



## **Form ADV Part 2A Disclosure Brochure**

### **Stonegate Financial Group, LLC**

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This brochure provides information about the qualifications and business practices of Stonegate Financial Group, LLC. If you have any questions about the contents of this brochure please call Jameson Van Houten at (602) 953-8450 or by email at [jameson@stonegatefg.com](mailto:jameson@stonegatefg.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 the Bradford Financial Center is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration as an investment adviser does not imply a certain level of skill or training.



## **Item 2. Material Changes**

The following material changes have been made to this brochure since its last annual update on March 7, 2014:

The format was changed for ease of reading;

Item 4 was updated::

- to reflect that as of August 15, 2014, Stonegate had approximately \$215 million in assets under management, all of which were discretionary;
- to update ownership information concerning Stonegate; and
- to reflect information about services available to ERISA plans.

Financial Planning and Financial Consulting were added to Items 4 and 5 as new Stonegate services;

Item 5 was also updated to include more detailed information regarding:

- Stonegate's Investment Management Services fees;
- the negotiability of advisory fees;
- mutual fund and other internal investment charges;
- brokerage and custodial charges;
- redemption fees and tax consequences of transactions; and
- the implementation of financial planning and financial consulting services recommendations.

Item 8 was updated to reflect information concerning the risks of investing;

Item 10 was updated to reflect current information concerning Stonegate's management's affiliation with Crown Capital Securities, LP.

Item 12 was updated to provide more detailed information regarding:

- the recommendation of broker/dealers for investment management services;
- the recommendation of Crown Capital Securities, LP for implementation of financial planning recommendations.
- How Stonegate handles trade errors; and
- How Stonegate handles block trading for clients.

Item 14 was updated to disclose information about the TD Ameritrade AdvisorDirect referral program and to disclose other solicitation arrangements that Stonegate may have.



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#### **Item 4. Advisory Business**

##### **Overview of Stonegate Financial Group**

Stonegate Financial Group, LLC (Stonegate) is an investment advisory firm that has been in business since 2004. Stonegate is wholly owned by the Stoneblu Revocable Trust. Jameson Van Houten is the sole trustee of Stoneblu and is also the CEO and Chief Investment Officer. Joseph Kalmanovitz is the firm's Chief Compliance Officer.

Stonegate is an investment advisory firm that is registered with the Securities and Exchange Commission and provides services in its home state of Arizona as well as a number of other states in which it has provided the state with proper notice or in which such requirements do not apply. Stonegate's services and fee arrangements are described in the following pages.

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

###### ***Financial Planning Services***

Stonegate provides a financial planning service designed to assist clients in identifying and taking steps to meet their financial and related goals. This service is provided through series of one-on-one meetings with a Stonegate representative in which the client provides information concerning their financial situation, identifies goals and objectives, is informed of relevant financial concepts and strategies, including how to more efficiently handle specific financial areas, and is given specific recommendations. The primary objective of this process is to allow Stonegate to assist the client in developing a strategy for the successful management of income, assets and liabilities in meeting the client's stated financial goals and objectives.

Depending on the client's situation and needs, Stonegate's financial planning services may include advice in one or more of the following areas:

- Retirement Planning
- Income Planning
- Tax Planning
- Asset Protection and Risk Management
- Investment Planning
- Estate Planning
- Educational Planning

###### ***Financial Consulting Services***

Stonegate may also provide financial consulting services, where an IAR of Stonegate provides a professional opinion on one or more specific financial related matters at the clients' request.

The client will receive consultations only with respect to the specific financial area agreed upon to be reviewed and/or analyzed. Under the financial consulting arrangement, a written financial analysis and/or recommendations may or may not be provided to the client.

Financial planning and consulting services are based on financial and other information disclosed by the client to Stonegate. Clients 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. Clients should keep in mind that past performance is in no way an indication of future performance and that Stonegate cannot offer any guarantees or promises that the client's financial goals and objectives will be met.

As the client's financial situation, goals, objectives, or financial needs change, the client must notify Stonegate promptly.

##### ***Additional Information Concerning Financial Planning and Consulting Services***



Stonegate will attempt to gather all relevant information from Client. However in the event that the information is not provided to Stonegate on a timely basis deemed by Stonegate, Stonegate will use available information to complete the plan. Projections in this planning are based upon the information provided by Client. These projections, such as but not limited to inflation, growth factor of assets, and tax projections, are intended as forecasts and actual results may vary from these projections.

### **Investment Management Services**

Stonegate provides investment management services in which we help you to invest your assets. We find out your goals and needs. We analyze your assets and liabilities. We measure your tolerance for risk. We develop a proper asset allocation model for you. We then pick an investment portfolio to meet your goals and needs. We will confirm the portfolio with you.

With your agreement, we will sell those securities that do not fit your portfolio model and buy those that do fit it. These may include no-load mutual funds, stocks, bonds, options and other securities.

After your initial portfolio is established, we will continue to monitor your portfolio. We will make adjustments or changes in the portfolio periodically as our continuing research recommends.

We work closely with you to help you to build your wealth, reduce taxes, enjoy a comfortable retirement, and leave a legacy for your families and communities. We may also provide advice in other financial and non-financial matters.

Stonegate performs investment management and/or advisory services for ERISA qualified plans. Depending upon the needs of the plan, we serve as a 3(38) discretionary investment manager or 3(21) nondiscretionary advisor. We may also provide additional consulting services to assist the plan sponsor with meeting its fiduciary obligation as the plan's Named Fiduciary. Stonegate does not serve as the plan's Named Fiduciary.

Additionally, as part of our investment management services, through a relationship with Crystal Capital Partners, LLC ("Crystal") we may provide our qualified clients with customized hedge fund portfolios. Crystal specializes in building customized hedge fund portfolios that help complement the existing holdings of client investments. With Crystal's services, we will have access to top tier hedge fund managers, detailed analytics, reporting and comprehensive due diligence previously only available to the largest institutions. Most customized accounts will be invested with investment managers or investment funds through a series fund organized by Crystal. The investment managers and investment funds that we recommend will be selected from a list that has been developed by Crystal, based on its quantitative and qualitative research of the managers and funds. After a client approves the customized portfolio that we recommend, the client will invest in a series or portfolio of Crystal Capital Fund Series, LLC (the "Crystal Fund"), that is managed by Crystal. The Crystal Fund is a private investment fund that has several segregated portfolios. Each portfolio is a separate pool of assets constituting a separate fund with its own investment objectives and policies.

Stonegate also provides advisory services to certain client directed 401k accounts held in custody at TD Ameritrade. The Plan Sponsor and/or Responsible Plan Fiduciary are responsible for the selection of the third-party administrator and the account custodian. Stonegate provides the following services with respect to 401k plans:

- Assists in the selection and ongoing review of plan's investments based on the needs and demographic profile of the company,
- Develops diversified portfolios of plan investments designed for various risk profiles and investment objectives,
- Conducts enrollment meetings to encourage plan participation,



Organizes ongoing educational sessions as needed, and  
Helps employees make informed investment decisions.

As of August 15, 2014, Stonegate has approximately \$215 million in assets under management, all of which are discretionary. Stonegate has no non-discretionary assets under management.

## **Item 5. Fees and Compensation**

Prior to engaging Stonegate to provide any investment advisory services, the client will be required to enter into one or more written agreements with Stonegate setting forth the terms and conditions under which Stonegate shall render its services.

### **Financial Planning and Consultation Services Fees**

Stonegate charges a fixed fee for its financial planning services. This fee may vary depending on the complexity of the client's financial situation and financial needs and is agreed upon prior to the start of the financial planning relationship. Stonegate may request that a portion or the full amount of agreed upon fixed fees be paid in advance as a retainer upon execution of the Client Services Agreement.

Financial consultation services are provided for at an hourly fee of \$285 per hour. While Stonegate generally bills its hourly fees upon delivery of the requested services, Stonegate reserves the right to request a deposit of two-thirds of the estimated total hourly fee upon the client's execution of the Client Service Agreement, with the balance due upon delivery of the requested services. In certain circumstances, all fees may be negotiable.

Client may elect to be billed directly by Stonegate or may provide written authorization to Stonegate to bill Financial Planning and Consultation fees to Client's brokerage account.

In its sole determination, Stonegate may waive or reduce current or future financial planning or consulting fees for clients who engage Stonegate or its IARs for other services. In addition, certain affiliated persons of Stonegate and family members and personal acquaintances of Stonegate's affiliated persons may receive financial consultation services at a discounted rate which is not available to advisory clients generally.

The Financial Planning and Consultation Agreement automatically terminates upon delivery of the requested Financial Planning or Financial Consulting Services. Prior to the delivery of the requested services, either Stonegate or the client may terminate the Financial Planning and Consultation Agreement at any time with written notice to the other. If the Agreement is terminated, all fees due from the Client at the time of termination are due and payable immediately. Advisor will refund any unearned, prepaid fees within thirty days of written request from the Client. Should the Client wish to terminate the Agreement within 5 business days after signing, no penalty will be assessed and all fees will be refunded promptly. All financial planning and consulting services requested will be provided within 6 months of the time the agreement is signed or the Client will receive a refund of unearned fees.

Please see ***Implementation of Financial Planning and Financial Consultation Recommendations*** in Item 5 below for important information about implementing financial planning and consulting recommendations, including conflicts of interest.

### **Additional Information**

Should the Client request services beyond the initial requested services, Client will be billed at the rate of \$285 per hour.



All invoices provided by Stonegate are due within 10 days of receipt. If after reasonable attempts by Stonegate staff, Client is unable to meet either in person or by phone/teleconference, Stonegate will deliver plan and/or agreed upon services either by mail or electronically, which shall constitute delivery for the purposes of the Client Services Agreement. Any remaining balances will be due at that time and all applicable terms of the agreement shall apply. Delinquent statements will bear interest at 1.5% per month on the unpaid balance beginning on the statement date and could be subject to collections after 90 days.

### **Investment Management Services Fees**

Stonegate's compensation for its investment management services is based upon the amount of assets under management that you have with Stonegate. Under Stonegate's Investment Management Agreement, Stonegate may provide Investment Management Clients with incidental financial consulting services under the same terms and conditions as discussed above relating to its Financial Consultation Services.

You may have multiple accounts under Stonegate's management (for example, an IRA, a trust account, or a Roth IRA, etc.). The values of all your accounts are combined to find the appropriate investment management fee.

### ***Fee Calculation and Billing***

The annual fee for investment management services is billed quarterly in advance based on the following fee schedule.

#### ***Investment Advisory Fee Schedule***

Assets Under Management	Quarterly Fee	Annualized Fee
\$250,000 - \$ 350,000	0.375%	1.50%
\$350,000 - \$ 500,000	0.3125%	1.25%
\$500,000 - \$ 4,000,000	0.25%	1.00%
Over \$4,000,000	Negotiable	Negotiable

For any accounts that have fallen below the \$250,000 minimum account size per household, the fee is increased to 1.75% with a minimum fee charge per household of \$500 per quarter.

The quarterly fee shall be billed based on the market value of the client's account under management at the beginning of each calendar quarter. The client's initial fee will be assessed on the same fee schedule based on the amount placed under management and then pro-rated based on the number of days remaining in the initial quarterly period that the client's portfolio is under management.

Stonegate generally requires that clients authorize Stonegate to bill investment management fees to the client's account. Clients will also be provided statements from their selected custodian that reflect all account activity, including management fee billing, and are responsible for verifying the accuracy of the fees and charges by the custodian and/or Stonegate. The custodian does not verify the accuracy of Stonegate's fee calculations.

The above fee schedule reflects Stonegate's maximum fees for investment management services. Stonegate, in its sole discretion, may negotiate to charge a lesser advisory fee based upon certain criteria (i.e. anticipated future earnings capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with the client, etc.)

To compensate for the initial establishment of the clients account, including development of asset allocation, goals, portfolio design and other initial services, Stonegate requires that advisory services be billed for a minimum of two calendar quarters.



***Termination***

The engagement for investment management services will continue in effect until terminated by either party upon written notice to the other, subject to the initial two calendar quarter minimum fee discussed above. If the client did not receive a copy of Stonegate's disclosure brochure at least forty eight (48) hours prior to executing the agreement, the client may terminate the agreement without penalty within five (5) business days after signing it. In the event the agreement is terminated prior to the end of the then current billing period, Stonegate will promptly refund any unearned investment management fees to the client upon the client's written request. A refund of unearned fees will be calculated on a pro-rata daily basis following the notice of cancellation.

***Additions to and Withdrawals from Client's Account***

The client may make additions to and withdrawals from the account at any time, with the understanding that Stonegate retains the right to terminate the account. Additions may be in cash or securities; however, Stonegate reserves the right to liquidate any transferred securities, or decline to accept particular securities into its management.

Stonegate may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charges or short-term redemption fees) and/or tax ramifications. Clients may withdraw account assets on notice to Stonegate, subject to the usual and customary securities settlement procedures. However, clients should keep in mind that Stonegate designs its portfolios as long-term investments and the withdrawal of assets from the account may impair the achievement of a client's investment objectives.

***Reasonable Restrictions***

Clients may provide reasonable restrictions and guidelines in writing to Stonegate with respect to the management of the Client's account. Restrictions and guidelines imposed by the client may affect the composition and performance of custom portfolios. As a result, the performance of custom portfolios within the same investment objective may differ and the client should not expect that the performance of his/her custom portfolios will be identical to any other client's portfolio performance. Stonegate's clients are advised to promptly notify Stonegate if they wish to impose any reasonable restrictions upon Stonegate's management services.

**Additional Fees and Expenses*****Mutual Fund and Other Internal Investment Charges***

When recommending mutual funds, Stonegate recommends only no-load or load-waived mutual funds. However, all mutual funds, exchange traded funds and other investment company securities (Funds) incur certain types of charges and expenses, which are paid from the value of the mutual funds' shares. These charges and expenses include investment management, transaction, administrative, distribution, transfer agent, custodial, legal, audit and other customary fees. If your account holds any such Fund shares, you will be indirectly paying these expenses, which are in addition to your investment management fee. You are encouraged to read the prospectuses of any Funds which are purchased in your account for a more complete explanation of these fees and expenses. With certain exceptions, you can purchase shares of Funds outside of your investment management account without paying for and receiving the benefit of our management services.

You should also be aware that the investment management fee described above will be imposed on all Fund shares that you designate as investment management assets and place in your account, including Fund shares on which you may have previously paid a sales charge. You may also be charged redemption fees from mutual funds that were redeemed in order to participate in our investment





management services. You should be aware that any redemptions and exchanges between Funds in your investment management account might have tax consequences, which you should discuss with your independent tax advisor.

#### ***Implementation of Financial Planning and Financial Consultation Recommendations***

In their individual separate capacities, Stonegate IARs are also registered representatives with Crown Capital Securities, LP (Crown), a broker-dealer and member of FINRA. In this capacity, Stonegate IARs may offer clients certain securities products provided by Crown. If you purchase or sell securities from your Stonegate IAR in his or her capacity as a registered representative of Crown, then your Stonegate IAR will receive commissions from Crown from the transaction. This presents a possible conflict of interest, in that IARs may have an incentive to recommend investment products based on the compensation received, rather than on the client's needs. Investment advisory clients are under no obligation to purchase from your Stonegate IAR any commissionable securities that he or she recommends and you may purchase such securities from the broker-dealer of your choice.

Commissions may be higher or lower at Crown than at other broker/dealers. Crown registered representatives are restricted to only offering those products and services that have been reviewed and approved for offering to the public by Crown and for which Crown has obtained a selling agreement.

While Stonegate has procedures in place that endeavors to at all time to put the interest of the clients first as a part of the Stonegate's fiduciary duty, clients should be aware that the receipt of commissions and additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

#### ***Brokerage and Custodial Charges***

In addition to Stonegate's investment management fees, clients are also responsible for paying certain charges imposed by unaffiliated third-parties, such as the client's broker-dealer/custodian. Such charges include, but are not limited to, custodial fees, brokerage commissions, transaction fees, asset-based pricing fees, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. For more information about Stonegate's brokerage recommendations and arrangements, please refer to Item 12 of this brochure.

#### **Other Important Information**

##### ***Tax Consequences of Transactions***

Clients are advised that any redemptions and exchanges between Funds and other securities transactions in the clients account might have tax consequences, which clients should discuss with their independent tax advisor.

##### ***Changes to Financial Status***

Clients may consult with Stonegate at any time concerning their account. Every client is urged to notify Stonegate as soon as is practicable of changes in financial status or goals, as these types of changes may affect our recommendations.

##### ***No Legal or Tax Advice***

Stonegate does not render legal or accounting services. Our services may involve the review of planning and financial projections/assumptions by legal and accounting advisors. While we can coordinate the communication with these advisors, any billings by Client's other professional advisors are Client's responsibility.

##### ***Verification of and Reliance on Client's Information***



In performing its services, Stonegate shall not be required to verify any information received from the client or from the client's other professional advisors (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information.

***No Assignment***

Neither Stonegate nor the client may assign the client's agreement without written consent of the other party.

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

Stonegate does not charge fees based on a share of capital gains or capital appreciation of the assets in a client's account.

**Item 7. Types of Clients**

Stonegate provides services to individuals, trusts, estates, charitable organizations, businesses (e.g., corporations and LLCs), and retirement plans.



**Business Risk** – the risk that the price of an investment will change due to factors unique to that company, investment or market segment and not the market in general.

**Liquidity Risk** – the risk associated with the ease of being able to quickly convert the value of a security into an equivalent amount of cash. For example, money market funds are readily convertible (liquid) while certain limited partnership units or real estate are not.

**Financial Risk** – the risk to specific companies' future earnings due to their use of debt. Companies that borrow money must pay it back at some future date, plus the interest charges. This increases the uncertainty about the company because it must have enough income to pay back this amount at some time in the future.

**Exchange Rate (Currency) Risk** – the risk that investors in foreign investments may be subject to different exchange rates at the time they wish to convert investment proceeds back to their home currency. If exchange rate risk is high, even though substantial profits may have been made in the foreign markets, a less favorable exchange rate may reduce or eliminate these profits.

**Country (Political) Risk** – the risk that a major change in the political or economic environment of a foreign country may devalue investments made in that country. This risk is usually restricted to emerging or developing countries that do not have stable economic or political environments.

**Market Risk** – the risk that the price of a particular investment will change as a result of overall market conditions that are not specific to that particular company or investment.

**Interest Rate Risk** – the risk that interest rate changes will affect the price of a particular investment. For example, when interest rates rise, the price of bonds generally fall.

## **Item 9. Disciplinary Information**

Stonegate and its principals and management personnel have not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management.

## **Item 10. Other Financial Industry Activities and Affiliations**

### **Insurance**

Stonegate is a licensed insurance general agency for health insurance, life insurance, annuities and disability income insurance products. Stonegate offers insurance products from a variety of insurance companies. Jameson Van Houten, Joseph Kalmanovitz and other Stonegate IARs are licensed insurance agents with Stonegate and offer insurance products through Stonegate. As licensed insurance agents, they may offer investment advisory clients the option to purchase insurance products through them and will receive commission and related compensation, such as insurance trail fees, as a result of the sale. The client is under no obligation to purchase any insurance product that is presented from Stonegate and may purchase such products from the insurance company or agency of their choice.

### **Crown Capital Securities, LP**

Jameson Van Houten, Joseph Kalmanovitz, as well as other Stonegate IARs, are registered representatives (RRs) with Crown Capital Securities, LP (Crown), a broker-dealer and member of FINRA. Crown and Stonegate are independent from and not affiliated with each other. In their capacities as Crown RRs, Stonegate IARs may offer clients certain securities products provided by Crown. See Item 5 above for more information about this affiliation, including conflicts of interest.



Clients should be assured that, as required by Stonegate's Code of Ethics, all Stonegate IARs make every effort to recommend securities and insurance products that are most appropriate for the client, without consideration of compensation arrangements. Clients are under no obligation to purchase recommended securities or insurance products through Stonegate, Jameson Van Houten, Joseph Kalmanovitz or Stonegate IARs and may purchase such products through the broker-dealer or insurance agency of their choice. See ***"Implementation of Financial Planning and Financial Consultation Recommendations"*** under Item 5 above for more information about Stonegate IARs' commissionable securities and insurance activities, including conflicts of interest.

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

### **Code of Ethics**

Stonegate has adopted a Code of Ethics (Code) that sets forth standards of business conduct, including compliance with applicable state and federal securities laws, that it requires of its officers, management and employees ("associated persons"). The Code is based on the principle that Stonegate and its associated persons have an overarching fiduciary duty to, at all times, place the interests of its clients first. The Code establishes that no person employed by the Firm shall prefer their own or Stonegate's interests over those of advisory clients and, among other things, prohibits the use of material non-public information. Pursuant to the Code, Stonegate seeks to avoid conflicts of interest; discloses conflicts of interest with sufficiently specific facts so that clients are able to understand them and the business practices in which Stonegate engages and can either give informed consent to such conflicts or practices or reject them. A copy of the firm's Code is available upon written request.

### **Personal Trading**

Stonegate or individuals associated with Stonegate may, for their own accounts, buy or sell securities identical to or different than those that may be recommended to clients. As these situations may present a conflict of interest, the Firm has adopted personal trading policies setting forth requirements and limitations applicable to personal trades of its associated persons. For example, when placing personal trades, associated persons may not place trades for their own account ahead of similar trades for Stonegate clients.

## **Item 12. Brokerage Practices**

Stonegate generally recommends that a client in need of brokerage and custodial services direct it to utilize the institutional advisor program (the TDA Program) offered by TD Ameritrade Institutional, a division of TD Ameritrade, Inc. (TDA). TDA is an independent and unaffiliated SEC-registered broker-dealer and a member of FINRA/SIPC/NFA and offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions.

While Stonegate generally recommends TDA, Stonegate is willing to consider establishing relationships with other firms to meet client needs.

Additionally, as disclosed above in Items 5 and 10 above, IARs of Stonegate are also Registered Representatives (RRs) of Crown, a broker/dealer and FINRA member firm and are subject to certain requirements and restriction on its business that are imposed by Crown.

As a FINRA member, Crown has obligations to maintain records and perform other functions regarding certain aspects of the investment advisory activities of its Registered Representatives, including Jameson Van Houten, in relation to investment advisory accounts for which it's Registered Representatives execute or direct securities transactions. These obligations require Crown to coordinate with, and have the cooperation of, the account custodian.



In order to fulfill these obligations, Crown has established a list of custodian and brokerage firms which it has made the necessary arrangements and which therefore may be utilized for custody of accounts by RR's independent advisory firms. TD Ameritrade is on Crown's list of approved brokerage/custodial firms.

Because the principals and associated persons of Stonegate are registered representatives of Crown Financial Services of America:

- If a client freely chooses to implement their advice through them for commissionable securities transactions, the transactions must be through Crown;

- This limitation on the use of broker-dealers may affect Stonegate's ability to achieve most favorable execution of client transactions, and therefore may cost clients more money; and

- Not all investment advisers require clients to use specified broker-dealers.

#### **Benefits from TD Ameritrade**

As disclosed above, Stonegate participates in the TDA Program and receives some benefits from TD Ameritrade through its participation in the Program. There is no direct link between Stonegate's participation in the program and the investment advice it gives its clients, although Stonegate receives economic benefits (Additional Services) through its participation in the Program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to mutual funds with no transaction fees; access to an electronic communications network for client order entry and account information; and discounts on compliance, marketing, research, technology and practice management products and services provided to Stonegate by third party vendors.

Some of the products and services made available by TD Ameritrade through the Program may benefit Stonegate but may not benefit its clients' accounts. These products or services may assist Stonegate in



in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the additional service from TD Ameritrade, Stonegate may have an incentive to recommend to its clients that the assets under management by Stonegate be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Stonegate's receipt of this additional service does not diminish its fiduciary duty to act in the best interests of its clients, including the need to seek the best execution of trades for client accounts.

Clients are advised there is an incentive for Stonegate and its IARs to recommend a broker/dealer over another based on the products and services that will be received rather than the client's best interest.

#### **Aggregated (Block) Trading**

When Stonegate is placing transactions for your account at about the same time as for other client accounts, it may aggregate your transaction with the transactions for other clients. This provides each client with average pricing for the transaction, so that no client is disadvantaged by when their account is traded versus when another client's account is traded. If an aggregated order is only partially filled, Stonegate has procedures in place to ensure that no client is systematically disadvantaged through the allocation process. In instances when Stonegate is placing multiple client trades in the same security at approximately the same time, and the security is priced intra-day rather than end-of-day, Stonegate has procedures in place to rotate accounts to ensure that no single client is systematically disadvantaged by where their transaction is placed in the trading queue. Even so, in such cases because each transaction is placed separately, not all clients will pay or receive the same price for the security and the price you pay or receive may be higher or lower than that of other clients.

#### **Trade Errors**

Stonegate maintains a log of all trade errors and their resolution. Stonegate reimburses clients for trade errors resulting in losses and allows clients to retain gains.

#### **Item 13. Review of Accounts**

We typically meet with clients in person or by telephone at least annually, but may do so more frequently if needed. Stonegate IARs are generally available during office hours should clients have questions about their account or wish to provide updates on their information. The actual frequency of the review of your accounts will be determined by you and your advisor. These reviews are typically conducted by the Client's Stonegate IAR.

Investment Management Clients will receive monthly statements from TD Ameritrade and quarterly reports from Stonegate providing an overview of their account(s). Financial Planning Clients will receive a written financial plan from their IAR. Financial Consultation Clients may or may not receive written reports depending on services requested.

#### **Item 14. Client Referrals and Other Compensation**

##### **TD Ameritrade AdvisorDirect**

Stonegate may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Stonegate may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Stonegate and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Stonegate and has no responsibility for Stonegate's management of client portfolios or Stonegate's other advice or services. Stonegate pays TD Ameritrade an on-going fee for each





successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Stonegate ("Solicitation Fee"). Stonegate will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Stonegate from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Stonegate on the recommendation of such referred client. Stonegate will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form. Stonegate's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Stonegate may have an incentive to recommend to clients that the assets under management by Stonegate be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Stonegate has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Stonegate's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

Please see disclosures under Item 12 above regarding benefits Stonegate receives from TD Ameritrade.

#### **Other Solicitation Arrangements**

Stonegate may directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. Clients referred to our firm by a Solicitor, will receive a copy of this Disclosure Brochure along with the Solicitor's disclosure statement at the time of the referral. The Solicitor referring clients to our firm will receive a percentage of the clients' advisory fees paid to our firm for as long as they remain clients or until such time as our agreement with the Solicitor expires. Clients will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon clients entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm for advisory services. Persons referred to our firm by a Solicitor are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

#### **Other Compensation and Payments**

Stonegate IARs in their individual capacities as registered representatives or insurance agents, may from time to time receive incentive awards for the sale of securities and insurance products. Clients are advised that the receipt of these awards may affect their judgment in recommending securities and insurance products to clients.

#### **Item 15. Custody**

Except for the direct billing of account fees (as you authorize in writing), Stonegate does not have any arrangements by which it accepts or undertakes custody of your funds or securities. Your funds and securities are always held with a qualified custodian, such as TD Ameritrade, who will provide you with an account statement at least each calendar quarter. The account statement, which you should review carefully, shows the amount of Stonegate's management fees that are deducted from your account during the period covered by the statement.

#### **Item 16. Investment Discretion**





Stonegate generally requires clients to provide Stonegate with written authority to reallocate the client's portfolio on an ongoing basis without obtaining the client's specific consent prior to each transaction. This discretionary authorization is limited to the placing of transactions in the clients account.

**Item 17. Voting Client Securities**

Stonegate does not vote proxies for client-owned securities and will not take any action or provide any advice with respect to voting of proxies solicited by or with respect to the issuers of client-owned securities. Clients are responsible for voting all of their own proxies.

**Item 18. Financial Information**

Stonegate does not require or solicit the prepayment of any fees more than six months in advance of services rendered. Additionally, Stonegate does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.