



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

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**This brochure provides information about the qualifications and business practices of JSF Financial LLC. If you have any questions about the contents of this brochure, please contact us at 323-866-0833. 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. Registration does not imply a certain level of skill or training.**

**Additional information about JSF Financial LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 114025.**

## Item 2 Material Changes

This Firm Brochure, dated March 28, 2014, provides you with a summary of JSF Financial LLC's advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.
2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

Since the last update of our brochure on March 28, 2013, the following are the material changes to this brochure:

- Item 4, Advisory Business- JSF has changed the name of its Wrap Fee Program from the JSF SMA Program to the JSF Wrap Program.
- Item 4, Advisory Business- For investment management services, clients may only hire JSF on a discretionary basis.
- Item 4, Advisory Business- Under the section titled Manager Selection Programs, we have included information about our program with Lockwood Advisors, which is no longer offered to new clients.
- Item 5, Fees and Compensation- We have added additional detail about how fees are charged for clients who have an account held at a third party manager.
- Item 10, Other Financial Industry Activities and Affiliations- We have added detail regarding Mr. Jeff Fishman's affiliation with ALJ Capital Partners, LLC, a private fund sponsor.
- Item 14, Client Referrals and Other Compensation- We have added additional detail regarding indirect compensation received from various mutual fund companies.

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## **Item 4    Advisory Business**

JSF Financial LLC ("JSF") is a SEC-registered investment adviser with its principal place of business located in California. JSF began conducting business in 1996.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company):

Jeffrey S. Fishman, Managing Member  
Shari Fishman, Chief Compliance Officer

JSF offers the following advisory services to our clients:

### **INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT**

JSF provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment allocation strategy and create and manage a portfolio based on that strategy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, liquidity needs, and unique circumstances. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients hire JSF on a discretionary basis. We provide clients who hire JSF for discretionary investment management to allow JSF to have limited discretion to make buy and sell decisions on their behalf based on specific objectives or strategies established between JSF and the client. Discretionary authority is generally granted by the investment advisory agreement that the client signs with JSF.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities

- Options contracts on securities
- Interests in partnerships including but not limited to private equity, hedge funds and venture capital

Clients have the opportunity to place reasonable restrictions on the types of investments they wish to purchase. Clients must notify JSF promptly of any material change in financial circumstances or investment objectives which might affect the manner in which accounts should be invested.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

### **Wrap Fee Program**

JSF also sponsors a Wrap Fee Program, the JSF Wrap Program. A wrap fee program is one under which investment advisory and brokerage execution services are provided for a single "wrapped" fee that is not based on the transactions in a client's account. A description of our wrap program as well as the associated fee schedule can be found in Part 2A, Appendix 1.

## **INVESTMENT SUPERVISORY SERVICES MODEL PORTFOLIO MANAGEMENT**

Our firm provides portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal.

Model portfolios are designed to offer investment options that fit the desired risk profile and objectives of the client across the risk spectrum, ranging from 'Ultra-Conservative' to 'Aggressive (Growth-Bias).' The desired risk level is achieved by controlling the allocation to the various major asset classes - cash and cash equivalents, fixed income, equities, and alternatives - and the allocations to the various sub-asset classes within each of those asset classes. In addition, there are two more model portfolios for income-oriented investing; one tailored for taxable accounts and one tailored for non-taxable accounts.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Through personal discussions with the client in which the client's goals and objectives are established, we determine if the model portfolio is suitable to the client's circumstances. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities. Clients must notify JSF promptly of any material change in financial circumstances or investment objectives which might affect the manner in which accounts should be invested.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding the following securities:

- Mutual Fund shares
- Exchange Traded Funds

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
2. be reasonably available to consult with the client; and
3. maintain client suitability information in each client's file.

### **MANAGER SELECTION PROGRAMS**

We also offer advisory management services to our clients through the Third Party Manager Account Program (hereinafter, "Program"). Unlike a wrap fee account, discussed above, a client with a third party manager account will pay an advisory fee in addition to various transaction costs.

Our firm provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established. This asset allocation strategy is drafted into the client's recommended portfolio.

Based on the client's individual circumstances and needs, as exhibited in the client's recommended portfolio, we will then perform management searches of various registered investment advisers to identify which registered investment adviser's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected registered investment adviser. Clients should refer to the selected registered investment adviser's Firm Brochure or other disclosure document for a full description of the services offered. Clients may be required to sign an agreement with the recommended adviser. We are available to meet with clients on a regular basis, or as determined by the client, to review the account.

Once we determine the most suitable investment adviser(s) for the client, we provide the selected adviser(s) with the client's risk tolerance and investment objectives. The adviser(s) then creates and manages the client's portfolio based on the client's individual needs as exhibited in the recommended portfolio. For such arrangements, our fee shall be in addition

to the fees charged by the adviser. Fees may differ depending upon the individual agreements we have with each adviser.

We monitor the performance of the selected registered investment adviser(s). If we determine that a particular selected registered investment adviser(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's allocation, we will have the authority to hire and fire the adviser and reallocate client assets to other advisers as we deem appropriate.

### **Lockwood Managed Accounts Program**

JSF also has an agreement with Lockwood Advisors, Inc. This program is no longer offered to new clients. Similar to the direct Third Party Manager Account program described above, this program allows for assets to be managed by independent third parties on a discretionary basis. The Lockwood program offers traditional separately managed accounts offering more than 50 managers covering a variety of investment styles/options. JSF is not directly responsible for the specific investment decisions within a client's account inside the Lockwood Managed Accounts Program. Rather, JSF will assist the client with selecting from the list of managers within the Lockwood Program, who will then make the specific investment decisions for the account. When participating in the Program, clients pay a wrap fee, which, as previously described, is a fee that includes advisory, brokerage and custodial Services. JSF will retain a portion of this wrap fee for services provided. Since the cost of participating in this program may be more or less than the cost of participating in similar programs or the cost of paying for the services separately, clients should consider among other things, the amount of the Program fee, administrative costs as well as the services to be provided. Clients should refer to Lockwood Advisors, Inc. Firm Brochure or other disclosure document for a full description of the services offered.

If we determine that a particular selected manager in this Program is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's allocation, we will have the authority to hire and fire the adviser and reallocate client assets to other advisers as we deem appropriate. Clients must notify JSF promptly of any material change in financial circumstances or investment objectives which might affect the manner in which accounts should be invested.

## **FINANCIAL PLANNING**

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

**PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.

**TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.

**INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.

**INSURANCE:** We review existing policies to recommend proper coverage for life, health, disability, long-term care, liability, home and automobile.

**RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.

**MORTGAGE FINANCING:** We analyze the client's real estate financing needs and help them find the most appropriate and cost effective program.

**DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.

**ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid, mortgage refinancing and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning, insurance planning, mortgage planning and business planning.

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

Financial plans are based on the client's financial situation at the time we present the plan and on the financial information the client provides to our firm. Client must promptly notify JSF if his or her financial situation, goals, objectives, or needs change.

### **AMOUNT OF MANAGED ASSETS**

As of February 28, 2014 we were actively managing \$286,900,000 of clients' assets on a discretionary basis.

## Item 5 Fees and Compensation

### INVESTMENT SUPERVISORY SERVICES INDIVIDUAL AND MODEL PORTFOLIO MANAGEMENT FEES MANAGER SELECTION PROGRAM

The annualized fee for Investment Supervisory Services is charged as a percentage of assets under management, according to the following default schedule:

<u><b>Assets Under Management</b></u>	<u><b>Annual Fee</b></u>
On the first \$500,000 in assets	1.25%
On assets over \$500,000	1.00%

Based on the size of the client's account, the make-up of the client's portfolio, as well as the complexity of the client's financial situation, negotiable fee schedules may include the following arrangements:

1-	<u><b>Assets Under Management</b></u>	<u><b>Annual Fee</b></u>
	On assets up to \$3,000,000	1.00%
	On assets in excess of \$3,000,000 but less than \$5,000,000	.90%
	On assets equal to and in excess of \$5,000,000	.75%

2- A set asset based fee of a negotiated percentage

3- A pro-rated/tiered fee in respect of specific assets

A minimum of \$500,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. JSF may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

The initial fee will be based on the initial deposit into the client's account and will be prorated to the end of the calendar quarter. Thereafter, the fee will be payable quarterly in advance at the beginning of the quarter and is based on the market value of the account at the end of the previous quarter. We deduct the fees directly from a client's account, unless the client requests otherwise.

If an investment advisory agreement is terminated, the client will receive a pro rata refund representing the period of time from the date of termination until the end of the quarter. No refunds will be made due to a partial withdrawal of funds from the account by the client. JSF employs the services of a broker/dealer and platform managers to calculate invoice amounts as well as execute selected billing transactions.

**Limited Negotiability of Advisory Fees:** Although JSF has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management,

anticipated future additional assets, related accounts, portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

### **FINANCIAL PLANNING FEES**

JSF's Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client. JSF has no minimum net worth or account balance for financial planning services.

Our Financial Planning fees may be calculated and charged on a fixed fee basis, typically ranging from \$500 to \$75,000, depending on the specific arrangement reached with the client. The fee is an annual rate determined by the amount of estimated work and is negotiable. In order to continue past the first year, there is an annual retainer fee which ranges from \$500 to \$60,000, based upon the complexity of the plan as well as the ongoing work and maintenance that is agreed upon.

The client must initially pay 50% of the fee upon completion of our initial fact finding session with the client or alternatively may pay on an installment basis such as monthly or quarterly, if requested by the client. These requirements may be waived at the sole discretion of the advisor. However, we will never require prepayment of fees that will exceed \$1,200 for work that will not be completed within six months. JSF considers the fees for financial planning to be earned as progress is realized toward the creation of a plan or completion of a service. The remaining fees are payable as proportional amounts of work are completed.

Alternatively, our Financial Planning fees may be calculated and charged on an hourly basis at the following non-negotiable hourly rates:

Mr. Jeffrey Fishman	\$695/hour
Mr. Mordechai Fishman	\$545/hour
Mr. Olivier Cornet	\$395/hour
Mr. Zev Fried	\$295/hour
Mr. Don Peck	\$295/hour

Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship. Clients are billed on an ongoing basis as services are rendered.

### **Other Fees**

Management personnel and other related persons of our firm are licensed as registered representatives of a broker-dealer and/or licensed as insurance agents or brokers. In their separate capacity(ies), these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security or purchase a product which results in a commission being paid to the individuals. Clients are not under any obligation to engage these individuals when considering implementation of advisory

recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

## GENERAL INFORMATION

***Termination of the Advisory Relationship:*** The client may terminate the Agreement within five business days of entering the Agreement without penalty. After the five day period, a Client Agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period. Terminated accounts will be charged expenses incurred by JSF in the transfer or final disposition of the account.

If a client terminates his or her Financial Planning relationship with JSF and requests a refund of outstanding fees, client will incur a pro rata charge for services rendered prior to the termination of the Agreement.

***Mutual Fund Fees:*** All fees paid to JSF for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee ("12b-1 fee"). A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Third Party Manager Account Fees:*** Clients participating in the Third Party Manager Account programs, including the Lockwood Advisors Managed Account Program, may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent sub advisers as well as transaction costs. The total fees charge to you will vary from manager to manager. Under this program, the total negotiated fee is divided between JSF and the selected sub advisor. JSF and the sub advisor may each debit allocated fees directly from the client account. Alternatively, the sub advisor may debit the fees directly from the client account and may forward to JSF its negotiated portion of such total fees. The fee will be payable quarterly in advance at the beginning of the quarter and is based on the market value of the account at the end of the previous quarter.

In evaluating such an arrangement, the client should consider that, depending upon the level of the fee charged by the independent manager and broker-dealer, the amount of portfolio activity in the client's account, and other factors, the fees may or may not exceed the aggregate cost of such services if they were to be purchased from a different source. We will review with clients any separate program fees that may be charged to clients.

***Wrap Fee Programs:*** In a wrap fee arrangement, including the Lockwood Advisors Managed Account Program, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the advisor, the amount of portfolio

activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Certain persons providing investment advice on behalf of JSF are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to the client. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to a client for the purpose of generating commissions rather than solely based on the client's needs. However, a client is under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

***Grandfathering of Minimum Account and Advisory Fee Requirements:*** Pre-existing advisory clients are subject to JSF's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements and fee schedule will differ among clients.

***ERISA Accounts:*** JSF is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, JSF Financial LLC may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset JSF Financial LLC's advisory fees.

***Advisory Fees in General:*** Clients should note that similar advisory services and/or products may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

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

## Item 7 Types of Clients

JSF provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Trusts
- Pension and profit sharing plans (other than plan participants)
- Corporations, partnerships or other businesses not listed above

As previously disclosed in Item 5, Fees and Compensation, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past

performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Third-Party Money Manager Analysis.** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Quantitative Analysis.** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. These characteristics help shed light on the expected behavior of the security, and help the analyst determine potentially favorable trades. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Risks for all forms of Analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Trading.** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

**Margin transactions.** We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

**Open Orders.** We may place open orders to buy or sell securities that remain in effect until they are either canceled or executed. As market orders are filled instantaneously, open orders occur when we place price restrictions on their buy or sell transactions either for duration determined (Day, GTC) or until executed.

**Option writing.** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

## **RISK OF LOSS**

Securities investments are not guaranteed and you may lose money on your investments. We

ask that you work with us to help us understand your tolerance for risk. Investment recommendations and advice are not legal or accounting advice. Client should coordinate and discuss the impact of financial advice with their attorney and/or accountant. Client should inform JSF promptly with respect to any changes to client's financial situation and/or investment goals and objectives. Failure to notify JSF of any such changes could result in investment recommendations which do not meet the needs of the client.

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk**: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- **Market Risk**: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **Inflation Risk**: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

- **Currency Risk**: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

- **Reinvestment Risk**: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

- **Business Risk**: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk**: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- **Financial Risk**: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

### **Broker Dealer Licenses**

Associated persons of JSF are registered securities representatives of Mid Atlantic Capital Corporation, ("Mid Atlantic") a registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA"). JSF associates may recommend securities or variable insurance products offered by Mid Atlantic. Commissions are normally received for such purchases. Thus, a conflict exists between the interest of clients and the individuals recommending the products. However, clients are under no obligation to purchase recommended products, or to purchase products either from any associated person or through Mid Atlantic. Registered representatives of Mid Atlantic are compensated on the normal commission schedule.

### **Unaffiliated Investment Adviser**

Jeffrey Fishman, the Managing Member of our firm, is an advisory representative of Mid Atlantic Financial Management, Inc., a registered investment adviser. There are no referral arrangements between JSF and Mid Atlantic Financial Management, Inc. No JSF client is obligated to use the advisory services of Mid Atlantic Financial Management, Inc., as no Mid Atlantic Financial Management, Inc. advisory client is obligated to use our advisory services. Clients choosing to implement JSF's recommendations through Mid Atlantic Financial Management's advisory services should refer to Mid Atlantic Financial Management, Inc.'s Firm Brochure or other disclosure document for details regarding that firm's services and fees.

### **Affiliated Investment Adviser**

Jeffrey Fishman, the Managing Member of our firm, is a principal in ALJ Capital Management LLC, an affiliated registered investment adviser. ALJ Capital Management is an investment adviser to several private funds ("ALJ Funds"). Associated persons of JSF, including Mr. Fishman, may recommend the advisory services of ALJ Capital Management or ALJ Funds to qualified clients. JSF does not receive any referral fees upon referral of a client by a JSF associated person to ALJ Capital Management and clients are not charged any additional advisory fees by JSF for recommending ALJ Capital Management services or ALJ Funds. However, Jeffrey Fishman, through his affiliation with ALJ Capital Management, will receive management fees should a client choose to invest in a private investment fund that is managed by ALJ Capital Management. Therefore, conflicts of interests exist in making such recommendations to JSF clients.

Clients will receive a separate disclosure document that will detail all conflicts of interests between JSF and ALJ Capital Management at the time of the recommendation or introduction. Clients who chose to engage ALJ Capital Management or participate in one of their private investments funds will bear the separate fees associated with its services and private investment funds. All fees and conflicts of interests are fully disclosed in ALJ Capital Management's Disclosure Brochure and corresponding offering memorandum(s).

### **Unaffiliated Private Fund Sponsors**

Occasionally, JSF associates may introduce a JSF qualified client to one or more sponsors of private investment funds or venture capital funds. It is possible that a private investment fund

recommended to the JSF client could be invested in a private fund sponsored by ALJ Capital Partners, LLC (see disclosure below) and/or managed by ALJ Capital Management. If such conflict exists, the JSF associated person will disclose this fact at the time of the introduction.

JSF does not directly receive any compensation for such introductions by any private investment fund, although Jeffrey Fishman, through his affiliation with ALJ Capital Management, will receive management and performance fees should that private investment fund be invested in a fund managed by ALJ Capital Management.

### **Affiliated Private Fund Sponsors**

Jeffrey Fishman is member of ALJ Capital Partners, LLC, which serves as the general partner of the ALJ Funds, described above. JSF associated persons may refer to its qualified clients an opportunity to invest in private investment partnerships or investment limited liability companies including the Funds for which ALJ Capital Partners is a general partner. Each offeree receives a copy of the offering documents, which disclose the relationship between JSF and the investment partnership or company. JSF does not receive any referral fees upon referral of the client by JSF, although Jeffrey Fishman, through his affiliation with ALJ Capital Partners, will receive performance fees should the client invest in a fund of which ALJ Capital Partners is the general partner. Clients who invest in the Fund are not charged any additional advisory fees other than the advisory fee allocated to the limited partners of the Fund.

### **Insurance Licenses**

Jeffrey Fishman is the Founder and President of Fishman Capital Corporation, a company engaged in the business of selling fixed annuities, life, and disability insurance. Clients are under no obligation to act upon the recommendations of Mr. Fishman and, if they do so, they are under no obligation to implement any such recommendations through Fishman Capital. If a client decides to buy insurance through Fishman Capital, the client will pay the normal fees and expenses associated with the insurance products. Mr. Fishman will receive compensation in connection with those transactions. Fishman Capital does not assess an investment advisory fee for advice regarding insurance, but does have a conflict of interest when providing insurance-related advice, since Mr. Fishman has a financial incentive to recommend insurance products over other forms of investment vehicles.

As disclosed in Item 5, Fees and Compensation, certain associated persons of JSF are licensed as independent insurance agents. Clients can choose to engage these persons, in their individual capacities to effect insurance transactions on a commission basis. The recommendations made by a JSF representative that a client purchase an insurance product presents a conflict of interest as the receipt of commissions may provide an incentive to recommend various insurance products based on the commissions. No JSF client is under any obligation to purchase any commission products from any JSF representative. Clients may purchase insurance products through any other licensed insurance agent.

As required, any affiliated investment advisers are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

Clients should be aware that the receipt of additional compensation by JSF and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. JSF

endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

JSF and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

JSF's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest

of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that our employees with trading access may only purchase or sell a security that JSF trades in for its clients after trading of that security has been completed in client accounts for that trading day. Employees with trading access must obtain prior approval for any purchases and sales of closed end funds, individual stocks and options on individual stocks.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as securities representatives of a broker-dealer, investment adviser representatives of another registered investment adviser, and/or licensed as an insurance agent/broker of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

A copy of our Code of Ethics is available to our advisory clients and prospective clients upon request by calling us at 323-866-0833.

## **Item 12 Brokerage Practices**

JSF determines the broker through whom securities transactions are to be effected and the custodian used to custody client funds. As a general policy, JSF does not permit clients to direct brokerage. Generally, JSF managed accounts are custodied at either National Financial Services ("NFS") or Fidelity Institutional Wealth Services, a division of Fidelity Brokerage Services, Inc. ("Fidelity"), registered broker dealer, Member SIPC. As discussed in Item 10 above, JSF is associated with Mid Atlantic Capital Corporation, a registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA"). For those accounts custodied at NFS, all trades for those accounts will be placed through Mid Atlantic. Mid Atlantic uses the services of NFS for custody and clearing. For those accounts custodied at Fidelity, trades will be placed directly through Fidelity brokerage services. Except as provided for in any applicable wrap fee program or third party manager agreement, brokerage commissions and/or transaction fees charged by NFS or Fidelity are exclusive of and in addition to JSF's fees. JSF considers several factors in using the services of the above listed broker dealer and custodians. Factors that JSF may consider include, but are not limited to, ease of use, reputation, service execution, pricing and financial strength and other services which will help JSF in providing investment management services to clients. JSF may also take into consideration the availability of the products and services received or offered, detailed below. We do not allow our clients to direct that we use a specified broker dealer for their transactions.

### **Other Soft Dollar Benefits**

JSF does not have any formal contractual Soft Dollar arrangements with the brokers that are used in connection with client trades. However, Mid Atlantic, NFS and Fidelity make available to us other products and services that may benefit JSF but may not directly benefit our clients' accounts. These types of services will help us in managing and administering client accounts,

thereby serving the best interest of our clients, but also benefitting us. These include software and other technology that provide access to client account data (i.e. trade confirmations and account statements); facilitate trade executions; provide research, pricing information, and other market data; facilitate in the payment of our fees from clients' accounts; and assist with back office functions, record keeping, and client reporting. Many of these services may be used to service all or a substantial number of our accounts. We place trades for our clients' accounts subject to our duty to seek best execution and other fiduciary duties. Mid Atlantic, NFS and Fidelity may provide other benefits such as client appreciation and educational events, conferences on practice management, regulatory compliance, information technology, and business success. Mid Atlantic, NFS and Fidelity may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to JSF. As part of our fiduciary duty to clients, JSF endeavors at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by JSF or our related persons in and of itself creates a potential conflict of interest and may indirectly influence JSF's recommendation of Mid Atlantic, NFS and Fidelity for custody and brokerage services.

As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of Mid Atlantic, NFS and Fidelity's services. We examined this potential conflict of interest when we chose to enter into these relationships and have determined that these relationships are in the best interests of JSF's clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while JSF will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. JSF is not affiliated with either Mid Atlantic, NFS or Fidelity.

### **Order Aggregation**

JSF will aggregate trades where possible and when advantageous to clients. Aggregating trades may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Generally clients will receive the average share price of all orders executed to fill the aggregated order. Individual transaction fees and commissions will not be affected. The client will incur the same transaction fee or commission charge regardless if the order was aggregated or executed individually. We will attempt to aggregate orders when it is determined it is prudent to place orders for the same security, at the same time, in one or more client accounts.

If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to

avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.

## **Item 13    Review of Accounts**

### **INVESTMENT SUPERVISORY SERVICES INDIVIDUAL AND MODEL PORTFOLIO MANAGEMENT**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

Reviewers include various investment advisors and supervised persons including:

- Jeffrey Fishman, Managing Member of JSF and Investment Advisor Representative
- Mordechai Fishman, Investment Advisor Representative
- Olivier Cornet, Investment Advisor Representative
- Zev Fried, Investment Advisor Representative
- Yigal Newman, Chief Investment Officer
- Boris Gertsen, Director of Trading
- Boris Geyzer, Portfolio Analyst
- Sea Santoyo, Junior Portfolio Analyst

**REPORTS:** In addition to the monthly or quarterly statements and confirmations of transactions that Portfolio Management Services clients receive from their custodian, JSF will generally provide reports at least annually summarizing account performance, balances and holdings.

### **SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS**

**REVIEWS:** These client accounts should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered investment adviser.

JSF will provide reviews as contracted for at the inception of the advisory relationship.

Reviewers include various investment advisors and supervised persons including:

- Jeffrey Fishman, Managing Member of JSF and Investment Advisor Representative
- Mordechai Fishman, Investment Advisor Representative
- Olivier Cornet, Investment Advisor Representative
- Zev Fried, Investment Advisor Representative
- Yigal Newman, Chief Investment Officer
- Boris Gertsen, Director of Trading
- Boris Geyzer, Portfolio Analyst
- Sean Santoyo, Junior Portfolio Analyst

**REPORTS:** These clients should refer to the independent registered investment adviser's

Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that independent registered investment adviser.

In addition to the monthly or quarterly statements and confirmations of transactions that Third Party Manager clients receive from the manager and/or custodian, JSF will generally provide reports at least annually summarizing account performance, balances and holdings.

### **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

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

It is JSF's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

Periodically, representatives from mutual fund companies which represent funds with whom we place trades for our clients will sponsor client educational seminars and /or meals for our firm personnel. In addition, these individuals, as a result of holding securities licenses as registered representatives of a broker-dealer (previously disclosed in Item 10), may participate in broker-dealer sponsored events.

While we endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving these incentives creates a conflict of interest, and may affect the judgment of these individuals when making recommendations. We address this conflict by reviewing recommendations made to our clients to determine that all recommendations are consistent with the best interests of our clients and make all appropriate disclosure about these conflicts of interest to our clients.

## **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

## **Indirect Custody**

A hedge fund manager acting as the general partner to a limited partnership or as the managing member to a limited liability company is deemed to have custody and therefore must comply with the custody rule pursuant to Rule 206(4)-2 under the Advisers Act. Jeffrey Fishman has a controlling interest in ALJ Capital Management as well as ALJ Capital Partners, the general partner to the private funds managed by ALJ Capital Management. By having a controlling interest in the general partner, Jeffrey Fishman has access to client funds in the ALJ accounts. Since Jeffrey Fishman is also a supervised person of JSF, JSF is deemed to have custody of those client assets which are invested in the ALJ private funds. Due to the fact that JSF is deemed to have custody through its affiliation with ALJ Capital Management, it will ensure that ALJ Capital adheres to the applicable requirements of the custody rule with respect to its private funds. All fund securities are to be held by a qualified custodian. Additionally, ALJ will obtain audited financial statements prepared according to GAAP principles within 90 days of the fiscal year end and distribute those audited financial statements to all investors within 120 days of the fiscal year end. Documentation of such will be maintained by ALJ Capital Management and JSF.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## **Item 18   Financial Information**

JSF has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

JSF has not been the subject of a bankruptcy petition at any time during the past ten years.