

Brandon Financial Planning, Inc.

SEC File Number: 801 – 17960

Brandon Financial Planning, Inc.

Brochure

Dated March 26, 2011

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This brochure provides information about the qualifications and business practices of Brandon Financial Planning, Inc. If you have any questions about the contents of this brochure, please contact us at (901) 324-6600 or raybrandon@brandonplanning.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.

Additional information about Brandon Financial Planning, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Brandon Financial Planning, Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

There have been no material changes made to Brandon Financial Planning, Inc.'s disclosure statement since last year's Annual Amendment filing on March 25, 2010.

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Item 4 Advisory Business

- A. Brandon Financial Planning, Inc. (the “Registrant”) is a corporation formed on July 16, 1982 in the state of Tennessee. The Registrant became registered as an Investment Adviser Firm in October 1982. The Registrant is principally owned by E. Denby Brandon, III, Elvis D. Brandon, Jr., Ray Brandon and Helen D. Brandon. Ray Brandon is the Registrant’s President.
- B. As discussed below, the Registrant offers to its clients (individuals and business entities, etc.) combined comprehensive financial planning and investment advisory services.

INVESTMENT ADVISORY SERVICES

Combined Comprehensive Financial Planning and Investment Advisory Services

The client can determine to engage the Registrant to provide combined comprehensive financial planning and discretionary and/or non-discretionary investment advisory services. The Registrant’s financial planning process is as follows:

1. A *Memorandum of Agreement* between the Registrant and the client is prepared. Detailed fact-finding is done with respect to the client’s present situation including assets, liabilities, income, expenses, potential income and estate taxes, plans for distribution of assets, existing trust agreements, wills, investments, insurance, personal and family obligations, fringe benefit programs, etc.
2. An analysis is made of the client’s present position in the light of their needs, desires, and objectives.
3. A written “Personal Financial Analysis” (i.e., a financial plan) is created which includes a profile of the client, statement of net worth, distribution and balance of assets, description of current investments and insurance programs, recommendations for meeting short and long term living goals, descriptions of existing estate conditions, recommendations for meeting estate planning goals, summary of estate liquidity needs, etc., with appropriate exhibits.
4. After discussion of the written “Personal Financial Analysis” and upon agreement regarding the various recommendations, a proposed priority list of steps for application of the recommendations is agreed upon with the client.
5. Ongoing consultation is provided to the client regarding applications of the recommendations agreed upon.
6. After an initial consultation period, the clients are encouraged to continue to retain Registrant to furnish on-going consultation regarding their financial planning (See “Review and On-Going Consultation” below).

Review and Ongoing Consultation

Registrant encourages its client to continue to retain it to furnish ongoing consultation. If the client agrees to do so, the Registrant will review its client's financial plan on a regular basis.

Financial Planning for Business Entities

In addition to the above described personal financial planning process, the Registrant also performs specialized financial planning services for business entities.

In most situations, the financial well-being of the key officers and employees of an entity has a significant effect upon the entity itself. Most successful executives and/or business owners spend their waking hours planning for, and working in, their business, often to the detriment of their personal financial planning. Business entities may retain the Registrant to provide financial planning consultation to its employees in addition to, or in conjunction with, providing consultation to the entity itself, as outlined below. In addition, it is often not possible to perform financial planning services for officers or key employees without coordinating such planning with the entity.

Financial planning services provided for the entity itself might involve analysis and recommendations regarding some or all of the following: fringe benefits and/or compensation planning, investments, buy/sell or stock/membership interest redemption agreements and qualified and non-qualified retirement programs.

MISCELLANEOUS

Non-Investment Consulting/Implementation Services. To the extent requested by the client, the Registrant *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Registrant, nor any of its representatives, serves as an attorney or accountant, and no portion of the Registrant's services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of the Registrant in their separate registered/licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

Please Note: Non-Discretionary Service Limitations. Clients that determine to engage the Registrant on a non-discretionary investment advisory basis **must be willing to accept** that the Registrant cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, the Registrant will be unable to effect any account transactions (as it would for its discretionary clients) **without first obtaining the client's verbal consent.**

Please Note: Fee Differentials. As indicated below, the Registrant shall price its services based upon various objective and subjective factors. As a result, Registrant's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall financial planning and/or consulting services to be rendered. The services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

Trade Error Policy. Registrant shall reimburse accounts for losses resulting from the Registrant's trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within the Registrant's custodian firm account and Registrant retains the net gains and losses.

Client Obligations. In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

Disclosure Statement. A copy of the Registrant's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Memorandum of Agreement, Renewal Memorandum of Agreement or Modification and Extension of Renewal Memorandum of Agreement*. Any client who has not received a copy of Registrant's written Brochure at least 48 hours prior to executing the *Memorandum of Agreement, Renewal Memorandum of Agreement or Modification and Extension of Renewal Memorandum of Agreement* shall have five business days subsequent to executing the agreement to terminate the Registrant's services without penalty.

- C. The Registrant shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). The Registrant shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at anytime, impose restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2010, the Registrant had \$3,619,000 in assets under management on a discretionary basis and \$155,783,000 in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

- A. The client can determine to engage the Registrant to provide combined comprehensive Financial Planning and discretionary and/or non-discretionary Investment Advisory Services.

INVESTMENT ADVISORY SERVICES

If a client determines to engage the Registrant to provide combined comprehensive Financial Planning and discretionary and/or non-discretionary Investment Advisory Services, the Registrant's annual fee shall be determined as follows:

While the Registrant's annual fee is generally set forth below, the Registrant's actual fee shall be based upon the level and scope of the overall investment advisory services to be rendered, which is based upon **various objective and subjective factors**, including, but not limited to, the amount of the assets placed under the Registrant's management, the level and scope of financial planning and consulting services to be rendered, and the complexity of the engagement.

Individual Clients

The Higher of Gross Income (1) or Net Worth (2)		Initial Fee For Written Plan (3)
\$0 - \$75,000	\$0- \$250,000	\$3,000.00
\$75,001 – \$100,000	\$250,001-\$400,000	\$4,000.00
\$100,001 – \$125,000	\$400,001 -\$600,000	\$5,000.00
\$125,001 – \$150,000	\$600,001 –\$1,000,000	\$6,000.00
\$150,001 – \$200,000	\$1,000,001 – \$1,500,000	\$7,000.00
\$200,001 – \$250,000	\$1,500,001 – \$2,000,000	\$9,000.00
Over \$250,001	\$Over 2,000,000	Individually Reviewed

- (1) Gross Income means that total projected income for the current taxable year, provided however, gross income for any year subsequent to the first year of the *Memorandum of Agreement* shall not include income from capital gains upon or capital appreciation of all or any portion of funds of the client.
- (2) Net Worth is defined as gross assets at market (or equivalent) value less liabilities.
- (3) One-half (1/2) of the initial fee is paid as a retainer. The remaining amount is not due and payable until the fact-finding, analysis and preparation of the written financial plan is completed. The time period for these steps is approximately two (2) to three (3) months. Once the remaining one-half of the initial fee is paid, Registrant provides consultation in establishing priorities regarding and completing the application of the most crucial recommendations. The time frame for this initial consultation period is normally four (4) to six (6) months. The initial fee covers all analysis work and consultation for the twelve (12) month period beginning with the initial contract date.

Please Note: Once the initial year described under (3) above is completed, if the client continues to retain the Registrant for combined comprehensive Financial Planning and discretionary and/or non-discretionary Investment Advisory Services, his(her) fee for doing so is normally 70% of the initial fee for the first twelve (12) months of such consultation. Thereafter, fees for subsequent years are normally based upon the then current fee schedule of the Registrant.

Business Entity Clients

Fees for combined comprehensive Financial Planning and discretionary and/or non-discretionary Investment Advisory Services for business entities are negotiated, on a case by case basis, by and between the Registrant and the client.

- B. The Registrant bills the client directly for its services; payment is due upon receipt of the Registrant's invoice. One-half (1/2) of the initial fee is paid as a retainer. The remaining amount is not due and payable until the fact-finding, analysis and preparation of the written financial plan is completed.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that TD Ameritrade ("Ameritrade") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Ameritrade* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. The Registrant bills the client directly for its services; payment is due upon receipt of the Registrant's invoice. One-half (1/2) of the initial fee is paid as a retainer. The remaining amount is not due and payable until the fact-finding, analysis and preparation of the written financial plan is completed.

The *Memorandum of Agreement* between the Registrant and the client will continue for a period of twelve (12) months, unless it is sooner terminated by either party by written notice in accordance with its terms. The *Memorandum of Agreement* may be renewed by the client in subsequent years (after the initial year) by the execution of the *Renewal Memorandum of Agreement or Modification and Extension of Renewal Memorandum of Agreement*, as the case may be. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the engagement year.

- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage Registrant's representatives, in their individual capacities, as registered representatives of Registrant's affiliate, Brandon Investments, Inc. ("*Brandon Investments*"), a FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through *Brandon Investments*, *Brandon Investments* will charge brokerage commissions to effect securities transactions, a portion of which commissions *Brandon Investments* shall pay to Registrant's representatives, as applicable. The brokerage commissions charged by *Brandon Investments* may be higher or lower than those charged by other broker-dealers. In addition, *Brandon Investments*, as well as Registrant's representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from *Brandon Investments* presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. **The Registrant's Chief Compliance Officer, Ray Brandon, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
2. **Please Note:** Clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.
3. The Registrant does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the Registrant recommends to its clients.
4. When Registrant's representatives sell an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Registrant's representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). **However,** a client may engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives on a separate commission basis.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

Item 7 Types of Clients

The Registrant's clients shall generally include individuals and business entities. The Registrant generally requires a \$3,000 annual minimum fee for investment advisory services. The Registrant, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its annual minimum fee requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

- A. The Registrant may utilize the following methods of security analysis:
 - **Fundamental** - (analysis performed on historical and present data, with the goal of making financial forecasts)

- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategy is Long Term Purchases, a fundamental investment strategy. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

- C. Currently, the Registrant primarily allocates (or recommends that that client allocate) client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, mutual funds and/or exchange traded funds, on a discretionary and non-discretionary basis in accordance with the client's designated investment objective(s).

Item 9 Disciplinary Information

The Registrant has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. **Registered Representative of Brandon Investments.** As disclosed above in Item 5.E, Registrant's representatives are also registered representatives of *Brandon Investments*, a FINRA member broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C.
1. **Broker Dealer.** As disclosed above in Item 5.E, certain of Registrant's representatives are registered representatives of Registrant's affiliate, *Brandon Investments*, a FINRA member broker-dealer. Clients can choose to engage Registrant's representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis.
 8. **Licensed Insurance Agency/Agents.** *Brandon Investments* is a licensed insurance agency. In addition, certain of the Registrant's representatives, in their individual capacities, are licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4.B above, clients can engage certain of Registrant's representatives to purchase insurance products on a commission basis.
 - **Conflict of Interest:** The recommendation by Registrant's representatives that a client purchase a securities or insurance commission product presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. Clients are reminded that they may purchase securities or insurance products recommended by Registrant through other, non-affiliated broker-dealers or insurance agents. **The Registrant's Chief Compliance Officer, Ray Brandon, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**
- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of

material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons”. The Registrant’s securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant’s Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *Ameritrade*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal *Memorandum of Agreement* with Registrant setting forth the terms and conditions under which Registrant shall manage the client’s assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *Ameritrade* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial

strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from *Ameritrade* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Ameritrade* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Ameritrade* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

The Registrant's Chief Compliance Officer, Ray Brandon, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

2. The Registrant does not receive referrals from broker-dealers.

3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant.

The Registrant's Chief Compliance Officer, Ray Brandon, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, the Registrant may receive an indirect economic benefit from *Ameritrade*. The Registrant, without cost (and/or at a discount), may receive support services and/or products from *Ameritrade*.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Ameritrade* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Ameritrade* or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

The Registrant's Chief Compliance Officer, Ray Brandon, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.

- B. The Registrant does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

Item 15 Custody

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

Please Note: To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

Item 16 Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at anytime, impose restrictions, **in writing**, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

Item 17 Voting Client Securities

- A. Unless the client directs otherwise in writing, the Registrant is responsible for voting client proxies (**However**, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.). The Registrant shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. The Registrant shall monitor corporate actions of individual issuers and investment companies consistent with the Registrant's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which Registrant will consider when determining how it will vote differ on a case by case basis, they may, but are not be limited to, include the following a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. With respect to individual issuers, the Registrant may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), the Registrant may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. The Registrant shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how the Registrant voted on any specific proxy issue is also available upon written request. Requests should be made by contacting the Registrant's Chief Compliance Officer, Ray Brandon.
- B. As set forth in Item 17.A above, the Registrant votes client proxies.

Item 18 Financial Information

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

ANY QUESTIONS: The Registrant's Chief Compliance Officer, Ray Brandon, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.