of these offenses **NO**
  2. Is the named subject of a pending criminal *proceeding* that involves an *investment-related* business, fraud, false statements or omission, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses; **NO**
  3. Was *found* to have been *involved* in a violation of an *investment-related* statute or regulation; or **NO**
  4. Was the subject of an *order*, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, the *supervised person* from engaging in any *investment-related* activity, or from violating any *investment-related* statute, rule, or *order*. **NO**
- B. An administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which the *supervised person*
1. Was *found* to have caused an *investment-related* statute or regulation and was the subject of an *order* by the agency or authority
    - a. Denying, suspending, or revoking the authorization of the *supervised person* to act in an *investment-related* business; **NO**
    - b. Denying, suspending, or revoking the authorization of the *supervised person's* association with an *investment-related* business; **NO**
    - c. Barring or suspending the *supervised person's investment-related* activities; or **NO**
    - d. Imposing a civil money penalty of more than \$2,500 on the *supervised person*. **NO**
- C. A *self-regulatory organization (SRO) proceeding* in which the *supervised person*
1. Was *found* to have caused an *investment-related* business to lose its authorization to do business; or
  2. Was *found* to have been *involved* in a violation of the *SRO's* rules and was;
    - i. Barred or suspended from membership or from association with other members, or was expelled from membership **NO**
    - ii. Otherwise significantly limited from *investment-related* activities; or **NO**
    - iii. Fined more than \$2,500 **NO**
- D. Any other *proceeding* in which a professional attainment, designation, or license of the *supervised person* was revoked or suspended because of a violation of rules relating to professional conduct. **NO**  
If the *supervised person* resigned (or otherwise relinquished his/her attainment, designation, or license) in anticipation of such a *proceeding* (and the adviser knows, or should have known, of such resignation or relinquishment), disclose the event. **NOT APPLICABLE**

Item 4 Other Business Activities

**Other Business Activities**

The *supervised person* is not engaged in other business activities with another *investment-related* firm or business



Item 5 Additional Compensation

**Additional Compensation**

The *supervised person* does not receive additional compensation or economic benefit from a non- *client* for providing advisory services.

Item 6 Supervision

**Supervision**

The principal of the firm supervises the *supervised person*:

Name of the Principal: Delton O. Bailey, Jr.

Title: Owner

Telephone: 1-(803)799-6850

The *supervised person* consults with the principal prior to contacting the client and prior to acting on behalf of the client.

### Requirements for State-Registered Advisers

Under the Investment Advisers Act of 1940, an employee at Bailey & Associates who renders investment advice for a fee is required to register with the state securities authority as an investment adviser representative. He/she who will be holding himself/herself as an investment adviser representative at Bailey & Associates is required to apply for registration with the state securities authority after successfully passing the modified Series 65 examination as a non-FINRA candidate under the Form U-10. The Series 65 examination “is designed to qualify candidates as investment adviser representative.”<sup>1</sup>

Registration with a state securities authority does not imply that a registered investment adviser representative at Bailey & Associates has ascertained any specific level of skill or training approved, certified, or verified by the United States Securities Exchange Commission or by a state securities authority.

IA representatives are required to disclose all material facts regarding the following events:

1. Has the IA representative been *found* liable in an arbitration claim alleging damages in excess of \$2,500 involving any of the following:
  - (a.) An investment or an investment-related business or activity **NO**
  - (b.) Fraud, false statement(s), or omissions **NO**
  - (c.) Theft, embezzlement, or other wrongful taking of property **NO**
  - (d.) Bribery, forgery, counterfeiting, or extortion or **NO**
  - (e.) Dishonest, unfair, or unethical practices **NO**
  
2. Has the IA representative been *found* liable in a civil, *self-regulatory organization*, or administrative *proceeding involving* any of the following:
  - (a.) An investment or an investment-related business or activity **NO**
  - (b.) Fraud, false statement(s), or omissions **NO**
  - (c.) Theft, embezzlement, or other wrongful taking of property **NO**
  - (d.) Bribery, forgery, counterfeiting, or extortion or **NO**
  - (e.) Dishonest, unfair, or unethical practices **NO**

Has the IA representative been the subject of a bankruptcy petition, and to disclose that fact, the date the petition was first brought, and the current status? **NO**