

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

Item 1 Cover Page

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**Firm Brochure**

(Part 2A of Form ADV)

This brochure provides information about the qualifications and business practices of VM Jones Financial Consulting, LLC. If you have any questions about the contents of this brochure, please contact us at: (480) 756-6010, or by email at: [vearle@vmjonesfinancial.com](mailto:vearle@vmjonesfinancial.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 VM Jones Financial Consulting, LLC, is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

June 4, 2012

## VM Jones Financial Consulting, LLC

### Item 2 Material Changes

Revised June 4, 2012

Item 4 – revised assets under management from \$34.5 million to \$33.5 million

Item 19 – As of June 2012, VMJFC withdrew from SEC registration to a State-Registered Adviser as required by law. The required responses are now included in this section.

At least annually, this section will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

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## VM Jones Financial Consulting, LLC

### Item 4 Advisory Business

VM Jones Financial Consulting, LLC, (hereinafter referred to as “VMFC”) is an investment advisory firm offering a variety of advisory services customized to your individual needs.

VMJFC was created in 2003. Vearle M. Jones is the Managing Member of VMJFC and sole owner.

VMJFC offers the following advisory services. Each of the services is more fully described below.

- Investment Management Services
- Financial Planning and Consulting Services

VMJFC tailors the advisory services it offers to your individual needs. You may impose restrictions and/or limitations on the investing in certain securities or types of securities.

VMJFC will ask you to complete a new account form to assist VMJFC with obtaining information about your current financial situation and a Risk Questionnaire. Additionally, your Advisory Representative will meet with you and conduct an interview and data gathering session to continue to learn about your financial situation, goals and objectives. The information gathered by VMJFC will assist VMJFC to provide you with the requested services and customize the services to your financial situation. Depending on the services you have requested, VMJFC will gather various financial information and history from you including, but not limited to:

- Retirement and financial goals
- Investment objectives
- Investment horizon
- Financial needs
- Cost of living needs
- Savings tendencies
- Other applicable financial information required by VMJFC in order to provide the investment advisory services requested.

VMJFC does not participate in any wrap fee programs.

As of December 31, 2011, we have approximately \$33.5 million of client assets under management for about 132 accounts. Approximately \$32.2 million is managed on a discretionary basis and \$1.3 million on a non-discretionary basis.

## **Investment Management Services**

VMJFC has designed model portfolios as follows:

- 10% Equity – 90% Fixed Income
- 20% Equity – 80% Fixed Income
- 30% Equity – 70% Fixed Income
- 40% Equity – 60% Fixed Income
- 50% Equity – 50% Fixed Income
- 60% Equity – 40% Fixed Income
- 70% Equity – 30% Fixed Income
- 80% Equity – 20% Fixed Income
- 90% Equity – 10% Fixed Income

After evaluating your information, VMJFC will determine which of its model portfolios would be most suitable for you. From there, VMJFC customizes your portfolio allocation taking into consideration your limitations or restrictions, the market and economy at the time and your financial situation, goals and objectives.

Adviser primarily uses open-ended mutual funds (no-load and load waived or mutual funds purchased at net asset value (NAV) and exchange traded funds (ETFs). Additionally, VMJFC provides management of the sub-accounts of variable annuities. However, managed accounts are not exclusively limited to mutual funds and ETFs and may include stocks and bonds which are typically transferred or requested by you and exchange traded funds (ETFs).

You are advised transactions in the account, account reallocations and rebalancing may trigger a taxable event, with the exception of IRA accounts, 401(k) accounts and other qualified retirement accounts.

VMJFC provides continuous and ongoing management of your account. VMJFC will manage your accounts on a discretionary basis. Therefore, VMJFC may make changes to the allocation as deemed appropriate by VMJFC. VMJFC may determine the securities to be purchased and sold in the account and alter the securities holdings from time to time, with or without prior consultation with you. VMJFC may actively trade securities and hold such holdings for periods of 30 days or less or maintain positions for longer or shorter term periods. Discretionary authority will be granted by you to VMJFC by execution of the Asset Management agreement.

As further described below under Brokerage Practices, VMJFC has entered into a relationship to offer you brokerage and custodial services through Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"). There is no affiliation between VMJFC and Schwab.

Advisory representatives registered with VMJFC are dually registered with a broker/dealer, Gēneos Wealth Management, Inc., member FINRA and SIPC. Advisory Representatives must adhere to FINRA rules and regulations and the policies and procedures of Gēneos. Gēneos policies and procedures and FINRA have a rule that prohibits representatives from conducting transactions at a broker/dealer for which approval has not been obtained from Gēneos.

### **Financial Planning and Consulting Services**

You may request an analysis and consultation on one or more specific areas. VMJFC offers financial planning and consulting services based upon your needs. Such services may include:

- Retirement planning
- Business succession planning
- Asset allocation recommendations
- Estate planning
- Tax and cash flow analysis
- Personal finance

VMJFC will schedule a meeting with you and present the analysis of your situation and recommendations for steps to be taken to assist you to work toward financial goals.

The meetings are geared around reviewing and updating your financial situation, adjusting any plan for changes to the financial situation and assisting you to stay on track with working toward your financial goals.

Advanced financial planning service is an in depth process geared toward assisting the client to identify their financial goals and creating a plan to assist the client toward working toward the goals. The process will typically involve three to four meetings and will be completed within six months.

Planning and consulting services are based on your financial situation at the time and are based on financial information disclosed by you to VMJFC. You are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance.

VMJFC cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to review the plan and update the plan based upon changes in your financial situation, goals, or objectives or changes in the economy. Should your financial situation or investment goals or objectives change, you must notify VMJFC promptly of the changes. You are advised that the advice offered by VMJFC may be limited and is not meant to be comprehensive. Therefore, you may need to seek the services of other professionals such as an insurance adviser, attorney and/or accountant.

You are not obligated to implement advice through VMJFC or Advisory Representatives. Should you implement the plan with VMJFC's Advisory Representatives commissions or other compensation may be received in addition to the advisory fee paid to VMJFC.

### **General Information**

You are advised the investment recommendations and advice offered by VMJFC are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. You are advised that it is necessary to inform VMJFC

promptly with respect to any changes in your financial situation and investment goals and objectives. Failure to notify VMJFC of any such changes could result in investment recommendations not meeting your needs.

Item 5 Fees and Compensation

**Investment Management Services**

Fees are negotiable and are not based on a share of capital gains. However, the nature of asset-based fees allows VMJFC to participate in the growth of client's wealth. This also means that our fees can decline when the client's portfolio declines in value. Advisory fees will be charged in arrears of each calendar quarter. The quarterly advisory fee will be calculated based on the value of your account on the last business day of the just completed calendar quarter. If your account is established during a calendar quarter the initial quarterly fee will be a pro-rated portion of the fee based on the number of days remaining in the calendar quarter.

You may make additions to the Account or withdrawals from the Account, provided the Account continues to meet minimum account size requirements. Fee adjustments will be made for additional deposits and transfers to the account and for withdrawals from the account during a calendar quarter.

**Account Size Annual Fee**

Account Size	Annual Fee
\$ 100,000 to \$ 250,000	1.00%
\$ 250,000 to \$ 500,000	0.85%
\$ 500,000 to \$1,000,000	0.75%
\$1,000,000 to \$5,000,000	0.50%
Over \$5,000,000	0.25%

The fee calculation formula used by VMJFC is as follows:

Assets custodied at Schwab

Quarter end account value x Management fee / 365 (days) x number of days in the quarter = Quarterly fee

For interim billing:

Quarter end account value x Management fee / 365 (days) x number of days to be billed in the quarter = fee you will be charged

VMJFC may change the above fee schedule upon 30-days prior written notice to you.

In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule.

Additionally, you may pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the Account. Such fees are not charged by VMJFC and are charged by the product, broker/dealer or account custodian. VMJFC does not share in any portion of such fees. Additionally, you may pay your proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. Such advisory fees are not shared with VMJFC



and are compensation to the fund manager. You should read the mutual fund prospectus prior to investing.

Schwab accounts may be suitable for clients with a more passive trading strategy who wish to unbundle the transaction costs from advisory and custodian costs. Additionally, Schwab offers a program (Schwab Mutual Fund OneSource) through which transactions in certain mutual funds can be conducted with no transaction fees. Therefore, clients' trading costs may be controlled. However, transactions conducted through the Schwab Mutual Fund OneSource program must be held for 30 to 90 days, depending on how the trade is transacted, to avoid any early redemption charges.

Advisory fees will generally be collected directly from your account, provided you have given VMJFC written authorization. You will be provided with an account statement reflecting the deduction of the advisory fee direct from the account custodian. If the Account does not contain sufficient funds to pay advisory fees, VMJFC has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse the account for advisory fees paid to VMJFC, except for ERISA and IRA accounts.

VMJFC recommends mutual funds that pay 12b-1 fees and no-load funds. Advisory Representatives will not receive 12b-1 compensation as a result of mutual fund transactions conducted through Schwab.

You may purchase the securities recommended by VMJFC directly or through other brokers or agents not affiliated with VMJFC.

#### Termination Provisions

You may terminate investment advisory services obtained from VMJFC, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with VMJFC. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, you may terminate management services upon VMJFC's receipt of your written notice to terminate. Should you terminate investment advisory services during calendar quarter, you will be issued a pro-rated refund of the advisory fee from the date of termination to the end of the calendar quarter.

#### **Financial Planning and Consulting Services**

You are advised that fees for planning services are strictly for planning services. Therefore, you may pay fees and/or commissions for additional services obtained such as asset management or products purchased such as securities or insurance. Fees are negotiable. Your fees will be dependent on several factors including time spent with VMJFC, number of meetings, complexity of your situation, amount of research, services requested and staff resources.

# VM Jones Financial Consulting, LLC

Fee Type	Maximum Fee	Payable
Financial Planning Fixed Fee	\$250 to \$5,000	You will be provided a quote of the anticipated fee prior to the advisory contract being executed. Payable on-half (1/2) upon execution of the advisory agreement with VMJFC and the balance due at the time of presentation of the plan, unless otherwise negotiated with you.
Consulting	\$50 - \$200 hourly	One-half (1/2) of the estimated fee is due upon execution of the consulting agreement and the balance due upon completion of the services.
<p>You are not obligated to implement the financial plan through VMJFC or its Advisory Representatives. However, should you elect to implement the financial advice through VMJFC and its Advisory Representatives, VMJFC will continue to be available for an hourly fee ranging from \$50 to \$200 per hour for implementation services, subsequent evaluation, additional analysis and other requests for financial advice. Upon VMJFC determining the extent of the additional services, client will be provided with a quote of estimated time. Generally, one-half (1/2) of the estimated fee is due to VMJFC upon execution of the advisory agreement and the balance due upon completion of the services.</p> <p><u>Termination Provisions</u></p> <p>You may terminate advisory services obtained from VMJFC, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with VMJFC. Thereafter, you may terminate investment advisory services upon VMJFC's receipt of your written notice to terminate. You will be responsible for any time spent by VMJFC. Any refund of pre-paid fees will be calculated based upon work already completed and time spent on your case.</p>		

## VM Jones Financial Consulting, LLC

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

This section is not applicable to VMJFC since VMJFC does not charge performance based fees.

Item 7      Types of *Clients*

VMJFC's services are geared toward individuals both high net worth (i.e. clients with a net worth of \$1,500,000) and other than high net worth, trusts, estates, or charitable organizations, pension and profit sharing plans, and corporations or other business entities.

VMJFC generally requires a minimum amount of assets of \$100,000 to be deposited to an account for the purpose of obtaining asset management or asset monitoring services. Under certain circumstances, VMJFC may waive the minimum account size requirement and accept accounts less than the minimum requirement. Such circumstances may include, but not be limited to, additional assets will soon be deposited, client has several managed accounts or client or client's immediate family has other accounts with VMJFC. Clients are advised that performance may suffer due to difficulties with diversifying smaller accounts and due to risk controls potentially being compromised. Performance of smaller accounts may vary from the performance of accounts with more dollars invested due to fluctuations in the market may affect smaller accounts more and the effects of compounding may be greater in larger accounts.

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

The methods of analysis and strategies VMJFC employs to manage accounts and provide advice include a combination of fundamental asset class valuation. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure.

Additionally, VMJFC purchases research from Morningstar and Fiduciary 360 Toolkit, to aid VMJFC with constructing and evaluating investment portfolios.

You are advised investing in securities involves risk of loss, including the potential loss of principal. Therefore, your participation in any of the management programs offered by VMJFC will require you to be prepared to bear the risk of loss and fluctuating performance.

VMJFC will typically rebalance accounts once per year. However, VMJFC may rebalance more frequently depending on the market.

VMJFC does not represent, warrant or imply that the services or methods of analysis used by VMJFC can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by VMJFC will provide a better return than other investment strategies.

As stated above in Item 5, VMJFC primarily uses mutual funds and exchange traded funds (ETFs). The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers, and fund straying from its objective. Open ended mutual funds do not typically have a liquidity issue and the price does not fluctuate throughout the trading day. Mutual fund fees are described in the fund's prospectus, which the custodian mails directly to the client following any purchase of a mutual fund that is new to the client's account. In addition, a prospectus is available online at each mutual fund company's Web site. At the client's request at any time VMJFC will direct the client to the appropriate Web page to access the prospectus.

ETFs trade on an auctionable market. Therefore, there is more price fluctuation with ETFs than with mutual funds since ETFs trade throughout the day, whereas mutual funds are priced once a day. Also, since most ETFs only mirror a market index, such as the S&P 500, they won't outperform the index.

## VM Jones Financial Consulting, LLC

### Item 9 Disciplinary Information

There is no reportable disciplinary information required for VMJFC or its management persons that is material to your evaluation of VMJFC, its business or its management persons.

Item 10 Other Financial Industry Activities and Affiliations

- A. As previously stated, Advisory Representatives are dually registered as an advisory representative of VMJFC and as a registered representative of Gēneos Wealth Management, Inc. (“Gēneos”). You are under no obligation to purchase or sell securities through your Advisory Representative. However, if you choose to implement the plan, commissions may be earned in addition to any fees paid for advisory services. Commissions may be higher or lower at Gēneos than at other broker/dealers. Advisory Representatives may have a conflict of interest in having you purchase securities and/or insurance related products through Gēneos in that the higher their production with Gēneos the greater potential for obtaining a higher pay-out on commissions earned.

Under the rules and regulations of the FINRA, Gēneos has an obligation to perform certain supervisory functions regarding certain activities engaged in by advisory representatives who are also registered representatives of Gēneos. For such supervisory functions, VMJFC may pay Gēneos a portion of the advisory fees they receive. Gēneos and VMJFC are not affiliated.

VMJFC attempts to mitigate the conflicts of interest with the potential receipt of commissions if recommendations are implemented by providing you with these disclosures. Further, you are encouraged to consult other professionals and may implement recommendations through other financial professionals. Furthermore, as a registered representative with Gēneos, Advisory Representatives are subject to a supervisory structure at Gēneos for his securities business.

- B, C. VMJFC is not and does not have a related person who is a: futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities. Further, VMJFC is not and does not have a related person who is: broker/dealer or other similar type of broker or dealer; investment company or other pooled investment vehicle, other investment adviser or financial planner; futures commission merchant or commodity pool operator; banking or thrift institution; lawyer or law firm; insurance company or agency; pension consultant; real estate broker or dealer; or sponsor or syndicator of a limited partnership.

VMJFC does have a related person, Vearle M. Jones, who is the 100% owner of Vearle M. Jones, CPA, an accounting firm, which provides accounting and tax services. Mr. Jones spend approximately 50% of his time in this business.

**Code Of Ethics**

- A. VMJFC has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. VMJFC takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as VMJFC's policies and procedures. Further, VMJFC strives to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides you with VMJFC's Privacy Policy. As such, VMJFC maintains a code of ethics for its Advisory Representatives, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, VMJFC's Code of Ethics establishes VMJFC's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.
- B. Neither VMJFC nor its associated persons recommends to clients or buys or sells for Client accounts any securities in which we have a material financial interest.
- C. VMJFC and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, VMJFC and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. VMJFC and its associated persons will not put their interests before your interest. VMJFC and its associated persons may not trade ahead of you or trade in such a way to obtain a better price for themselves than for you or other clients.
- D. VMJFC is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

You have the right to decline any investment recommendation. VMJFC and its Associated persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.



As previously stated, Advisory Representatives are also registered representatives of Gēneos. As a result they are subject to FINRA Conduct Rule 3040 which may restrict them from conducting securities transactions away from Gēneos unless Gēneos provides them with written authorization. Advisory Representatives have obtained approval to offer you the ability to maintain accounts through Schwab Institutional division of Charles Schwab & Co., Inc. (“Schwab”), a registered broker/dealer, member SIPC and Fidelity Brokerage Services, LLC (“Fidelity”), a registered broker/dealer, member SIPC. VMJFC is independently owned and operated and not affiliated with Schwab.

If you elect to implement any advice offered by VMJFC on a commission basis, the broker/dealer used must be Gēneos.

You are advised that not all investment advisers require you to maintain accounts at a specific broker/dealer. You are advised you may maintain accounts at another broker/dealer. However, the services provided by VMJFC will be limited to only advice and will not include implementation. If you who select another brokerage firm for custodial and/or brokerage services you will not be able to receive asset management services from VMJFC.

#### *How We Select Brokers/Custodians*

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “*Products and Services Available to Us From Schwab*”)

#### *Services That Benefit You.*

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

*Services That May Not Directly Benefit You.*

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

*Services That Generally Benefit Only Us.*

Schwab offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services. In other cases, they will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

You are advised there is an incentive for VMJFC and the Advisory Representatives to recommend a broker/dealer over another based on the products and services that will be received rather than your best interest.

VMJFC may aggregate ("bunch") transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share and/or other costs to clients. However, aggregated or bunched orders will not reduce the transaction costs to participating clients. Adviser conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client. Participating clients will obtain the average share price per share for the security executed that day. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated on a random basis. Under certain circumstances, the amount of securities maybe increased or decreased to avoid holding odd-lot or a small number of shares for particular clients.

**Schwab**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab's commission rates applicable to our client accounts were negotiated based on the condition that our clients

collectively maintain a total of at least \$50 million of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have 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. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “*How We Select Brokers/Custodians*”).

*Products and Services Available to Us From Schwab*

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$50 million of their assets in accounts at Schwab. If our clients collectively have less than \$50 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200.

*Our Interest in Schwab’s Services*

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don’t have to pay for Schwab’s services so long as our clients collectively keep a total of at least \$50 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$50 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab’s services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab’s services (see “*How We Select Brokers/Custodians*”) and not Schwab’s services that benefit only us. We have over \$32 million in client assets under management, and we do not believe that recommending our clients to collectively maintain at least \$50 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest. From time-to-time Advisor may make an error in submitting a trade order on your behalf. When this occurs, Advisor may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Charles Schwab & Co. Inc. (“Schwab”) is the custodian, Schwab

will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Advisor will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your 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 your account, they may be netted.

Item 13      Review of Accounts

If you are participating in investment management services you will be invited to participate in not less than an annual review. More frequent reviews will be conducted at your request. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. VMJFC will monitor for changes or shifts in the economy, changes to the management and structure of a mutual fund or company in which your assets are invested, and market shifts and corrections.

If you are participating in Financial Planning and Consulting Services, reviews will be conducted upon your request. VMJFC suggests you participate in a review at least annually. It is important to update your financial plan or analysis to take into account any changes.

Reviews are conducted by the Advisory Representative you have selected. Vearle M. Jones, Managing Member, will participate in the reviews.

You are advised that you must notify your Advisory Representative promptly of any changes to your financial goals, objectives or financial situation as such changes may require him review the portfolio allocation and make recommendations for changes.

You will be provided statements at least quarterly direct from the account custodian. Additionally, you will receive confirmations of all transactions occurring direct from the account custodian. At least quarterly a consolidated report of your managed account is available. The availability of the report is electronic and you access the report directly. You should compare the report with statements received direct from the account custodian. Should there be any discrepancy the account custodian's report will prevail. You may request more frequent reports from VMJFC upon request.

Item 14      *Client Referrals and Other Compensation*

Product vendors recommended by VMJFC may provide monetary and non-monetary assistance with client events, provide educational tools and resources. VMJFC does not select products as a result of any monetary or non-monetary assistance. The selection of product is first and foremost. VMJFC's due diligence of a product does not take into consideration any assistance it may receive. Therefore, this is not considered a conflict of interest but a benefit for you and VMJFC.

VMJFC receives an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

VMJFC receives referrals from current clients, attorneys and other professionals. VMJFC does not accept referral fees or any form of remuneration from others when a prospective client is referred to us.

VM Jones Financial Consulting, LLC

Item 15      *Custody*

With the exception of deduction of VMJFC's advisory fees from your accounts, VMJFC does not take custody of your funds or securities.

You grant VMJFC authorization to manage your account on a discretionary basis. You will grant such authority to VMJFC by execution of the advisory agreement. If you elect to terminate discretionary authorization at any time, VMJFC will terminate management services.

Additionally, you are advised that:

- 1) Your written consent is required to establish any mutual fund, variable annuity, or brokerage account;
- 2) VMJFC requires the use of the broker/dealer with which your Advisory Representative is registered for sales in commissionable mutual funds or variable annuities, if you elect to implement recommendations through your Advisory Representative;
- 3) With the exception of deduction of VMJFC's advisory fees from the account, if you have authorized automatic deductions, VMJFC will not have the ability to withdraw your funds or securities from the account.
- 4) You will have the authority to determine the broker or dealer through which securities may be executed, however, VMJFC may be limited in the services that can be provided to you should you select a broker/dealer other than the broker/dealer recommended by VMJFC.
- 5) VMJFC does not have the authority to determine the commission rates a client may pay.



## VM Jones Financial Consulting, LLC

### Item 17 Voting *Client* Securities

VMFC does not vote your securities. Unless you suppress proxies, securities proxies will be sent directly to you by the account custodian or transfer agent. You may contact VMJFC about questions you may have an opinions on how to vote the proxies. However, the voting and how you vote the proxies is solely your decision.

## VM Jones Financial Consulting, LLC

### Item 18 Financial Information

VMJFC will not require you to prepay more than \$1,200 and six or more months in advance of receiving the advisory service.

## VM Jones Financial Consulting, LLC

### Item 19 Requirements for State-Registered Advisers

- A. Vearle M. Jones is the managing member of VM Jones Financial Consulting, LLC. He graduated in 1983 from Arizona State University with a Bachelor of Science Accounting Degree. He has worked at VM Jones Financial Consulting, LLC since August of 2003. He is a CPA and holds the PFS (Personal Financial Specialist) designation as well as the AIFA® (Accredited Investment Fiduciary Analyst) designation.
- B. See Item 10 – Other Financial Industry Activities and Affiliations.
- C. VMJFC does not receive performance-based fees.
- D. See Item 9 – Disciplinary Information
- E. There are no other relationships or arrangements with any issuer of securities that has not been listed in Item 10.