

# DISCLOSURE BROCHURE

PREPARED IN COMPLIANCE WITH  
THE INVESTMENT ADVISERS ACT OF 1940 RULE 204-3(A)

IARD/CRD #: 114383



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*Registered Investment Advisor*

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This Disclosure Brochure provides information about the qualifications and business practices of CPA Group Investment Management, LLC, which should be considered before becoming a client. Please contact Mr. Mark Gusmus, CPA/PFS if you have any questions about the contents of this brochure.

The information contained in this Disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Administrator.

BROCHURE  
DATED

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JANUARY  
2011

# T A B L E

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## Material Changes

This Disclosure Brochure has been revised and updated to reflect all material changes that occurred in calendar year 2010.

# EXECUTIVE

## s u m m a r y

### BUSINESS FOCUS

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CPA Group Investment Management, LLC, hereinafter referred to as “the Company”, is a “fee-only” registered investment advisor<sup>1</sup> that is engaged in the business of providing investment management and counsel through the development of personalized investment strategies. Such strategies are directed to individuals and their families, fiduciaries, pension plans, corporations and small businesses that desire objective investment advice tailored to suit their individual goals and objectives.

### MISSION STATEMENT

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The Company’s mission is to assist clients in reaching their financial goals by following an investment strategy that begins with a review of the client’s goals, assets, time horizons and risk tolerance then developing an investment policy specifically for the client. This policy is designed to provide the client the best return with the least possible risk.

In accomplishing this objective, the Company will: (i) author financial plans; (ii) develop tailored investment solutions; (iii) implement the designed investment approach or use a pre-selected group of quality third-party money managers (“Portfolio Manager”) to perform such function; and, (iv) monitor the investment performance of such management strategies and/or Portfolio Managers.

### PREPARATION & DEVELOPMENT OF INVESTMENT PARAMETERS

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The Company will meet with new clients in pre-advisory consultations to gain better insight into their individual needs and objectives. Through these consultations, the Company will begin its evaluation of the client’s investment personality by discussing issues, such as, the client’s risk tolerances, liquidity needs, return expectations, economic outlook, prior investment experience, goals and objectives, and a preferred approach for meeting such goals and objectives.

These pre-advisory consultations, along with profile questionnaires<sup>2</sup> that the Company will have the client complete, help define for the Company the client’s investment parameters. Once defined, the investment parameters lead to the development of a tailored investment strategy. However, if the client has difficulty defining their investment parameters or does not truly have a

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<sup>1</sup> The term “Registered Investment Advisor” is not intended to imply that CPA Group Investment Management, LLC has attained a certain level of skill or training. It is used strictly to reference the fact that the Company is “Registered” as an “Investment Advisor” with Florida Department of Financial Services – and with such other State Regulatory Agencies that may have regulatory jurisdiction over their business practices.

<sup>2</sup> The profile questionnaires used by the Company are important tools in gathering information about the client’s investment methodology, risk tolerance, income/tax bracket, liquidity, time horizons, etc... If the client elects not to answer the questionnaires or chooses to respond with limited input, the Company will operate in a handicapped capacity. Therefore, if the client desires the most effective and accurate recommendations regarding their managed accounts, they will make every effort to provide the Company with detailed personal needs and objectives, along with detailed financial and tax information.





grasp of his or her overall personal finances, a financial plan<sup>3</sup> may be suggested to the client before proceeding with any investment management services.

Successful investment management can be difficult to achieve if the client cannot project a clear picture of their investment parameters; and with today's global markets this can be very critical. The pre-advisory consultations, profile questionnaires and, if necessary, a financial plan, help the Company eliminate much of the guesswork in achieving financial security and independence the client desires by simplifying these financial alternatives. For the client, such quality time invested by the Company on the front-end solves problems, eliminates future concerns and cultivates peace of mind. In addition, front-end investment planning helps:

- ❖ Define and narrow objectives and investment options;
- ❖ Stimulate creative thinking;
- ❖ Identify areas of greatest distress;
- ❖ Ease concerns about the future;
- ❖ Create a unique picture of the client's overall financial personality; and,
- ❖ Provide an effective and efficient way for the Company to address each client's unique financial needs and objectives.

Whether or not a client elects to initiate a financial plan, the Company will prepare an Investment Policy Statement. This Investment Policy Statement will serve the Company in managing a client's account(s), and assist in selecting Portfolio Managers, if applicable, that have similar investment parameters and objectives to those of the client. In addition the Investment Policy Statement will be used as a guideline and as a standard against which to measure future results and to make modifications where necessary.

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<sup>3</sup> Some aspects of the coordinated financial plan may be preformed by Tipton, Marler, Garner & Chastain, PA, a CPA firm, which is a sister company to CPA Group Investment Management, LLC. Clients are advised to thoroughly review the "Potential Conflicts of Interest" section of this Brochure Document before pursuing any investment related activities.

# INVESTMENT

## s e r v i c e

The Company provides investment management services on a discretionary and non-discretionary basis for respective clients by structuring tailored investment solutions designed to achieve positive long-term investment results.

Based on the Investment Policy Statement developed from the pre-advisory consultations, profile questionnaires and financial plans, a tailored investment strategy will be presented. Such investment strategies include: (i) directly managing client assets for wealth accumulation and capital preservation; and/or, (ii) matching the particular needs of the client with a pre-selected group of quality third-party money managers ("Portfolio Manager") for the provision of investment management and asset allocation.

Investment services are offered to clients under separate management arrangements depending on their investment needs and qualifications. The Company's investment services are described along with their fee schedule, management requirements, and refund and termination provisions as follows:

## MANAGED ACCOUNTS

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The Company's basic approach to investing is known as "asset allocation." This disciplined approach focuses primarily on wealth accumulation and capital preservation with long-term investment strategies requiring a minimum of a five (5) to ten (10) year time horizon. In addition, the asset allocation model used by the Company is based on five (5) premises, derived from "Modern Portfolio Theory," which advocates that investment risk can be measured and therefore, managed by proper diversification.

- ❖ Clients are inherently risk-averse.
- ❖ The markets are basically efficient.
- ❖ The focus of attention is shifted away from individual securities analysis to consideration of portfolios as a whole, predicated on explicit risk-reward parameters.
- ❖ For any level of risk that the client is willing to accept, there is a rate of return that should be achieved.
- ❖ Portfolio diversification is not so much a function of how many issues are involved, but more a function of the relationships and proportions of each asset to its correlating asset.

Therefore, the Company's asset allocation models are disciplined and risk-averse. Investment positions in client portfolios are diversified into several different asset classes and into different investment styles within these asset classes. Proper diversification in the asset allocation models reduces volatility in a portfolio because some asset classes react differently than others to the same circumstances and events. This produces the greatest return with the least amount of risk. Each client's asset allocation is unique and is based on their individual needs, goals and objectives.





A typical portfolio generally will utilize passively managed mutual funds and other actively managed mutual funds to fulfill the asset mix designed for the client. The Company may also use the following investment vehicles to achieve this objective: stocks, bonds, mutual funds, and closed-end funds.

## FEE STRUCTURE FOR MANAGED ACCOUNTS

The standardized fee structure below presents the annual percentage charged for portfolio management provided on an asset-based fee arrangement. The fee schedule is as follows:

MANAGED ACCOUNT FEE SCHEDULE ACCOUNT BALANCE*	ANNUAL FEE RATES†
\$100,000 - \$200,000 .....	1.50%
\$200,001 - \$300,000 .....	1.25%
\$300,001 - \$500,000 .....	1.10%
\$500,001 - \$1,000,000 .....	1.00%
\$1,000,000 and up .....	0.95%

\* The Company requires a minimum initial investment of \$100,000.00 to open any managed account. However, this minimum may be waived under certain circumstances.

† The Company retains discretion to modify the above fee structure depending on the size, complexity, and nature of the portfolio managed. The fees may be negotiable on a client-to-client basis.

## BILLING

Each client's account is billed quarterly in advance. The fee for a quarter is one fourth of the annual applicable percentage multiplied by the aggregate market value of the assets in the account on the last business day of previous calendar quarter. For the first billing quarter, if an account is not opened at the beginning/end of a quarter, the fee will be based upon a pro-rata calculation of the aggregate market value of the client's assets under management.

Additional assets deposited into a client's account during the quarter may result in adjustments by the Company to a client's bill. A pro-rata fee based upon the number of days remaining in the current quarterly period will be assessed to the client. No fee adjustment will be made for partial withdrawals within a billing period.

## FEE EXCLUSIONS

The above fees for all our management services are exclusive of any charges imposed by the custodial firm, such as: (i) any Exchange/SEC fees; (ii) service or account charges, including, debit balances or postage/handling fees; and/or, (iii) commissions earned by the custodial firm for securities transactions.

In addition, all fees paid to us for management services are separate from any fees and expenses charged to shareholders of mutual fund shares by the investment company or by the investment advisor managing the mutual fund portfolios. These expenses generally include management fees and various fund expense, such as: 12b-1 fees and contingent deferred sales charges. A complete explanation of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. Clients are encouraged to carefully read the fund prospectus.



## PORTFOLIO MONITORING SERVICES

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Portfolio monitoring services focus on matching the particular needs of the client, as outlined in the Investment Policy Statement, with the investment performance and predefined objectives of the Portfolio Manager for the provision of investment management services. Under such arrangement, the Company would not directly manage client assets; but rather, monitor the performance of the Portfolio Manager(s) to whom client's investment accounts may be referred.

### PORTFOLIO DEVELOPMENT AND MONITORING SERVICES

The Company will make available to the client a selected group of Portfolio Managers that fit the client's investment objectives. Once the client has selected a Portfolio Manager(s), the Portfolio Manager(s), under the Company's direction, will then implement the investment management services in accordance with the Investment Policy Statement. The Portfolio Manager(s) may have little or no direct client contact, relying instead on pre-qualification by the Company through the Investment Policy Statement. The Company will perform such qualifying analysis together with performing certain professional, administrative and clerical duties prior to selection and opening accounts with a particular Portfolio Manager. Once the account has been established, the Company will continue to monitor the Portfolio Manager and provide the client with periodic updates of their performance.

### FEE STRUCTURE FOR PORTFOLIO MONITORING SERVICES

The Portfolio Managers who will be used to manage client's accounts will disclose their fee structure for management services in their Disclosure Brochure (the Portfolio Manager's Schedule H and/or ADV Part II), which the Company will provide the client prior to opening an account. Such fees charged to the client's account will include: (i) the Portfolio Managers management fee; (ii) the consulting fee charged by the Company; and, (iii) trading commissions and/or account charges that may be imposed by the custodian or broker/dealer used to custody the accounts. The Portfolio Managers' Disclosure Brochure contains all pertinent disclosures relating to their management services and the fee structure for such services – the client is encouraged to carefully review these disclosures.

## TERMINATION PROVISIONS

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Clients have five (5) full business days after entering into an Investment Advisory Agreement in which to cancel our investment services and not incur any costs. Thereafter, should the client wish to terminate investment services on a day other than the last day of a calendar quarter, the Company and/or Portfolio Manager(s) shall be paid fees due through the date of termination and any balance of the advisory fee shall be refunded on a pro-rata basis.

To terminate our investment services a written notice should be submitted at least 30 days prior to the actual termination date, which provides clear instruction on what the client wants done with their account (i.e., liquidate the account, finalize all transactions and/or cease all investment activity). Once the termination notice has been received and we have implemented the final instructions from the client, we are no longer responsible for the management of client assets. From the date that the termination goes into effect, the client becomes responsibility to make their own investment decisions.

# FINANCIAL

## planning

Should the initial one-on-one consultation reveal the need for financial planning, the Company can provide such services for respective clients depending on their needs and/or desires.

Financial planning is an evaluation of the investing and financial options available to a client based upon their defined economic criteria. Planning includes: (i) attempting to make optimal decisions; (ii) projecting the consequences of these decisions for the client in the form of a financial plan – a working blueprint; (iii) implementing the protocol to achieve the objectives of the plan; and then, (iv) comparing future performance against the working blueprint.

A financial plan can be coordinated – a mutually defined review of your personal financial life needs – or targeted – a review, analysis and evaluation of a core area of financial need. In general, financial planning encompass one or more of the following areas of concern:

- ❖ **Personal:** Family records, budgeting, personal liability, estate information and financial goals.
- ❖ **Education:** Education IRAs, financial aid, state savings plans, grants and general assistance in preparing to meet dependents continuing educational needs through development of an education plan.
- ❖ **Taxes & Cash Flow:** Income tax and spending analysis for current and future years. The Company will illustrate the impact of various investments on client's current income tax and future tax liability.
- ❖ **Death & Disability:** Cash needs at death, income need of surviving dependents, estate planning and income analysis.
- ❖ **Estate:** Living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid, and elder law.
- ❖ **Retirement:** Analysis of current strategies and investment plans to help clients achieve their retirement goals.
- ❖ **Investments:** Analysis of investment alternatives and their effect on client's portfolio(s).
- ❖ **Insurance:** Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

## PREPARING THE FINANCIAL PLAN

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The Company prepares the financial plan in four phases. These phases are defined as follows:

### PHASE I – DETAIL EVALUATION

Through the detail evaluation process, the Company learns about the client and what the client wants to achieve. This is accomplished through personal interviews and questionnaires, which are designed to address all of the financial planning disciplines discussed above. The Company approaches the process assuming that the engagement will be coordinated, in order to ensure that the client is aware of all the aspects discussed in the financial planning





process. The client has the opportunity to prioritize their objectives and to remove from the process any areas that are not applicable to their circumstances. After completion of the interviews and questionnaires, the Company prepares an agenda and conducts a meeting with the client to begin formally documenting their goals and objectives. After this meeting, the Company drafts a report documenting the financial planning process disciplines the client wishes to address, and detailing the specific objectives under each discipline. Redrafting and meeting can be repeated until the client is completely satisfied with the report. This report is the basis for the three subsequent phases, helping to ensure the appropriateness and relevance of the remainder of the planning process.

## PHASE II — INTEGRATED SOLUTIONS

Once the client's objectives have been documented, the Company works with the client to gather the relevant financial information needed to proceed with the planning process. Information requested could include insurance policies, spending history, investment statements, pay stubs, details on other assets, details on other liabilities, etc... Depending upon the engagement, different levels of financial reporting will be undertaken. At a minimum, a statement of financial position, designed for financial planning use only, will be prepared. The statement of financial position and a written summary of the relevant aspects of any other financial information, e.g., a summary of homeowner's insurance coverage, is the end result of this phase. Now that the first two phases are complete, the Company, knowing what the client wants to accomplish and what the client's financial realities are, is in a position to prepare an actual financial plan.

## PHASE III — PERSONAL ACTION PLAN

The Company defines the financial plan itself as a road map designed to take the client from where they currently are financially, to where they want to be financially. This is the creative portion of the process. There are usually many different ways to accomplish a given goal. The objective, however, is to formulate a plan that the client will be comfortable executing. In some cases, the drafting of the plan reveals the need for the Company to help the client reconcile the gap between their expectations and their financial realities. Once a viable plan has been drafted, it is presented to and reviewed with the client. The draft and review process is repeated until the client is satisfied with the financial plan.

## PHASE IV— TARGETED REVIEWS

A financial plan is of limited value if it is not put into action. Accordingly, the Company places a premium on implementation and monitoring of the plan. The implementation schedule provides the client with a list of tasks and deadlines designed to ensure that the plan is put into action. The following are some examples of implementation: (i) drafting of appropriate estate documents (performed by an estate attorney); (ii) purchase of various insurance policies; (iii) investment advisory services, including preparation of a Investment Policy Statement and asset allocation strategy (performed by the Company, or another investment adviser/broker-dealer of the client's choice); (iv) adoption and monitoring of a personal budget; and, (v) ongoing income tax planning. The Company strongly suggests that the overall financial plan be reviewed on not less than an annual basis. Investment advisory services are performed in accordance with the disclosures contained under "Investment Services" above. NOTE: All information provided by and to the client will be kept entirely confidential. Such information will be disclosed to third parties only with mutual written consent or as may be permitted by law.



## FINANCIAL PLANNING FEES

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The Company's financial planning fees will be based on the size, complexity, and nature of each client's personal and financial situation and the amount of time it will take to analyze and summarize the plan.

### COORDINATED FINANCIAL PLANNING FEES

All financial planning fees will be fully disclosed up-front in a Financial Planning Agreement ("Agreement"), which will include an estimate of the cost to review the client's financial information and prepare the coordinated financial plan. The fee will generally not exceed the written estimate provided in the Agreement and one-half the fee is due at the time the Agreement is signed. Financial planning services are based on an hourly rate not to exceed \$250.00 per hour and will be projected in the Agreement as a fixed fee that typically starts at \$2,500.00 for a coordinated financial plan.

### HOURLY CONSULTATIONS

The Company's hourly consultations target for review and analysis core areas of financial need for a client. The time it will take to analyze and summarize the client's finances will have a profound impact on the cost to complete the consultation. Hourly consultations will be billed at a rate not to exceed \$250.00 per hour, and any clerical fees will not exceed \$90.00 per hour. All fees will be completely itemized in a monthly billing statement to the client, or as otherwise predetermined in a proposal, engagement letter and/or by retainer.

## TERMINATION PROVISIONS FOR FINANCIAL PLANNING

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### COORDINATED FINANCIAL PLANNING TERMINATION

Clients have five (5) full business days to terminate the Agreement. Should a client wish to terminate the Agreement after such time period and before presentation of the financial plan, the Company will be compensated through the date of termination for time spent in design of the financial plan at the hourly rate agreed to by both parties in the Agreement. After the financial plan has been completed and presented to the client, termination of the Agreement is no longer an option.

### TERMINATION FOR HOURLY CONSULTATIONS

Hourly Consultations can be terminated at any time. The Company will bill the client for any services rendered from the date of the last bill up to the date of termination at the agreed upon hourly rate.

# Q U A L I F I C A T I O N S

## r e s p o n s i b i l i t i e s

### BUSINESS QUALIFICATIONS

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The partners and officers of the Company have over 100 years of combined experience providing innovative and result-oriented financial and tax services. The following Advisory Committee members are responsible for the leadership and direction of the Company, as well as, ensuring the investment activities are being performed to the expectations of the clients. Their qualifications and experience are listed below:

#### **Jerry K. Marler**

CRD #: 4449293  
Date of Birth: May 28, 1946

**Education:** University of West Florida – B.A.: Accounting  
Certified Public Accountant (CPA) – Florida  
Personal Financial Specialist (PFS)  
FINRA Exams: Series 65

**Business:** 07/2004 – Present ..... CPA Group Investment Management, LLC  
**Position:** Managing Member/Advisory Rep.  
07/2004 – Present ..... Tipton, Marler, Garner & Chastain, P.A.  
**Position:** Shareholder  
12/1998 – 06/2004 ..... SC&G Financial Advisors, LLC  
**Position:** Managing Member/Advisory Rep.  
03/1976 – 06/2004 ..... Saltmarsh, Cleaveland & Gund, P.A.  
**Position:** Shareholder  
01/1996 – 06/2004 ..... SC&G Consulting, LC  
**Position:** Partner

#### **D. Mark Gusmus**

CRD #: 3227084  
Date of Birth: August 1, 1956

**Education:** Jacksonville State University – B.S.: Accounting  
Certified Public Accountant (CPA) – Florida  
Personal Financial Specialist (PFS)  
FINRA Exams: Series 65

**Business:** 07/2004 – Present ..... CPA Group Investment Management, LLC  
**Position:** Managing Member/CCO/Advisory Rep.  
07/2004 – Present ..... Tipton, Marler, Garner & Chastain, P.A.  
**Position:** Shareholder  
06/1999 – 06/2004 ..... SC&G Financial Advisors, LLC  
**Position:** CCO/Advisory Rep.  
08/1982 – 06/2004 ..... Saltmarsh, Cleaveland & Gund, P.A.  
**Position:** Senior Manager





## ACCOUNT RESPONSIBILITY

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Each managed account will be reviewed at least quarterly by a member of the Advisory Committee to determine if the client's needs and objectives are being met. General guidelines as defined by the client and cash needs will be adjusted as necessary. Any specific goals and objectives, as defined by the client's investment parameters, will be established for portfolio positioning and diversification, and monitored periodically for revision as needs dictate. All financial plans will be reviewed when requested by client. Significant changes in the client's personal circumstances, the general economy, or tax law changes can trigger more frequent reviews. However, it is the clients responsibility to contact the Company concerning these changes

Investment results are provided to clients on at least a quarterly basis. Each report will also summarize the specific investments currently held and the value of client's portfolio. In addition, clients will also receive monthly statements from the investment company and/or brokerage firm where the accounts are held in custody.

## EDUCATION & BUSINESS STANDARDS

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Any Investment Advisory Representative retained by the Company will be required to have suitable investment experience in fields directly related to investment management, as well as, have the required examinations and/or qualifications to act as such representative as required by law.

## METHOD OF ANALYSIS, SOURCES OF INFORMATION & INVESTMENT STRATEGIES

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### METHODS OF ANALYSIS

The Company uses a fundamental approach to analyze securities it recommends for client portfolios. This involves the use of computer software technology, securities rating services, direct investment inquiries, and general financial & economic information.

### SOURCES OF INFORMATION

The Company uses analysis and research software developed by Morningstar® that provides insightful analysis, comprehensive data, and tools for analyzing securities. The Company also uses financial newspapers, financial journals, and various publications for information, as well as, material and research releases prepared by investment companies and research companies.

### INVESTMENT STRATEGIES

The Company generally recommends long term strategies requiring a minimum of a five (5) to ten (10) year time horizon. These strategies incorporate the principles of Modern Portfolio Theory. The Company's approach to investing advocates that markets are efficient and investment returns are determined principally by asset allocation decisions.



## OTHER BUSINESS ACTIVITIES

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Those persons mentioned above, as members of the Company's Advisory Committee, are also officers and directors to other business entities in addition to serving as officers and directors of this Company. These Advisory Committee members, in one or more companies, may: (i) be a member on the Board of Directors or an officer in which they will provide operational oversight and perform other managerial duties; (ii) act simply as a passive shareholder; and/or (iii) provide additional services as a representative of that entity. These personal business interests are separate and distinct from the operations of the Company, including certain advising and consulting activities beyond the scope of services provided by the Company. Their time devoted to these other activities may range from 30% to 70% of the time depending on their responsibilities or position within these companies.

Those businesses that the Advisory Committee members are involved in are listed as follows:

- ❖ **Tipton, Marler, Garner & Chastain, PA, ("TMGC"):** TMGC is a full service CPA firm providing a wide range of services to individuals and business clients who desire the personal assistance that can only come from years of advanced training, technical experience and financial acumen. All Advisory Committee members are CPAs and have managerial duties with TMGC.

## COMMENTS REGARDING THESE BUSINESS ACTIVITIES

Even though the Advisory Committee is involved in offering services through these other entities, such service should not interfere with the advisory practices of the Company. However, there are instances where clients of each of these other entities may become clients of the Company and vice-versa. Such referrals to and from these other entities could be considered bias, and therefore, a conflict of interest, in that, the members of the Advisory Committee are also control persons in each of the above named entities and are able to influence the direction of investment activities. For more information, please refer to the "Potential Conflicts of Interest" section of this brochure.

# FINANCIAL INDUSTRY

## a c t i v i t i e s & a f f i l i a t i o n s

### BROKERAGE & INVESTMENT ADVISOR AFFILIATIONS

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#### CHARLES SCHWAB & COMPANY, INC.

The Company has custodial and brokerage relations with Charles Schwab & Company, Inc. ("Schwab"), a FINRA licensed broker-dealer (member FINRA/SIPC), through its Schwab Institutional services to financial advisors.

Schwab provides on-line services for account administration and operational support, including: electronic trading, block-trading authorization, back-office support, recordkeeping, client reporting, and other relevant technology tools. The cost to access these on-line services has been waived based on total client assets under management. In addition, Schwab offers access to various research services at no cost also based on total client assets under management.

Services offered to the Company that have been discounted or waived are defined as "soft dollar" services. However, access to on-line services and research services provided or arranged by Schwab will be used to service all client accounts and will not be limited to only those particular accounts, which may have generated commissions to Schwab.

The Company is not a subsidiary of, or affiliated with Schwab in any manner. The Company is solely responsible for investment advice rendered, and advisory services are provided separately and independently of Schwab.

### ACCOUNTING FIRM AFFILIATIONS

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The Advisory Committee members, as previously mentioned, are shareholders, executive officers, and employees of Tipton, Marler, Garner & Chastain, P.A. ("TMGC"), a CPA firm. Clients of the Company may become clients of TMGC and vice-versa.



# CONFLICTING

## i n t e r e s t s

## CLIENT TRANSACTIONS

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### PARTICIPATION OR INTERESTS

It is against Company policies for any owners, officers, directors and employees to invest in a private business interest or other non-marketable investment with a client or clients unless prior approval has been granted by the Company, and is not in violation of any SEC and/or State rules and regulations.

Owners, officers, directors and employees of the Company are permitted to personally invest their own monies in stocks (OTC and Listed), bonds, investment company products and other publicly traded securities, which may also be, from time to time, recommended to clients. Such investment purchases are independent of, and are not connected in any way to, investment decisions made on behalf of the Company's clients. Personal trading activities conducted by the Company and its owners, officers, directors and employees are monitored by Mr. D. Mark Gusmus to ensure that such activities do not impact upon client security or create conflicts of interest.

### INSIDER TRADING ACTIVITIES

The Company is, and shall continue to be, in total compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, we have adopted a firm-wide policy statement outlining insider trading compliance by the Company and our personnel. This statement has been distributed to all personnel of the Company and has been signed and dated by such persons. Copies of such signed originals are maintained in our personnel files.

### CODE OF ETHICS

As a fiduciary, the Company has an affirmative duty to render continuous, unbiased investment advice, and at all times act in the clients' best interest. To maintain this ethical responsibility to clients, the Company has adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all officers, directors and employees in discharging their duties. This Code is a value-laden guide committing such persons to uphold the highest ethical standards, rooted in the most elementary maxim, "Do the right thing!"

The Company's Code of Ethics is designed to deter inappropriate behavior and heighten awareness as to what is right, fair, just and good by promoting:

- ❖ Honest and ethical conduct.
- ❖ Full, fair and accurate disclosure.
- ❖ Compliance with applicable rules and regulations.
- ❖ Reporting of any violation of the Code.
- ❖ Accountability.





To help clients understand the Company's ethical culture and standards, how the Company controls sensitive information and what steps have been taken to prevent personnel from abusing their inside position, a copy of the Company's Code of Ethics is available for review upon request.

## PROXY VOTING

The Company is hereby expressly precluded from voting proxies. Clients understand and agree that the client retains the right to vote all proxies, which are solicited for securities held in the managed accounts. Any proxy solicitations received at the Company's place of business will be immediately forwarded to the client for their evaluation and decision.

## INVESTMENT OR BROKERAGE DISCRETION

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### SECURITIES AND AMOUNT BOUGHT OR SOLD

The Company executes an agreement with each client, which sets forth the authority to buy and sell securities in whatever amounts are determined to be appropriate for the account and whether such transactions are with, or without, prior approval by the client.

### DIRECTION OF TRANSACTIONS AND COMMISSION RATES

The Company does not have the discretionary authority to determine the broker/dealer to be used or the commission rates to be paid. The choice of brokerage firm to act as the custodian over each client account will always be approved by the client. If asked, the Company will suggest Schwab; however, it should be understood that the Company does not have the authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. In addition, since we do not negotiate the commissions charged by Schwab, such commissions can vary from client to client.

There will be no attempt by the Company to recommend Schwab solely on the lowest commission rates available. General reputation, trading capabilities, investment inventory, and client investment needs, financial strength, and the Company's personal experience working with Schwab is considered, among other items, in making this suggestion.

### SELECTION OF PORTFOLIO MANAGERS

Initial due diligence by the Company has led to the availability of a select group of Portfolio Managers which the client may choose to have manage their accounts. The Company will assist the client in determining which will provide the most effective financial growth based upon client's stated objectives in the client's Investment Policy Statement.

While the Company has exercised its best efforts in combining investment performance with the cost of such services offered by the Portfolio Managers, the Company does not specify that the Portfolio Managers to which it refers its clients have the highest performance or lowest costs. Accordingly, the client's selection of such Portfolio Managers will be limited to those offered by the Company. Therefore, it is possible that the client might be able to contract for similar services elsewhere or separately, with higher performance at lower costs.



## ADDITIONAL COMPENSATION

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### BENEFITS & CONFLICTS BETWEEN AFFILIATED COMPANIES

As previously mentioned, the Company is a related company to Tipton, Marler, Garner & Chastain, P.A. ("TMGC"). Collectively, as the partners, officers and directors of the Company are also owners of TMGC, such persons will recognize revenue from those clients referred by one company to the other. Those revenues could come in the form of advisory/consulting fees, salaries, bonuses, incentive programs, and income/dividend returns. This can present a conflict of interest, in that; such referrals create incentive to refer clients to only those entities to which the above named companies and persons have ownership, thereby eliminating the possibility for the client to be referred to someone who may provide better services at lower costs.

The Company and TMGC strive to serve the best interest of the client. They will ensure such disclosure is being properly made to clients in compliance with the Investment Advisor Act of 1940, Rule 275.206.

### MANAGED ACCOUNTS & FINANCIAL PLANNING CONFLICTS OF INTEREST

To ensure clients understand the full relationship of the Company to any related parties that the Company may refer business, as well as the options clients have in receiving Investment Services and/or Financial Planning, the following disclosures are provided:

- ❖ Clients are free to choose any broker/dealer to execute their securities transactions. Neither the Company nor any advisory representative will receive commissions associated with such transactions.
- ❖ Clients are under no obligation to have the Company, or the firms to whom business is referred, implement any recommendations made in the financial plan.
- ❖ The related parties which the Company may have perform certain aspects of the financial plan for the client, will be registered representatives of a broker/dealer and/or licensed representatives of insurance companies – they will receive the normal fees associated with such services.
- ❖ The Company does not receive any economic benefit from referring clients to another professional without first notifying the client of such possibilities. The Company acts completely in a fiduciary capacity - the interests of the client are first and foremost. Only on the occasion where the Company may refer clients to TMGC for traditional tax, accounting, and/or business advisory services is there potential for a conflict of interest. Clients are under no obligation to have either of these institutions performs any aspect of their financial planning or accounting services.

Notwithstanding such potential conflicts of interest, the Company strives to serve the best interest of the client; as well as, ensuring such disclosure is being properly made to clients in compliance with the Investment Advisor Act of 1940, Rule 275.206 and the Florida Administrative Code 3E-600.0131.



## REFERRAL COMPENSATION

The Company may directly compensate persons for client referrals, provided that those persons are qualified and have entered a solicitation agreement with the Company. Under such arrangements, the client will be provided full disclosure of the compensation paid to the solicitor and whether such referral will result in higher management fees.

END OF THE DISCLOSURE BROCHURE