

## **Form ADV, Part 2.A**

### **Item 1 – Cover Page**

Koltun, Buckman & Ortiz Consultants, LLC

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**This brochure provides information about the qualifications and business practices of Koltun, Buckman, Ortiz Consultants, L.L.C., which does business under the name KBOC, LLC (called “KBOC” in this document). If you have any questions about the contents of this brochure, please contact us at (504) 457-6252. The information in this brochure has not been approved or verified by any securities regulatory authority. Additional information about KBOC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**KBOC is a registered investment adviser. Registration does not imply any level of skill or training.**

## Item 2 – Material Changes

There are no material changes since we filed our last brochure.

Additional information about KBOC is available via the SEC's web site at **[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**. The SEC's web site also provides information about any persons affiliated with KBOC who are registered, or are required to be registered, as investment adviser representatives of KBOC.

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### **Brochure Supplements**

Jay L. Buckman

Gerardo Ortiz

## **Item 4 – Advisory Business**

Founded in 1997, KBOC provides investment counseling and investment management services to high-net worth individuals, estates, and pension plans. KBOC's principal owner is Jay L. Buckman, who is also the managing member of the firm. Gerardo O. Ortiz is KBOC's chief compliance officer.

Most investment advisory clients of KBOC are also tax clients of Jay L. Buckman (APAC) or Koltun, Buckman and Ortiz, Ltd. (APAC), both of which are certified public accounting firms that share offices and personnel with KBOC. Jay Buckman and Gerardo Ortiz are officers of both Koltun, Buckman and Ortiz, Ltd. (APAC) and KBOC. Jay Buckman is the managing member of KBOC and the owner of Jay L. Buckman (APAC). Because of KBOC's extensive knowledge of each client's tax situation, we are able to consider tax and estate planning ramifications when advising our clients.

Most of our clients engage us to manage their entire investment portfolios. We execute trades in our clients' brokerage accounts under a limited power of attorney. As of December 31, 2011, we managed \$43,341,236 in clients' assets. All of these assets were managed on a non-discretionary basis. Non-discretionary asset management means that the client must authorize all purchases and sales in the client's account before the transactions occur. This authorization may be made orally or in writing. We do not manage assets on a discretionary basis.

When a client first engages KBOC as its investment adviser, Jay L. Buckman meets with the client to determine the client's financial goals and investment objectives. Mr. Buckman interviews new advisory clients extensively to determine the financial issues the client is experiencing or anticipating in the future, such as funding children's college educations, providing care for elderly parents, or planning for retirement. Mr. Buckman uses the information gleaned in these discussions and his existing knowledge of the client's tax situation to build an investment portfolio (the "Account") individually tailored for the client. Clients may impose restrictions on the Account, such as prohibiting investments in certain types of securities. Once the Account is constructed, we constantly monitor its performance.

Clients occasionally engage us to consult on a particular matter, such as the sale of a family business. Since these situations do not involve portfolio management, we charge a flat fee or an hourly fee. The amount of the fee depends on the nature of the engagement.

## **Item 5 – Fees and Compensation**

### ***Fees***

Our clients sign written investment advisory agreements specifying the services to be provided and the fees to be charged. Our only compensation is the fees we receive from clients. In other words, we receive no sales commissions, incentive fees, or other compensation from outside sources. Our fee is based on a percentage of the client's assets that we manage. We charge fees quarterly, in advance. Our fees are calculated based on the total market value of the Account, including cash and cash equivalents, as of the end of the last trading day of the preceding calendar quarter.

If a client agreement becomes effective after the first day of a calendar quarter, we charge a fee for the remainder of the quarter, calculated proportionately with respect to the number of days left in the quarter, and for the succeeding full calendar quarter. Fees due at the beginning of our engagement are based on the market value of the Account on the effective date of our agreement.

Our investment management fee includes the preparation of the client's income tax returns by Jay L. Buckman (APAC) or Koltun, Buckman and Ortiz, Ltd. (APAC), certified public accounting firms in which the managing member of KBOC practices. Most clients of KBOC are also clients of one of the accounting firms.

Our annual fee schedule is as follows:

| <b><u>Assets</u></b>       | <b><u>Annual Advisory Fee</u></b> |
|----------------------------|-----------------------------------|
| First \$1,000,000          | 1.00% of assets under management  |
| \$1,000,001 to \$2,000,000 | 0.75% of assets under management  |
| \$2,000,001 to \$3,000,000 | 0.65% of assets under management  |
| 3,000,001 to \$4,000,000   | 0.50% of assets under management  |
| Over \$4,000,001           | 0.30% of assets under management  |

We provide consultations for at hourly rates or for fixed fees. Our usual hourly rate is \$250. The amount of a fixed fee depends on the nature of the engagement and the amount

of work involved. We may negotiate fees under certain circumstances, such as for clients who have multiple accounts with us, and therefore our fees may vary from client to client. Our investment advisory agreement provides that we may adjust our fees upon providing thirty days' written notice to you.

### ***Other Charges to the Client's Account***

Our fees do not include any brokerage commissions, custodial fees, bank fees, margin interest, national securities exchange fees, wire transfer fees or other costs or fees charged by your broker or custodian. Additionally, money market funds, exchange traded funds, and mutual funds will charge you for their internal fees and expenses. These fees and expenses are described in each fund's prospectus. We do not share in any of these internal fees and expenses. Please see Item 12 for additional information about brokerage.

### ***Payment of Fees***

We send quarterly invoices for our fees. Each invoice lists the account value on which our fee is based, the amount of our fee, and how we calculated our fee. Clients pay our invoices directly rather than having fees deducted from their accounts.

### ***Termination of Agreements***

Our client agreement provides that the agreement shall be continuous until one party to the agreement terminates it. You may terminate the agreement within five business days of its effective date without paying any fees or penalties to us. Once the initial five-day period has passed, either party may terminate the agreement at any time by providing written notice to the other party. If the agreement is terminated partway through a calendar quarter, we will refund pro-rata any fees collected in advance, based on the number of days remaining in the calendar quarter.

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

Performance-based fees are fees based on a share of capital gains in a client's account or capital appreciation of the assets in a client's account. We don't charge performance-based fees to any of our clients.

## **Item 7 – Types of Clients**

Our clients are high-net worth individuals, estates, and pension plans.

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

Our usual investment strategy is that Jay L. Buckman constructs an individualized investment portfolio for each client using equity securities, bonds and fixed income securities, Treasury instruments, government-backed securities, mutual funds, and exchange traded funds. Most of the assets in our clients' accounts are invested in mutual funds and exchange-traded funds. When reviewing mutual funds and exchange-traded funds as prospective investments for clients' accounts, Mr. Buckman examines securities in the funds' portfolios, the diversity of the portfolios, and the marketability of the securities in the portfolios.

In evaluating equity securities, Mr. Buckman generally uses a fundamental analysis approach. Fundamental analysis means that Mr. Buckman examines a company's balance sheet, cash flow statements, and income statements in evaluating a potential investment in the company. In applying fundamental analysis, a goal is to answer the following questions:

- Is the company's revenue growing?
- Is it actually making a profit?
- Is it in a strong-enough position to beat out its competitors in the future?
- Is it able to repay its debts?

Fundamental analysis usually involves investing for the long term. A risk inherent in fundamental analysis is that short-term opportunities may be missed.

The portfolios we construct contain a diverse mix of securities representing various sectors and market capitalization. These sectors include energy, natural resources, gold and other commodities, health care, technology, international and emerging markets. Our general strategy is to buy and hold securities, but each client's account is compared to relevant benchmarks at least quarterly and Mr. Buckman makes adjustments to the account as necessary.

**Investing in securities involves risk of loss that clients should be prepared to bear.**

Some of the general risks associated with investing in securities are the following:

- **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 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.

- **Small Capitalization Stock Risk:** Small companies often have narrower markets and limited financial resources, so investments in these stocks present more risk than investments in those of larger, more established companies.
- **Value Style Investing Risk:** Companies that are thought to be “under-valued” may never reach their full estimated market value and value style investing may fall out of favor and underperform growth or other style investing during given periods.

**Clients should be aware that even if we use our best efforts, our efforts may not be successful. Any security in a client’s account, other than a United States Treasury instrument, could lose all or part of its value.** Many factors and events outside our control can affect the securities markets and the value of securities in your account. Examples include, but are not limited to, changes in domestic or foreign political leadership, breaking news events, natural disasters, adverse weather conditions, terrorist activity, or changes in the Internal Revenue Code. We may not be able to accurately predict the effects on the securities markets of these factors and events or how they may affect the value of securities held in clients’ accounts. We do not guarantee the future performance of your account or any specific level of performance, the success of any investment decision or strategy that we may use, or the success of our overall management of your account.

## **Item 9 – Disciplinary Information**

This item requires us to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of KBOC or the integrity of KBOC’s management. We haven’t had any legal or disciplinary events, and therefore we have no information applicable to this item.

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

Jay L. Buckman spends a substantial portion of his time as a certified public accountant with the accounting firms known as Jay L. Buckman (APAC) and Koltun, Buckman and Ortiz, Ltd. (APAC). As noted above, most of KBOC’s clients are also clients of one of the accounting firms.

## **Item 11 – Code of Ethics**

We have adopted a code of ethics, a copy of which is available to clients and prospective clients upon request. The code of ethics emphasizes our fiduciary duty to our clients and our responsibility to keep clients' personal financial information confidential. All employees must sign written acknowledgments that they have received and reviewed our code of ethics and any amendments to the code.

Employees of KBOC may buy and sell securities for their own accounts that KBOC also recommends to clients. These securities are publicly traded, and therefore it is highly unlikely that transactions in a KBOC employee's account could affect the securities markets or the value of a client's account. Nevertheless, it is our policy that no employee may trade in any security at the same time there is an open order pending in the same security for a client. All employees are required to submit their personal trading records quarterly to our chief compliance officer for his review to ensure compliance with this policy.

We do not bunch orders for clients, and therefore we have no issues regarding allocation of trades. Each trade is done specifically for a client. We do not cross trades between our clients' accounts, and we don't engage in transactions in which we sell or buy securities to or from a client's account.

## **Item 12 – Brokerage Practices**

### **The Custodian and Brokers We Use**

We don't maintain custody of your assets. Your assets must be maintained in an account at a "qualified custodian," which is generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab). KBOC is independently owned and operated and is not affiliated with Schwab. The qualified custodian will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab, you will decide whether to do so and will open your account with them by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades on your account as described below (see "*Your Brokerage and Custody Costs*").

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

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

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

## **Your Brokerage and Custody Costs**

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but are compensated by charging you commissions or other fees on trades that it executes or that you settle into your Schwab account.

We generally trade no-load mutual funds. While there is usually no commission or fee associated with trading no load mutual funds, Schwab charges our clients' accounts a fee for the purchase or sale of certain Vanguard mutual funds.

For some accounts, Schwab may charge you a percentage of the dollar amount of assets in the account in lieu of commissions. Schwab's commission rates and asset based fees applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10 million of assets in their accounts at Schwab.

This commitment benefits you because the overall commission rates and asset-based fees you pay are lower than they would be otherwise. In addition to the commission and asset based fees, Schwab charges you a flat dollar amount as a “Prime Broker” or “trade away” fee for each trade that we have executed by a different broker but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “*How We Select Brokers/Custodians*”).

**Client Directed Brokerage.** If the client directs that trades be executed through another broker-dealer, the client is responsible for negotiating the terms and conditions (including, but not limited to, commission rates) relating to all services to be provided by that broker-dealer. KBOC will assume no responsibility for obtaining the “best execution” of your trade.

### **Products and Services Available to Us From Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage-trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab.

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

**Services That May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you and your account. These products and services assist us in managing and administering our clients’ accounts.

They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

**Services That Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

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

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

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab, as discussed above. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commission or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our client. Our selection is primarily supported by the scope, quality and price

of Schwab's services. We have over \$40 million in client assets under management, and we do not believe that recommending that our clients collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

### **Item 13 – Review of Accounts**

Jay L. Buckman reviews all accounts at least quarterly. In reviewing each account, Mr. Buckman considers securities for inclusion or deletion on the Account's list of approved securities and addresses any issues that have arisen in the Account since its last review.

We prepare reports for clients at least once each quarter. Clients may request reports more frequently. Reports include assets categorized by type, cost value of assets, market value of assets and projected income. In addition, confirmations of each transaction, except purchases and redemption of securities in a money market account pursuant to a cash sweep arrangement, are sent to client.

We encourage clients to meet with us, in person or by phone, at least once each quarter. During these meetings, we review the account's performance and discuss any changes in the client's financial situation. We ask that our clients contact us immediately if a life-changing event, such as death of a spouse, retirement, or divorce occurs.

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

We do not compensate anyone for referrals to us. We receive no payments from any source in connection with our clients' accounts. We receive certain non-cash benefits from Schwab because many of our clients have selected Schwab as the custodian for their accounts. See Item 12 above for a detailed discussion of the benefits we receive from Schwab.

### **Item 15 – Custody**

As mentioned above, we don't have custody of your funds or securities. We don't deduct our fees from clients' accounts and we have no ability to remove funds or securities from

your accounts. The broker-dealer, bank or other qualified custodian that holds and maintains your assets should send you statements at least quarterly. We will also send you quarterly statements. We urge you to carefully review your custodian's statements and compare them to the account statements we send you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities, but if you observe any discrepancies between our statements and your custodian's statements, you should contact us as soon as possible.

## **Item 16 – Investment Discretion**

We don't have investment discretion to trade in our clients' accounts. All of our accounts are non-discretionary. See Item 4 above.

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

Our investment advisory agreement provides that we do not vote proxies in the client's Account. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios. We may provide advice to clients regarding the clients' voting of proxies.

## **Item 18 – Financial Information**

Registered investment advisers are required to provide you with certain financial information or disclosures about their financial condition. We have no financial condition that impairs KBOC's ability to meet our contractual and fiduciary commitments to clients. We have never been the subject of a bankruptcy proceeding.

## **Item 19 – Requirements for State-Registered Advisers**

We have no information applicable to this item that has not been addressed elsewhere in this Form ADV. For information about Jay L. Buckman and Gerardo Ortiz, please see the brochure supplements for each individual.