

## **Executive Financial Services, Inc.**

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**July 16, 2012**

### **FORM ADV PART 2A. BROCHURE**

**This brochure provides information about the qualifications and business practices of Executive Financial Services, Inc. (the adviser). If you have any questions about the contents of this brochure, please contact us at 734-427-2030.**

**Additional information about Executive Financial Services, Inc. is also available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Executive Financial Services, Inc. is 110180.**

**Executive Financial Services, Inc. is a Registered Investment Adviser with the State of Michigan. Registration with a state securities authority does not imply a certain level of skill or training or that this brochure has been approved or verified by this authority.**

### ***Material Changes***

No material changes have occurred.

Our last filing was May 24, 2012.

Clients are provided updated brochures as required based on changes or new information concerning the firm. Our Brochure may be requested by contacting us at (734)427-2030.

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## ***Advisory Business***

Executive Financial Services, Inc. was established on April 10, 2000. Arthur Raymond Cole (CRD Number 2822685) is the President and Chief Compliance Officer of the firm. Mr. Cole owns 50% of the equity of the firm. William Mack (CRD Number 1434254) is the Vice President and owns 40% of the equity of the firm. Theodore Karl Bugenski (CRD Number 2167202) is the Secretary/Treasurer of the firm and owns 10% of the equity of the firm. The firm is not publicly owned or traded. There are no indirect owners of the firm or intermediaries, which have any ownership interest in the firm. Client assets are managed on an individualized basis.

The firm does not sponsor any wrap programs.

As of May 31, 2012, the firm managed, on a discretionary basis, \$64,000,000 of client assets which represented 153 accounts and managed, on a nondiscretionary basis, \$2,000,000 which represented 5 accounts.

Executive Financial Services, Inc. (or "the adviser") offers a "Retainer Service" whereby it provides ongoing investment advice, investment tracking, performance monitoring, trade execution and financial planning to clients. This type of service accounts for approximately 100% of the adviser's business.

Diversification, tax-efficiency, and low-cost investing are the cornerstones of our investment philosophy. The adviser can utilize actively managed and index mutual funds, as well as Exchange Traded Funds (ETFs), when crafting a portfolio strategy designed to achieve a client's specific goals and objectives, based on their risk tolerance level. The client may impose a restriction on investing in certain securities by telling us verbally or in writing.

## ***Fees and Compensation***

The compensation for this service is based on a percentage of the assets being supervised. The annual Retainer Fee schedule is as follows:

1.00% of the first \$1,000,000  
0.80% of the next \$ 500,000  
0.60% on assets over \$1,500,000

The Retainer Fee is payable in advance on a quarterly basis. The client may terminate services at any time without penalty. If termination occurs prior to the end of a full quarter, the client will receive a pro-rated refund for the balance of the quarter. The client does not have to request this refund. The adviser calculates the amount to be refunded and disburses it to the client within 30 days of termination. The refund is calculated as follows: (Total fee for the quarter/number of days in the quarter)\*days remaining in quarter. In rare instances, The annual fee can be reduced based on the size of the account and the particular circumstances of the client.

The adviser may provide implementation services using "no-load" mutual funds. To utilize this service, there is a one-time, up-front fee of 2% of the assets being invested. This fee can be reduced based on the size of the account and the particular services provided to the client.

In addition to the Retainer Services fees paid by the client to the adviser, the client indirectly pays customary mutual fund expenses, expressed as the "expense ratio," which can be found in the respective fund prospectuses. In some cases, it may be beneficial to purchase the Institutional share class of a fund, which lowers the expense ratio by 0.25% or more. This is done on a case by case basis.

If the client sells certain mutual funds before a 90-day holding period has expired, the client may incur a short-term redemption fee of up to \$199 from the custodian (i.e., Charles Schwab). In addition to custodian's fee, the client may incur a short-term redemption fee from the Mutual Fund Company of 1% to 2% of the amount sold if the fund is sold before the specified holding period expires (normally from 30 days to 180 days). The redemption fee will reduce the proceeds from the sale of the mutual fund.

The adviser offers financial planning services in the areas of insurance, taxes, investment, retirement, college planning and estate planning. Depending on specific client needs, the adviser will analyze a client's present position relative to his/her goals and objectives, and make a recommendation on how best to achieve the client's goals. Compensation for financial planning is based on an hourly rate for the time spent by respective personnel:

Financial Planner:	\$200
Para-Planner:	\$125
Clerical:	\$ 60

An initial deposit of \$500 is usually required prior to providing planning services. An unconditional money back guarantee is offered if requested within ten (10) days of the presentation of the plan.

***Performance-Based Fees and Side-By-Side Management***

Not Applicable.

### ***Types of Clients***

Types of clients include individuals, pension plans, profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. Our minimum portfolio size is \$250,000, but may be negotiable depending on the circumstances of the particular client.

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

### **Methods of Analysis**

Methods of securities analysis will include fundamental analysis and technical analysis.

The adviser measures an investor's goals, risk tolerance and investment time-frame through discussions and meetings with clients in an effort to determine which of our six investment strategies is appropriate for the client. Once the client approves the recommended strategy, an Investment Policy Statement is agreed upon which outlines the specific asset allocation strategy, with a specific risk profile. The Investment Policy Statement outlines the equity and fixed income exposure and provides the parameters that will be used in managing the account.

### **Investment Strategies**

Investment strategies may include long-term purchases (securities held at least 3-5 years), short-term purchases (securities held 1 year or less) and margin transactions depending on the specific needs of a client. These strategies are typically implemented using no-load mutual funds across several different asset classes. The major asset classes the adviser commonly recommends are Cash and Cash Equivalents, Fixed Income Securities, Alternative Strategies, U.S. Large Cap Stocks, U.S. Mid Cap Stocks, U.S. Small Cap Stocks, and International Stocks. As part of our ongoing research, we analyze thousands of actively managed and index mutual funds, as well as Exchange Traded Funds (ETFs). When it is warranted, we will replace a fund in a strategy if we determine that it no longer meets our objectives.

The adviser generally does not recommend specific individual securities or specific sectors within most asset classes. In general, we do not recommend or select funds focused on specific sectors such as Biotechnology, Utilities, Natural Resources, etc. The adviser's recommendations provide exposure to these sectors through funds that invest in a broad asset class.

We generally recommend no-load mutual funds or Exchange-Traded Funds (ETF's) that represent either an index or managed portfolio of individual securities diversified within the target asset class. When recommending a specific fund, we utilize services such as Morningstar to analyze many factors, some of which include: no-load (or load-waived funds), expense ratio, performance, style, category ranking within asset class, manager tenure, market capitalization, and turnover ratio. The adviser also utilizes many sources of public information to include financial news and research materials.

### **Risk of Loss**

Investing in securities carries risk of loss which clients must be prepared to bear. There are risks associated with investing including possible loss of principal. Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. Investments in real estate funds or programs involve additional special risks, such as credit risk, interest rate fluctuations and the effect of varied economic conditions. Funds focusing on a single country, sector and/or smaller companies generally experience greater price volatility.



### ***Disciplinary Information***

The adviser has no history of any disciplinary action.

### ***Other Financial Industry Activities and Affiliations***

The adviser receives investment advisory services from sub-advisor William Mack & Associates, Inc. and, as a result, William Mack & Associates, Inc. shares a portion of the investment advisory fees the adviser charges its clients. William Mack and Theodore Karl Bugenski collectively own 50% of Executive Financial Services, Inc. Arthur Raymond Cole owns the remaining 50%. William Mack Associate's SEC Number is 801-42259 and firm CRD Number is 107377. William Mack's CRD Number is 1434254 and Theodore Karl Bugenski's CRD Number is 2167202.

Arthur Cole is 100% owner of Cole, Newton & Duran CPA's. Mr. Cole is the President and Owner of this firm. Approximately 60% of Mr. Cole's time is devoted to Cole, Newton & Duran. The adviser shares office facilities with Cole, Newton & Duran CPA's. The adviser also engages the firm of Cole, Newton & Duran CPA's to provide clerical and administrative support services. The adviser occasionally refers clients to Cole, Newton & Duran CPA's for tax and accounting services and Cole, Newton & Duran CPA's may refer clients to Executive Financial Services, Inc.

Mr. Cole is also the President of Strategic Investment Services, Inc. a small holding company. Strategic Investment Services requires a very minimal amount of time from Mr. Cole.

Mr. Cole is also an employee of Second Ebenezer Church holding the position of CFO. Approximately 10% of his time is spent at this position.

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

Since the State of Michigan does not currently have a set of regulations in place governing this area, the adviser has adopted a written Code of Ethics in compliance with SEC rule 204A-1. The code sets forth standards of conduct and requires compliance with federal securities laws. The code also addresses personal trading and requires our personnel to report their personal securities holdings and transactions to the Chief Compliance Officer of the adviser. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

It is further noted that the adviser is in and shall continue to be in total compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, the adviser has adopted a company-wide policy outlining insider trading compliance by the adviser and all associated persons and employees. This statement has been distributed to all associated persons and employees of the adviser and has been signed and dated by each person. A copy of the policy is left with each person and the original is maintained in a master file. Further, the adviser has adopted a written supervisory procedure statement highlighting the steps which shall be taken to implement the company wide policy. These materials are also distributed to all associated persons and employees of the adviser, are signed and dated, and filed with the insider trading compliance materials. There are provisions adopted for (1) restricting access to the files, (2) providing Continuing Education, (3) restricting and/or monitoring trading on those securities of which employees of the adviser may have non-public information, (4) requiring all employees of the adviser to conduct their trading through a specified broker or reporting all transactions promptly to the adviser, and (5) monitoring the securities trading of the adviser and its employees and associated persons.

As certain situations in which the adviser is involved may represent a conflict of interest, the adviser has established the following restrictions in order to ensure its fiduciary responsibilities:

- 1) A director, officer or employee of the adviser shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of the adviser shall prefer his or her own interest to that of the advisory client. Employees of the adviser may, from time to time, buy or sell the same securities that are recommended to the adviser's clients. Such securities are anticipated to be predominately investment company shares listed on a National Exchange or the Over the Counter (OTC) market.

These transactions will be de minimis in nature in relation to the amount of outstanding shares of any such security, and as such, neither the client's nor the employee's buy or sell would affect the market prices of the security in any manner whatsoever.

- 2) The adviser maintains a list of all securities holdings for itself, and anyone associated with the adviser. These holdings are reviewed on a regular basis by Arthur Cole with additional assistance from William Mack & Theodore Bugenski.

3) The adviser requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

4) Any individual not in observance of the above may be subject to termination.

## ***Brokerage Practices***

The adviser may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, Member SIPC/FINRA, to maintain custody of clients' assets and to effect trades for their accounts. Schwab Institutional provides the adviser with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors at no charge to them so long as a total of at least \$10 million of the advisor's clients' account assets are maintained at Schwab Institutional. Schwab Institutional's services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab Institutional also makes available to the adviser other products and services that benefit the adviser but may not benefit its clients' accounts. Some of these other products and services assist the adviser in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the adviser's fees from its clients' accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of the adviser's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional may also provide the adviser with other services intended to help the adviser manage and further develop its business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services to the adviser by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the adviser.

### **Best Execution**

As a fiduciary, a money manager has an obligation to obtain 'best execution' of clients' transactions under the circumstances of the particular transaction. The money manager must: execute securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances.

It is the our policy to achieve best execution when placing orders for client trades with broker-dealers. As an advisor we consider the full range and quality of a broker's services in recommending brokerage including, among other things, the value of research provided as well as execution capability, commission rate, financial responsibility, and broker's responsiveness to us. Best execution is not determined solely by the lowest possible commission. At least annually, we will evaluate the execution performance of broker-dealers we recommend and utilize for our client transactions. We will use the following procedure to evaluate the execution of recommended broker-dealers.

1. **Review of Recommended Broker-Dealers.** At least annually, the CCO will review and evaluate the current recommended broker-dealer execution performance by reviewing commission summaries, transaction reports, and failed trades. From time-to-time, quantitative performance data about the broker-dealer may be acquired from the broker dealers or third party evaluation services to assist the review process. The CCO will compare reports provided by the executing broker-dealer and reports from of other potential broker-dealers. Evidence of such review shall be maintained as required.
2. **Factors Considered When Evaluating Broker-Dealers.** We will consider the following factors, among others, when evaluating best execution:
  - i. Quality of overall execution services provided by the broker-dealer;
  - ii. Promptness of execution;
  - iii. Creditworthiness and business reputation of the broker-dealer;
  - iv. Research (if any) provided by the broker-dealer;
  - v. Ability and willingness to correct trade errors;
  - vi. Ability to access various market centers;
  - vii. The broker-dealer's facilities, including any software or hardware provided to the adviser;
  - viii. Commission charged by the broker-dealer;
  - ix. Reliability of the broker-dealer;
  - x. Client referrals made by the broker-dealer to us;
  - xi. Ability of the broker-dealer to use ECNs to gain liquidity, price improvement, lower commission rates and anonymity;
  - xii. Reputation of the broker-dealer;
  - xiii. Soft dollar program of the broker-dealer;
  - xiv. Execution and operational capabilities of the broker-dealer and its clearing firm; and
  - xv. Financial condition of the broker-dealer
3. **Books and Records.** We will maintain documentation of our broker-dealer selection process, including the information received and evaluated and conclusions reached and decisions made.

### **Trade Error Policy**

Errors created in an advisory account must be corrected so as not to harm any client. The goal of error correction is to make the client "whole," regardless of the cost to the advisor. We have the responsibility to effect orders correctly, promptly and in the best interests of our clients. In the event any error occurs in the handling of a client's transactions, due to our actions, or inaction, or actions of others, our policy is to seek to identify and correct any errors as promptly as possible without disadvantaging the client or benefiting us in any way.

If the error is our responsibility, the client's transaction will be corrected and we will reimburse the client for any loss resulting from an inaccurate or erroneous order. If the client's account is custodied at Schwab, Schwab will reimburse the client for any loss less than \$100. If a trade error occurs and it results in a gain, the gain will remain in the client's account unless the same

error involved other client account(s) that should have received the gain or it is not permissible for the client to retain the gain.

If the gain does not remain in the client's account and Schwab is the custodian, Schwab will donate the amount of any gain of \$100 or over to charity. Schwab will maintain the loss or gain (if such gain is not retained in the client's account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in the client's account, they may be netted.

### ***Review of Accounts***

Each advisory account will be reviewed at least once a year and more often if requested by the client. Factors triggering a review more frequently would be substantial changes in the client's financial position or financial goals and objectives. Arthur Cole, President, William Mack, Vice President, and/or Theodore Bugenski, Secretary/Treasurer, are responsible for performing account reviews.

A report will be provided, in writing, to each client regarding his or her advisory account at least annually and more often if requested by the client. The report includes the current market value, rate-of-return, and the investment allocation of the account.

Additionally, clients will receive the customary reports from the investment company or account custodian, at least quarterly, showing the holdings in the account and any activity, as well as reports from any mutual funds in which the client may be invested. This information may be sent via postal mail or e-mail.



### ***Client Referrals and Other Compensation***

By written agreement, the adviser compensates certain non-related persons to be solicitors for client introductions and/or referrals. Such compensation may be for an amount up to 25% of a client's annual fee for a period of two years. Complete disclosure is provided to any affected client and the client will be subject to the same fee schedule as other clients of the adviser. In addition, the adviser may refer clients to Cole, Newton & Duran CPA's for tax and accounting services and Cole Newton & Duran CPA's may refer clients to Executive Financial Services, Inc. for investment and financial planning services. Neither firm is compensated for client referrals.

The adviser, by maintaining greater than \$5 million under management with certain custodians, may receive a waiver of fees (i.e. file download, on-line services, real time quotes, etc.) and (if applicable) discounted rates on transaction fees (which may benefit the client).

## *Custody*

Not applicable.

### ***Investment Discretion***

The client grants discretionary authority by virtue of the signed Retainer Services Agreement and Investment Policy Statement. Therefore, the adviser may, without first obtaining specific client consent, have the ability to decide upon the securities to be bought and/or sold, the amount of securities to be bought and/or sold, and the transaction fee to be paid. Clients do have the option of setting discretionary limitations exercised on their behalf.

Any purchases or sales made are consistent with the overall objective, as stated in the approved Investment Policy Statement. More significant changes, such as switching to a different strategy, would be discussed and agreed upon with the client before implementing such a change.

### ***Voting Client Securities***

The adviser does not vote proxy statements on behalf of clients. Client will receive proxies or other solicitations directly from custodian or transfer agent.

### ***Financial Information***

The adviser does not receive fees more than six months in advance. The adviser has no financial commitments that impair its ability to meet contractual and fiduciary commitments to our clients. The adviser has not been the subject of any bankruptcy proceedings.

## ***Requirements for State-Registered Advisers***

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

#### **Arthur Raymond Cole**

***Year of Birth:*** 1958

***Formal Education:***

- Michigan State University 09/1976 – 06/1980; Bachelor of Arts College of Business
- University of Detroit 09/1983 – 06/1985; Master of Business Administration
- Walsh College 09/1992 – 12/1994; Master of Science in Professional Accountancy
- American Institute of Certified Public Accountants 09/06; Personal Financial Specialist

***Business Background:***

- Arthur R. Cole, Certified Public Accountant 01/1994 – 12/2002
- Cole, Newton & Duran, Certified Public Accountants 10/2001 – present  
Devoting approximately 60% of his time with this firm
- Strategic Investment Services, Inc. 07/2004 – present  
Devoting a minimal amount of his time to this firm
- Executive Financial Services, Inc. 01/2008 – present
- Second Ebenezer Church, CFO, 07/2009 – present  
Devoting approximately 10% of his time

***Professional Designations:***

**CPA** – A Certified Public Accountant is an individual who has passed the uniform CPA examination administered by the American Institute Of Certified Public Accountants, and who has received state certification to practice accounting. CPAs are licensed and regulated by their state boards of accountancy.

Currently to attain the right to use the CPA title, an individual must satisfactorily fulfill the following requirements:

- Education – Attain a baccalaureate degree or higher (completing at least 150 semester hours) with a concentration in accounting that shall include not fewer than 12 semester hours of graduate level accounting courses;
- Examination – Pass the comprehensive CPA Certification Examination. The examination, administered over a two-day period, includes auditing and attestation, financial accounting and reporting, regulation and business environment concepts;
- Experience - One calendar year and 2,000 hours of qualifying experience (providing services that involve the use of accounting, attest, compilation, management advisory,

financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA) gained through employment;

- Ethics – Agree to be bound to the State of Michigan accountancy laws as well the guidelines established by the *Michigan Association of Certified Public Accountants Association* in conjunction with the *American Institute of CPA's Code of Professional Conduct*.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain their CPA title:

- Continuing Education – Complete 80 hours of continuing education hours every two years, including sixteen hours for Auditing & Accounting and four hours of Ethics, which include parts of the *Code of Professional Conduct*, to maintain the CPA license and stay current with developments in the accounting field; and
- Ethics – Membership with the American Institute of CPAs requires member to adhere to the guidelines established by the *American Institute of CPA's Code of Professional Conduct*. The Principles call for an unswerving commitment to honorable behavior even at the sacrifice of personal advantage.

CPA Professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CPA certification.

**PFS** – Personal Financial Specialist credential is awarded by the American Institute of Certified Public Accountants to CPAs demonstrating the individual has met the education, experience and testing required of a CPA in addition to a minimum level of expertise in personal financial planning.

Currently to attain the right to use the PFS credential, an individual must satisfactorily fulfill the following requirements:

- Education – Hold a valid and unrevoked CPA license issued by a state authority. Earn a minimum of 80 hours of personal financial planning education within the five year period preceding the date of the PFS application. The areas of study would include personal financial planning, income tax, insurance, investment, financial independence, employee benefits, performance management, charitable planning and special needs. To maintain their PFS credential, the recipient must complete 60 hours of financial planning continuing education credits every three years;
- Examination – Pass the comprehensive financial planning exam that covers all of the disciplines that make up personal financial planning or its equivalent. The examination is administered during a one day, seven hour period covering various case studies;
- Experience – Attain two years of full-time business or teaching experience (or 3,000 hours equivalent, including 1,000 hours of tax compliance) in personal financial planning within the five year period preceding the date of the PFS application;
- Ethics – Membership with the American Institute of CPAs requires the member to adhere to the guidelines established by the *American Institute of CPA's Code of Professional*

*Conduct.* The Principles call for an unswerving commitment to honorable behavior even at the sacrifice of personal advantage.

PFS professionals who fail to comply with the above standards and requirements may as a result have their PFS credential revoked.

***Disciplinary Information:*** None

***Compensation from Performance-based Fees:*** None

***Any Arrangement/Relationship with an Issuer of Securities:*** None

## **William Mack**

***Year of Birth:*** 1957

### ***Formal Education:***

- Ohio State University 09/1975 - 06/1981; Bachelor of Science
- College for Financial Planning 02/1984 - 02/1986
- Institute of Certified Fund Specialists 05/1992

### ***Business Background:***

- VESTAX Securities Corporation, Registered Representative 01/1992 - 11/2002
- William Mack & Associates, Owner 01/1992 - 04/1992
- Financial Planning Association (formerly Institute of Certified Financial Planners), held several board positions during 10-year tenure, including President and Chairman of the Board 1987- 1997
- William Mack & Associates, Inc., President 04/1992 – present  
Devoting approximately 80% of his time to this firm

### ***Professional Designations:***

**CFP®:** The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.



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 the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

**CFS®:** With mutual funds training, a Certified Fund Specialist® (CFS®), offered through the Institute of Business & Finance, is able to evaluate and compare financial measurements and benchmarks when constructing a portfolio. Modern portfolio theory (MPT) is a key part of the program; its components are broken down and detailed in terms the advisor can easily understand and convey to a client. Armed with MPT and other selection criteria learned as part of the mutual fund education, a suitable and efficient portfolio using closed-end, exchange-traded, and open-end funds can be derived. CFS® is the oldest designation in the mutual fund industry.

To attain the right to use the CFS® mark, an individual must satisfactorily fulfill the following requirements:

- The CFS® consists of six modules, designed to be completed within 15 weeks.
- There are three non-cumulative exams and one case study.
- Each exam is based on two modules.
- Each exam consists of 50 multiple-choice questions.
- A written case study is required.

Following initial certification and authorization to use IBF designation marks, certification must be renewed annually. By meeting IBF's ongoing competency requirements of continuing education (30 hours of CE every two years), adhering to IBF's Code of Ethics and Standards of Practice, designees demonstrate their commitment to ongoing education and professionalism.

***Disciplinary Information:*** None

***Compensation from Performance-based Fees:*** None

***Any Arrangement/Relationship with an Issuer of Securities:*** None

## **Theodore Karl Bugenski**

***Year of Birth:*** 1965

### ***Formal Education:***

- Oakland University 10/1983 - 12/1988; Bachelor of Science
- Wright State University 9/90 - 6/91; Bachelor of Science
- College for Financial Planning 08/1994
- Institute for Certified Fund Specialists 05/1992

### ***Business Background:***

- Financial Planning Association (FPA) (formerly Institute of Certified Financial Planners), Board of Directors 1999 - Present (Several Board positions including President)
- VESTAX Securities Corporation, Registered Representative 01/1992 - 11/2002
- Oakland University, Instructor in Financial Planning Program 09/1992 - 05/1996
- William Mack & Associates, Financial Planner 01/1992 - 04/1992
- William Mack & Associates, Inc., Vice President & CCO 04/1992 – present  
Devoting approximately 95% of his time to this firm

### ***Professional Designations:***

**CFP®:** The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

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 the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

**CFS®:** With mutual funds training, a Certified Fund Specialist® (CFS®), offered through the Institute of Business & Finance, is able to evaluate and compare financial measurements and benchmarks when constructing a portfolio. Modern portfolio theory (MPT) is a key part of the program; its components are broken down and detailed in terms the advisor can easily

understand and convey to a client. Armed with MPT and other selection criteria learned as part of the mutual fund education, a suitable and efficient portfolio using closed-end, exchange-traded, and open-end funds can be derived. CFS® is the oldest designation in the mutual fund industry.

To attain the right to use the CFS® mark, an individual must satisfactorily fulfill the following requirements:

- The CFS® consists of six modules, designed to be completed within 15 weeks.
- There are three non-cumulative exams and one case study.
- Each exam is based on two modules.
- Each exam consists of 50 multiple-choice questions.
- A written case study is required.

Following initial certification and authorization to use IBF designation marks, certification must be renewed annually. By meeting IBF's ongoing competency requirements of continuing education (30 hours of CE every two years), adhering to IBF's Code of Ethics and Standards of Practice, designees' demonstrate their commitment to ongoing education and professionalism.

***Disciplinary Information:*** None

***Compensation from Performance-based Fees:*** None

***Any Arrangement/Relationship with an Issuer of Securities:*** None

***Additional Information***

None.