

## **Item 1 – Cover Page**

**AMM Accounting Services, Inc.**  
**d/b/a Strategic Advisors of Illinois**  
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Northbrook, IL 60026  
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Date of Brochure: March 2012

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This brochure provides information about the qualifications and business practices of AMM Accounting Services, d/b/a Strategic Advisors of Illinois ("Strategic Advisors"). If you have any questions about the contents of this brochure, please contact Alan Morgan at 847-562-1300 or at [amorgan@stratadv.com](mailto:amorgan@stratadv.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 Strategic Advisors is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for our legal name AMM Accounting Services, Inc., for our business name Strategic Advisors, or for our firm CRD number **113906**.

\*Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Since our last annual update was filed in March 2011, the material changes to our disclosure brochure include the following:

- a) In August 2011, we revised this Disclosure Brochure to update the broker-dealer affiliation from Securities America, Inc. to LPL Financial. In August 2011, we also made substantive updates to Items 4, 5, 10, 12, 13, and 19.
- b) With our annual update Amendment in March 2012, we updated the reported amount of client assets under management. As of our last annual update in March 2011, we reported assets under management in the amount of \$89,891,548. In February 2012, we updated this disclosure brochure to report that for the fiscal year end of December 31, 2011, the amount of assets under management is \$35,009,148. Please refer to Item 4 – Advisory Business for more details.

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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#### Item 4 – Advisory Business

AMM Accounting Services, Inc. d/b/a Strategic Advisors is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”) and is a corporation formed under the laws of the State of Illinois.

- Alan Morgan is the President of Strategic Advisors. Elayne Morgan is the Vice President, Secretary, and Treasurer of Strategic Advisors. Alan Morgan and Elayne Morgan each own 50% of Strategic Advisors.
- AMM Accounting Services, Inc. d/b/a Strategic Advisors has been registered as an investment advisor since September 1998.

AMM Accounting Services, Inc. conducts investment advisory services under the business name Strategic Advisors of Illinois and additionally under the business name Strategic Investment Advisors, LLC. The associated persons of AMM Accounting Services, Inc. provide advisory services under the names and at the business locations as noted below:

Alan Morgan  
Stephen Hull  
Melissa Osuch

d/b/a Strategic Advisors of Illinois  
1707 Shermer Road, Suite 126  
Northbrook, IL 60062  
847-562-1300

#### General Description of Primary Advisory Services

The following are brief descriptions of Strategic Advisors’ primary advisory services. A more detailed description of Strategic Advisors’ services is provided in *Item 5 – Fees and Compensation* so that clients and prospective clients can review the description of services and description of fees in a side-by-side manner.

**Financial Planning Services** - Strategic Advisors provides advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client’s overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

**Asset Management Services** – We provide advisory services in the form of asset management services. Asset management services involve providing clients with continuous and on-going supervision over client accounts. This means we will continuously monitor a client’s account and make trades in client accounts when necessary. These services are provided through the Strategic Advisors Wealth Management Program, which is fully described in *Item 5 – Fees and Compensation*.

## Specialization

Strategic Advisors specializes in providing Pre-Retirement and Post-Retirement Services. In providing Pre-Retirement Services, we will provide advice regarding whether the client's portfolio is likely to provide sufficient cash flow over the client's life expectancy by interviewing the client and using cash flow models. We will recommend or make changes to the client's investments when appropriate. In providing Post Retirement Services, we will attentively monitor retirement assets and will recommend or make modifications to the client's portfolio as client circumstances change.

## Limits Advice to Certain Types of Investments

Strategic Advisors provides investment advice on the following types of investments:

- No-Load (i.e. no trading fee) and Load-Waived (i.e. trading fee waived) Mutual Fund Shares
- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Fixed income securities (i.e. bonds)
- Closed-End Funds and Exchange Traded Funds (ETFs)
- Foreign Issues
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- United States government securities
- Options contracts on securities
- Futures contracts on intangibles
- Interests in partnerships investing in real estate
- Commodity pools
- Real Estate Investment Trusts (REITs)

Strategic Advisors does not provide advice on options contracts on commodities, futures contracts on tangibles, interests in partnerships investing in oil and gas interests, or hedge funds and other types of private (i.e. non-registered) securities.

When providing asset management services, Strategic Advisors typically constructs each client's account holdings using mutual funds, variable annuities, REITs, equities, and bonds to build diversified portfolios. It is not Strategic Advisors' typical investment strategy to attempt to time the market but we may increase cash holdings modestly as deemed appropriate, based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations. *(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

### **Participation in Wrap Fee Programs**

Strategic Advisors offer services through both wrap-fee programs and non-wrap fee programs. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions. Whenever a fee charged to a client for services described in this brochure (whether wrap fee or non-wrap fee), Strategic Advisors will receive all or a portion of the fee charged.

### **Tailor Advisory Services to Individual Needs of Clients**

Strategic Advisors' services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with each client on a one-on-one basis through interviews and questionnaires to determine the client's investment objectives and suitability information.

### **Client Assets Managed by Strategic Advisors**

The amount of clients assets managed by Strategic Advisors totaled \$35,009,148 as of December 31, 2011. All of these assets are managed on a discretionary basis and no assets are managed on a non-discretionary basis.

### **Item 5 – Fees and Compensation**

In addition to the information provide in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's advisory services along with descriptions of each service's fees and compensation arrangements.

### **FINANCIAL PLANNING SERVICES**

Strategic Advisors provides financial planning services in the forms of comprehensive and segmented financial planning or consultations. The services described below are provided by all associated persons at all business locations unless otherwise noted.

Strategic Advisors offers financial planning services in the form of written plans to clients. Strategic Advisors may charge a fixed or an hourly fee for financial planning services. The hourly fee charged is up to \$500 per hour. The standard fixed fee generally ranges from \$750 to \$6,000. Fees are negotiable depending on the services to be provided, the time involved and the complexity of your financial situation. The amount of fees to be charged is determined and disclosed to you prior to executing the client agreement. In some instances, due to the complexity of the services to be provided, a retainer fee may be charged prior to beginning services. Any fees due in advance are disclosed to you prior to executing the client agreement.

In some instances, if you wish to implement the advice of Strategic Advisors through the firm's associated persons in their separate capacities as registered representatives and/or independent insurance agents, the associated persons may receive commissions for implementing such transactions. If commissions are earned, the associated persons may waive or reduce the amount of financial planning fees by all or a portion of the commissions earned. Any reduction to the financial planning fees will be determined and disclosed to you prior to implementation and at the discretion of the associated person based on the financial planning services provided, the time involved and the complexity of your financial situation.

In addition, if you contract for additional on-going services through Strategic Advisors (as described in this document), the associated persons may waive or reduce the financial planning fee as a result of additional fees being received by Strategic Advisors. Any adjustment to the financial planning fee is at the discretion of the associated persons and will be disclosed to you prior to services being provided.

Either party may terminate services at any time by providing written notice to the appropriate parties. Termination will be effective upon receipt of such notice. You have five business days from executing the client agreement to cancel with no penalty. After the initial five business days, any prepaid fees will be refunded on a prorated basis based on the amount of time expended by Strategic Advisors' associated persons. If fees are due upon completion of the services and you cancel prior to services being completed, you will be responsible for payment of fees based on the amount of time expended prior to receipt of notice of termination. The agreement for financial planning services is typically for a one-time plan or consultation service and terminates upon delivery of the services.

#### Seminars

Advisory representatives of AMM Accounting Services, Inc. may present informational and educational seminars on general financial and investment topics at no charge.

### **STRATEGIC ADVISORS WEALTH MANAGEMENT PROGRAM**

Strategic Advisors is the sponsor of the Strategic Advisors Wealth Management Program (SAWMP), a wrap-fee program developed through an arrangement using LPL Financial Corporation's (LPL) Strategic Wealth Management platform. Through SAWMP, Strategic Advisors provides investment advisory services, including providing continuous investment advice to you (the client) and making investments for you based on your specific needs, objectives, and risk tolerance. Through this service, we offer a customized and individualized investment program for you. We may invest your assets in mutual funds, exchange traded funds (ETFs), variable annuities, equities, bonds, and REITs. Asset allocation will be the underlying investment discipline for the SAWMP. For clients who have contracted for the SAWMP, we may additionally assist the client with the development of an Investment Policy and provide qualitative research on funds used in Strategic Advisors' portfolio construction. A specific asset allocation strategy and suitability profile is crafted to focus on your specific goals and objectives. The Investment Policy Statement defines your risk tolerance and investment objective. Your information should be updated regularly, but at a minimum every 2 years.

SAWMP accounts are established at LPL in its capacity as a registered broker/dealer, member FINRA/SIPC. LPL is also an investment advisor registered with the SEC, but does not serve as an investment advisor for our clients through the SAWMP. LPL provides clearing, custody and other brokerage services for accounts established through the SAWMP. Therefore, clients will be required to establish a brokerage account(s) through LPL's Strategic Wealth Management platform. Separate

accounts are maintained for each client. Each client retains all rights of ownership of their accounts (e.g., the right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

SAWMP accounts allow clients to authorize Strategic Advisors to purchase and sell investments for client's portfolio on a discretionary basis. Our discretion with respect to your account and the securities eligible to be purchased for your account may be limited according to parameters mutually agreed upon by you and Strategic Advisors.

During any month that there is activity in the SAWMP Program account, you receive a monthly account statement from LPL showing account activity as well as positions held in the account at month end. You will receive an account statement from LPL at least quarterly. Additionally, you receive a confirmation of each transaction that occurs within the SAWMP Program account unless the transaction is the result of a systematic purchase, redemption or exchange. You will also receive a detailed report showing performance, positions, and activity. All account data and statements are also available on-line through the account view portal through LPL.

The annual investment advisory fee charged will vary between 0.70% - 1.50% of the assets held in the account and is negotiable depending on the market value of the account, asset types, and trading activity. The exact fee for services will be agreed upon and disclosed in the agreement for services prior to services being provided.

You will not pay transaction charges associated with trade execution for trades that are placed in your SAWMP Account. Transactions costs are covered under the overall management fee charged by Strategic Advisors for SAWMP accounts.

The annual fee will be divided and payable quarterly in advance through a direct debit in the client account. LPL is responsible for calculating and debiting all fees from client accounts. Clients must provide with LPL written authorization to debit advisory fees from their accounts and pay such fees to Strategic Advisors. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of a quarter will be prorated based on the number of days remaining in the initial quarter.

Prior to engaging Strategic Advisors to provide investment management services, you will be required to enter into a formal investment advisory agreement with Strategic Advisors setting forth the terms and conditions, including the amount of investment advisory fees, under which we will manage your assets and a separate custodial/clearing agreement with LPL Financial.

You may incur certain charges imposed by third parties other than Strategic Advisors in connection with investments made through the account including, but not limited to, mutual fund expenses and management fees, IRA and qualified retirement plan fees. Management fees charged by Strategic Advisors are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security's prospectus.

Assets allocated to SAWMP may cost you more or less than if your assets were held in a traditional brokerage account. In a brokerage account, you are charged commissions for each transaction, and the account representative has no duty to provide ongoing advice with respect to the account. If you plan to follow a buy and hold investment strategy for your account or do not wish to purchase ongoing investment



advice or management services, you should consider opening a brokerage account rather than a SAWMP account.

Either party may terminate the agreement for services at any time. If services are terminated within five business days of executing the agreement, services will be terminated without penalty and a full refund of all fees paid in advance will be provided. If services are terminated after the initial five day period, Strategic Advisors will provide you with a prorated refund of fees paid in advance. The refund will be based on the number of days service was actually provided during the final billing period. Termination will be effective from the time the other party receives written notification or such other time as may be mutually agreed upon, subject to the settlement of transactions in progress and the final refund of advisory fees. There will be no penalty charge upon termination.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because Strategic Advisors does not charge or accept performance-based fees. Performance-based fees are fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

### **Item 7 – Types of Clients**

Strategic Advisors generally provides investment advice to the following types of clients:

- Individuals
- High-Net Worth Individuals
- Pension and profit sharing plans

### **No Minimum Investment Amounts Required**

There is no minimum account size to open a SAWMP account.

### **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

#### **Methods of Analysis**

Strategic Advisors uses the following method(s) of analysis in formulating investment advice:

Fundamental. This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

## **Investment Strategies**

Strategic Advisors uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Margin transactions. When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Strategic Advisors.

Option writing including covered options, uncovered options, or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

### **Use of Primary Method of Analysis or Strategy**

Strategic Advisors primarily uses fundamental analysis. Some of the risks involved with using fundamental analysis include market risk, company risks, and fixed income risks. These risks are described below.

Strategic Advisors' primary strategy involves frequent trading of securities. The frequent trading of securities may have a positive or negative impact on investment performance. Performance from active trading can be lowered due to an increase in transaction costs.

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be

exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- Interest Rate Risk – When investing in a bond fund, in a rising interest rate environment, the market value of bond funds will decline. Investors in bond funds will bear the risk that the market value of their bond funds will decline when interest rates rise.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

#### **Item 9 – Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our firm's or our management personnel's business or integrity.

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

Strategic Advisors is **not** and does **not** have a related company that is a (1) broker/dealer, municipal securities dealer, government securities dealer or broker, (2) investment company or other pooled

investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund), (3) other investment adviser or financial planner, (4) futures commission merchant, commodity pool operator, or commodity trading advisor, (5) banking or thrift institution, (6) lawyer or law firm, (7) insurance company or agency, (8) pension consultant, (9) real estate broker or dealer, or (10) sponsor or syndicator of limited partnerships.

### **Other Business Activities**

Strategic Advisors’ associated persons are engaged in professions other than giving investment advice.

### **Registered Representatives with LPL**

The Investment Adviser Representatives (“IARs”) associated with Strategic Advisors are also registered representatives with LPL Financial (“LPL”). When acting in this separate capacity, they may offer securities and receive normal and customary commissions as a result of securities transactions. This results in commissions being paid to the IAR in his capacity as a registered representative.

At the client’s option, the client may request that the IAR in the IAR’s separate capacity as a registered representative, render securities brokerage services under a commission arrangement. Under such an arrangement, the client may implement securities transactions through the IAR in the IAR’s respective individual capacity as a registered representative of LPL, a registered broker/dealer and member of the Financial Industry Regulatory Authority (“FINRA”). Brokerage commissions may be charged by LPL to effect these securities transactions and, thereafter, a portion of these commissions may be paid by LPL to the IAR as a registered representative of LPL. Prior to effecting any transactions, the client will be required to enter into a new account agreement with LPL. The brokerage commissions charged by LPL may be higher or lower than those charged by other broker/dealers. In addition, registered representatives may receive ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

Depending on the type of LPL account that is used to implement a financial plan, such compensation may include (but is not limited to) advisory program wrap fees; commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees; mutual fund 12b-1 fees; hedge fund managed futures, and variable annuity investor servicing fees; retirement plan fees; fees in connection with LPL’s insured deposit account program; administrative services fees for trust accounts; referral fees; and bonuses, awards or other things of value offered by LPL to Strategic Advisors.

Compensation to the IAR and LPL may be more or less depending on the products or services recommended. Therefore, our Firm may have a financial incentive to recommend that a financial plan be implemented using certain products or services.

The investment advisor representatives of Strategic Advisors may recommend securities or insurance products offered by LPL Financial (or through insurance firms), and will receive the normal commissions if products are purchased through them; thus a conflict of interest exists between the interests of the investment advisor representatives and those of Strategic Advisors’ clients. Clients are under no obligation to purchase products recommended by investment advisor representatives or to purchase products either through Strategic Advisors or LPL Financial.

## **Insurance Sales**

Alan Morgan, Stephen Hull, and Melissa Osuch are independently licensed to sell insurance products through various insurance companies. When acting in this capacity, they will receive commissions for selling these products.

## **Accounting & Tax Services**

In addition, Alan Morgan provides accounting services and tax planning and preparation services through AMM Accounting Services, Inc. Alan Morgan is also a 40% owner of MM&R. MM&R provides tax preparation services. Alan Morgan refers accounting and tax clients with more complicated tax returns to MM&R for tax preparation services. For clients referred to MM&R, the tax preparation services are provided by Malina and Radler. For individuals referred to MM&R, Alan Morgan may collect the client's data that is necessary to prepare the tax returns and forward that data to MM&R. Approximately 5% of Alan Morgan's workweek is spent on accounting activities. In some instances, clients requiring investment advisory services through AMM Accounting Services, Inc. may also be accounting or tax services clients of AMM Accounting Services, Inc. and/or MM&R.

Stephen Hull performs accounting and tax services through H & R Block. Clients are not under any obligation to use the accounting or tax services as a result of their investment advisory relationship.

During tax season, Stephen Hull spends up to 50% of his time working with tax clients through H&R Block. Over the normal course of the year, 10% of his time is spent on tax related business with the remaining amount of time split evenly between securities and investment advisory business.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each client. Strategic Advisors and its associated persons have a fiduciary duty to all clients. Strategic Advisors has established a Code of Ethics, which all associated persons are required to read and acknowledge. The acknowledgment statement includes an affirmation that the associated person understands and agrees to comply with the firm's Code of Ethics. Strategic Advisors and our associated persons' fiduciary duty to clients is considered the core underlying principle for our Code of Ethics and represents the expected basis for all associated persons' dealings with clients. Strategic Advisors has the responsibility to make sure that the interests of clients are placed ahead of its or its associated persons' own investment interests. All associated persons will conduct business in an honest, ethical and fair manner. All associated persons will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted. All associated persons have a responsibility to avoid circumstances that might negatively affect or appear to affect the associated persons' duty of complete loyalty to their clients. This section is only intended to provide current clients and potential clients with a description of Strategic Advisors' Code of Ethics. If current clients or potential clients wish to review the firm's Code of Ethics in

its entirety, a copy may be requested from any of our associated persons. A copy will be provided promptly.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

Strategic Advisors or its associated persons may buy or sell securities or have an interest or position in a security in their personal account which is the same as the securities they also recommend to clients. Strategic Advisors is and shall continue to be in compliance with *The Insider Trading and Securities Fraud Enforcement Act of 1988*. As these situations may represent a potential conflict of interest, it is a policy of Strategic Advisors that no associated persons shall prefer his or her own interest to that of the advisory client. No person employed by Strategic Advisors may purchase or sell any security prior to a transaction or transactions being implemented for an advisory account. Strategic Advisors shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with Strategic Advisors unless the information is also available to the investing public upon reasonable inquiry. Strategic Advisors maintains a list of all securities holdings for itself and all associated persons, which is reviewed on a regular basis by a principal of Strategic Advisors. This log is available for client review upon request.

### **Item 12 – Brokerage Practices**

Clients are under no obligation to act on the financial planning recommendations of Strategic Advisors. If Strategic Advisors assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible.

If you wish to implement advice from Strategic Advisors, you are free to select any broker you wish. If you are a financial planning client and wish to have associated persons of Strategic Advisors implement the advice in their separate capacity as registered representatives, LPL Financial will be used. The associated persons of Strategic Advisors are registered representatives of LPL and are required to use the services of LPL Financial when acting in this capacity. LPL Financial has a wide range of approved securities products for which it performs due diligence prior to selection. LPL Financial's registered representatives are required to adhere to these products when implementing securities transactions through LPL Financial. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer.

Because the associated persons of Strategic Advisors are also registered representatives of LPL Financial, LPL Financial provides compliance support to associated persons of Strategic Advisors. LPL Financial also provides our associated persons, and therefore our firm, with back-office operational, technology, and other administrative support.

If you wish to implement the advice of Strategic Advisors through the discretionary portfolio advisory service program described in this Brochure, LPL Financial will be used as the broker/dealer and/or custodian. LPL Financial will be the primary broker/dealer and custodian recommended due to the relationship that Strategic Advisors' associated persons have with LPL Financial. We recommend broker/dealers and custodians that we believe will provide services in a manner and at a cost that will allow us to meet our duty of best execution. However, we may be limited in the broker/dealer or custodians that we are allowed to use due to our associated persons' relationship with LPL Financial. LPL Financial may limit or restrict the broker/dealer or custodial platforms for its registered

representatives that are also independently licensed due to its duty to supervise the transactions implemented by these individuals.

While there is no direct linkage between the investment advice given to you and our recommendation of LPL Financial, economic benefits may be provided by LPL Financial to Strategic Advisors that will not be provided if you select another broker/dealer or account custodian. These benefits may include negotiated costs for transaction implementation, a dedicated trade desk that services LPL Financial participants exclusively, a dedicated service group and an account services manager dedicated to our accounts, access to a real-time order matching system, electronic download of trades, balances and position information, access, for a fee, to an electronic interface with the account custodian's software, duplicate and batched client statements, confirmations and year-end reports.

Strategic Advisors does not have any verbal or written agreements whereby it receives soft dollars from a broker/dealer firm. We do not pay for any research we receive from LPL Financial or any other broker/dealer. Our associated persons, in their separate capacities as registered representatives and/or independently licensed insurance agents, may be eligible to receive various incentives based on production levels. These incentives may include marketing reimbursements, educational conference trips or discounts on various software or investment-related research materials. We may also be provided with various newsletters or publications from financial services firms as a customary consideration.

Strategic Advisors from time to time may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

### **Handling Trade Errors**

Strategic Advisors has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of Strategic Advisors to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Clients will not be allowed to keep gains from any trade errors. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by Strategic Advisors if the error was caused by the firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for handling the trade error.

Strategic Advisors will never benefit or profit from trade errors.

### **Block Trading Policy**

Transactions implemented by Strategic Advisors for client accounts are generally effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when Strategic Advisors believes such action may prove advantageous to clients. When Strategic

Advisors aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among our firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When Strategic Advisors determines to aggregate client orders for the purchase or sale of securities, including securities in which Strategic Advisors may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, Strategic Advisors does not receive any additional compensation or remuneration as a result of aggregation.

### **Item 13 – Review of Accounts**

#### **Account Reviews and Reviewers**

For clients requesting financial planning services only, no on-going reviews are performed since services terminate upon presentation of the financial plan or consultation. Strategic Advisors recommends that clients have their financial situation reviewed at least annually. Clients may be required to execute a new contract and additional fees may be charged for additional reviews.

If clients choose to have on-going services provided through SAWMP, Strategic Advisors will review the account at least semi annually with the calendar being the triggering factor, unless changes in market conditions or the clients' financial situation trigger a more frequent review.

The investment advisor representatives will be responsible for reviewing their own client accounts.

#### **Statements and Reports**

Clients receive statements and/or confirmations from the investment company, broker/dealer, or custodian at which their account is maintained. In addition, Strategic Advisors will provide performance reports periodically for all clients requiring on-going services.

Clients participating in SAWMP will receive a performance report from Strategic Advisors at least annually.

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

Strategic Advisors does not directly or indirectly compensate any person for client referrals.

The only compensation received from advisory services is the fees charged for providing investment advisory services as described in Item 5 of this Disclosure Brochure. Strategic Advisors receives no other forms of compensation in connection with providing investment advice.

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.



Strategic Advisors is deemed to have custody of client funds and securities whenever Strategic Advisors is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Strategic Advisors will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Strategic Advisors is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Strategic Advisors. When clients have questions about their account statements, they should contact Strategic Advisors or the qualified custodian preparing the statement.

#### **Item 16 – Investment Discretion**

Through its asset management services and upon receiving written authorization from a client, Strategic Advisors will maintain trading authorization over client accounts. Upon receiving written authorization from the client, Strategic Advisors may implement trades on a **discretionary** basis. When discretionary authority is granted, Strategic Advisors will have the authority to determine the type of securities and the amount of securities that can be bought or sold for the client's portfolio without obtaining the client's consent for each transaction. However, it is the policy of Strategic Advisors to consult with the client prior to making significant changes in the account even when discretionary trading authority is granted by the client.

#### **Item 17 – Voting Client Securities**

Strategic Advisors and its associated persons will not perform proxy-voting services on your behalf. You will be solely responsible for all proxy voting decisions. You are instructed to read through the information provided with the proxy voting document and to make a determination based on the information provided. In some instances, upon request, the firm's associated persons may give limited clarifications based on their understanding of issues presented in the proxy voting materials.

#### **Item 18 – Financial Information**

This Item 18 is not applicable to this Disclosure Brochure. Strategic Advisors does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Strategic Advisors has not been the subject of a bankruptcy petition at any time.

#### **Item 19 -- CUSTOMER PRIVACY POLICY NOTICE**

Strategic Advisors is committed to safeguarding the confidential information of its clients. Strategic Advisors holds all personal information provided to it in the strictest confidence. Strategic Advisors' associated persons may also be registered representatives of LPL Financial, a registered broker/dealer

and investment adviser that is not affiliated with Strategic Advisors. Strategic Advisors may also have relationships with other nonaffiliated investment advisor firms, insurance companies, trust companies, custodians and other financial institution entities. Except as required or permitted by law, Strategic Advisors does not share confidential information about the client with nonaffiliated third parties. In the unlikely event there were to be a change in this fundamental policy that would permit additional disclosures of the client's confidential information, Strategic Advisors will provide written notice to the client, and the client will be given an opportunity to direct Strategic Advisors as to whether such disclosure is permissible.

#### AN IMPORTANT NOTICE CONCERNING OUR CUSTOMERS' PRIVACY.

**CUSTOMER INFORMATION COLLECTED.** Strategic Advisors collects and develops personal information about the client, and some of that information is nonpublic personal information (Customer Information). The essential purpose for collecting Customer Information is to provide and service the financial products and services the client obtains from Strategic Advisors. The categories of Customer Information collected by Strategic Advisors depend upon the scope of the engagement with Strategic Advisors and are generally described below. As an investment advisor, Strategic Advisors collects and develops Customer Information about the client in order to provide investment advisory services.

Customer Information collected includes:

- Information Strategic Advisors receives from the client on financial inventories through consultation with Strategic Advisors' associated persons. This Customer Information may include personal and household information, such as income, spending habits, investment objectives, financial goals, statements of account and other records concerning the client's financial condition and assets, together with information concerning employee benefits and retirement plan interests, wills, trusts, mortgages and tax returns.
- Information developed as part of financial plans, analyses or investment advisory services.
- Information concerning investment advisory account transactions, such as wrap account transactions.
- Information about the client's financial products and services transactions with Strategic Advisors.

**DATA SECURITY.** Strategic Advisors restricts access to Customer Information to those associated persons and employees who need the information to perform their job responsibilities within the firm. Strategic Advisors maintains agreements, as well as physical, electronic and procedural securities measures that comply with federal regulations to safeguard Customer Information about the client.

**USE AND DISCLOSURE OF CUSTOMER INFORMATION TO PROVIDE CUSTOMER SERVICE FOR CLIENT ACCOUNTS.** To administer, manage and service customer accounts, process transactions and provide related services for the client's account(s), it is necessary for Strategic Advisors to provide access to Customer Information within the firm and to nonaffiliated companies such as LPL Financial, other investment advisors, other broker/dealers, trust companies, custodians and insurance companies. Strategic Advisors may also provide Customer Information outside of the firm as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

**FORMER CLIENTS.** If the client closes an account with Strategic Advisors, Strategic Advisors will continue to operate in accordance with the principles stated in the Notice.

**REQUIREMENTS OF FEDERAL LAW.** In November of 1999, Congress enacted the *Gramm-Leach-Bliley Act* (GLBA). The GLBA requires certain financial institutions, including broker/dealers and investment advisors, to protect the privacy of Customer Information. To the extent a financial institution discloses Customer Information to nonaffiliated third parties other than as permitted or required by law,

customers must be given the opportunity and means to opt out (or prevent) such disclosure. Please note that Strategic Advisors does not disclose Customer Information to nonaffiliated third parties except as permitted or required by law (e. g., disclosures to service the client's account(s) or to respond to subpoenas).