



## Coombe, Bender & Company, LLC

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March 16, 2012

This Brochure provides information about the qualifications and business practices of Coombe, Bender & Company, LLC, [hereinafter referred to as CBC]. If you have any questions about the contents of this Brochure, please contact us at (845) 647-8993 or at [pcoombe@coombefinancial.com](mailto:pcoombe@coombefinancial.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

CBC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about CBC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated February 9, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Catherine Bender, CFP® at (845) 647-8993 or [cbender@coombefinancial.com](mailto:cbender@coombefinancial.com). Our Brochure is also available on our web site, [www.coombebender.com](http://www.coombebender.com).

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

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## Item 4 – Advisory Business

Coombe, Bender and Company, LLC is an SEC registered investment advisor located in upstate New York. CBC acts as a partner in achieving long-term financial goals by providing ongoing financial advice and managing portfolios based on a client's personal investment objectives. The firm was established in 1989 and is owned by partners Philip Coombe III, CFP® and Catherine Coombe Bender, CFP®.

### INVESTMENT SERVICES

CBC offers a combination of the following advisory services, where appropriate, to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations or other business entities.

#### Customized Portfolio Management

CBC provides continuous advice to a client regarding investment of client funds based on the individual needs of the client. In the initial and subsequent meetings, CBC advisors will discuss the client's goals and objectives, based on their particular circumstances. CBC will then use those goals and objectives to create and manage a portfolio. CBC will manage advisory accounts on a discretionary and non-discretionary basis. Account supervision is guided by the objectives and personal investment of the client (ie: maximum capital appreciation, growth, growth with income, etc.)

CBC will create a portfolio consisting of no-load or load-waived mutual funds, exchanged traded funds ("ETFs"), individual equities, real estate investment trusts ("REITs"), bonds and other investment products. CBC will allocate the client's assets among various investments, taking into consideration the overall management style selected by the client. Clients will have the opportunity to place reasonable restrictions on certain securities or types of securities placed in the portfolio. Clients will retain individual ownership of all securities.

When appropriate to the needs of the client, CBC may recommend the use of margin transactions or option writing. These investment strategies involve certain degrees of risk and therefore will only be recommended when consistent with the client's state objectives and tolerance for risk.

#### Model Portfolio Management

CBC provides portfolio management services to clients using five proprietary model asset allocation portfolios. Each model portfolio is designed to meet a particular investment objective: conservative income, income, conservative growth, growth and aggressive growth. CBC will manage client accounts containing model portfolios on a discretionary basis.

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Through personal discussions with the client in which the client's goals and objectives are established, CBC will determine which model portfolio is suitable for the client's circumstances. Once the appropriate portfolio has been determined, the portfolio will be continuously managed based on the portfolio's goal, rather than on each client's individual needs. Clients will still have the opportunity to place reasonable restrictions on certain securities or types of securities to be placed in the account. Account supervision will be guided by the stated objectives of the client. Clients will retain individual ownership of all securities.

CBC's model portfolios will consist predominately of ETFs. However, portfolios may also include no-load and load waived mutual funds, individual equities, REITs, bonds and other investment products.

CBC will maintain client suitability information in the client's file, in order to ensure that CBC's initial determination of the appropriate portfolio continues to be suitable and that the client's account continues to be managed in a manner suitable to the client's financial circumstances. CBC will remind Model Portfolio Management clients in writing quarterly to inform us of changes the client's financial situation and investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

CBC will monitor Model Portfolio Management accounts throughout each quarter and will rebalance as appropriate. If CBC believes that a particular investment or model portfolio is performing inadequately, or if it believes that a different model portfolio is more suitable for a clients' goal, then it will make to the client an appropriate recommendation for change.

#### Conditions for Managing Accounts

A minimum of \$250,000 assets under management and/or a minimum annual fee of \$2,350 is required for these services. The account size may be negotiable under certain circumstances. CBC may group certain related client accounts for purposes of achieving the minimum account size and determining the annualized fee.

#### Financial Planning

CBC also provides advice in the form a financial plan. Clients engaging this service will receive a detailed financial plan designed to achieve their stated financial goals and objectives. In general, the financial plan will address the following areas of concern:

PERSONAL: Family records, budgeting, personal liability, estate information and financial goals

EDUCATION: 529 savings plans, financial aid, general assistance in preparing to meet a dependent's continuing educational needs through development of an education plan.

TAX and CASH FLOW: Income tax and spending analysis and planning for past, current and future years. CBC will illustrate the impact of various investments on a client's current income tax and future tax liability.

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**DEATH AND DISABILITY:** Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.

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

**INVESTMENTS:** Analysis of investment alternatives and their effect on a client's portfolio.

CBC gathers required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. CBC requests any related documents such as account statements, pension estimates, social security estimates, insurance policy statements, current expenses and expected expenses, copies of existing wills, trusts or other legal documents pertaining to financial and estate planning. At times, CBC may ask the client to complete an investment questionnaire. CBC uses the information gathered from the personal interview, questionnaire and related documents to create a written financial plan. CBC suggests that the client work closely with his/her attorney, accountant, insurance agent, stock broker or advisor if they choose to implement the recommendations contained in the plan. It is the client's discretion to implement the recommendations made in the written financial plan.

The advisors of CBC are also registered representatives of Coombe Financial Services, Inc. (CFS), a related FINRA member broker dealer, and are licensed insurance agents for life, health, long term care and disability insurance. The client may choose to use CFS to purchase products recommended in the financial plan, or use their existing professionals as stated above.

Clients can also receive financial advice on a more limited basis. This may include advice on only an isolated area(s) of concern such as retirement planning, education funding or estate planning. CBC also provides specific consultation and administrative services regarding investment and financial concerns of the client. Additionally, CBC provides advice on non-securities matters such as those in connection with the rendering of estate planning, insurance and/or annuity advice. Consulting recommendations are not limited to any one specific product or service offered by a broker dealer or insurance company. All recommendations are of a generic nature.

#### **AMOUNT OF MANAGED ASSETS**

As of December 31, 2011, CBC was actively managing \$60,000,000 of client assets on a discretionary basis.

## **Item 5 – Fees and Compensation**

#### **FEES FOR PORTFOLIO MANAGEMENT**

All fees for Customized Portfolio Management and Model Portfolio management are calculated on assets under management. The specific manner in which fees are charged by CBC is established in a client's written advisory agreement with CBC. A schedule of fees to be charged is located below. The fee may be negotiable

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under certain circumstances. Clients will authorize CBC to directly debit fees from client accounts, unless arrangements are made for the client to be billed directly and pay by check. CBC will invoice for fees quarterly, based on the value (market value or fair market value in the absence of market value, plus any margin balance) of a client's managed assets as of the end of the calendar quarter. The value of the portfolio is determined on the nearest valuation date preceding the end of the calendar quarter, which valuation date is defined as the last day of the month.

Fees will not be charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client. Fees will not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

#### General Information

CBC fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in the fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to the CBC management fee, and CBC shall not receive any portion of these commissions, fees and costs.

CBC management fees also do not include wire fees, margin interest, overnight or registered postage charges, mutual funds sales charges, IRA custodial fees or transaction charges. These fees are charged to the client directly by the mutual fund, custodian or financial institution when incurred.

The advisors of CBC are also principals, registered representatives and insurance agents of Coombe Financial Services, Inc. (CFS). CFS is a FINRA member broker-dealer and an insurance agency licensed with the State of New York. CFS is under common control and ownership with CBC. CBC will recommend CFS to its advisory clients in need of brokerage and insurance services if appropriate to the needs of the clients. There are no referral fee arrangements between CBC and CFS for these recommendations.

In their separate capacities as registered representatives of CFS and licensed insurance agents, CBC advisors will be able to effect mutual fund and variable annuity transactions for advisory clients, if appropriate, for which they will receive separate and customary compensation. They may also recommend and assist with the purchase of insurance and insurance-related investment products for which they will receive separate and customary compensation. Clients are under no obligation to engage CFS and/or these individuals when considering implementing advisory recommendations. The implementation of any and all recommendations is solely at the discretion of the client.

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While CBC and its advisors and employees endeavor at all times to put the interest of the clients first as part of CBC's fiduciary duty, clients should be aware that the receipt of separate compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisors for similar or lower fees.

#### Fee Offset

If a client chooses to purchase recommended securities and insurance products through registered representatives of CFS who are also advisors of CBC, CBC will charge no fee on the particular product for which the registered representatives receive compensation. The asset or product, as part of the management portfolio, will be omitted from the portfolio for fee calculation purposes.

#### Termination of the Advisory Relationship

A client agreement may be cancelled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, upon termination of any account, any prepaid or unearned fees will be promptly refunded. Any earned, unpaid fees will be due and payable. We will pro-rate the reimbursement according to the number of days remaining in the billing period. We will pro-rate the amount due according to the number of days of service rendered in the billing period.

#### Fee Schedule

The annual fee for customized and model portfolio management will be charged as a percentage of assets under management, per the following schedule.

<u>Assets Under Management</u>	<u>Annual Fee (% billed quarterly)</u>
First \$100,000	1.00%
Next \$400,000	0.90%
Next \$500,000	0.80%
Next \$1 million	0.50%
Over \$2 million	Negotiable

Limited Negotiability of Advisory Fees: Although CB&CO 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 will be 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 will be identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.



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

#### Grandfathering of Minimum Account Requirements

Pre-existing advisory clients are subject to CBC'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 will differ among clients.

#### FEES FOR FINANCIAL PLANNING

CBC will charge for financial planning services on an hourly basis, ranging from \$100 - \$200 per hour, depending on the nature and complexity of each client's circumstances. As a courtesy, we will attempt to estimate the total hours of work at the beginning of the advisory relationship.

CBC may request a retainer upon completion of the fact-finding session with the client. However, advance payment will never exceed \$500 for work that will not be completed within six months. The balance will be due upon completion of the plan or consulting service. All fees are agreed upon prior to entering into a contract with any client.

If a Financial Planning/ Consulting Services client implements the investment recommendation by engaging CBC for portfolio management services, CBC may, at its discretion, waive, discount, or adjust the client's Financial Planning or Consulting Services fee.

### **Item 6 – Performance-Based Fees**

Coombe, Bender & Company LLC may enter into performance fee arrangements with qualified clients: such fees are subject to individualized negotiation with each such client. CBC will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, CBC shall include realized and unrealized capital gains and losses.

Performance based fee arrangements may create an incentive for CBC to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. CBC has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

### **Item 7 – Types of Clients**

CBC offers investment advisory management, investment advisory and financial planning services, where appropriate, to individuals, pension and profit sharing plans (other than plan participants), trusts, estates, charitable organizations, and corporations or other business entities.

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

### SOURCES OF INFORMATION

CBC utilizes a number of different sources for its research and investment process including financial publications and news, online research services, research materials prepared by others, annual reports, Morningstar, TD Ameritrade research, among many others.

### METHODS OF ANALYSIS

CBC maintains a buy and hold philosophy, but will perform short term purchases and sales as market and economic circumstances warrant. We select mutual funds and exchange traded fund managers based on their risk-adjusted performance and we look for funds that match the needs of the client, carry low expense ratios, and perform well in both up and down markets.

We use the following methods of analysis when formulating our investment advice and 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

#### Technical Analysis

We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

#### Cyclical Analysis

In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

#### Risks for all forms of analysis

Our securities analysis methods rely on the assumption that the companies whose securities we purchase

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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

CBC uses the following strategies in managing client accounts, provided that such strategies 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.

### 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.

In limited situations, a client's investment objectives may call for the use of additional strategies, as described below.

### Short Sales

We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

### 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

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stock without selling other holdings.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a "margin call", and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

### 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.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

A risk of spreading strategies is that the ability to fully profit from a price swing is limited.

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## GENERAL RISK OF LOSS

Investing in securities of any type involves risk of loss that clients should be prepared to bear. CBC does not guarantee the future performance of an account or any specific level of performance, the success of any investment decision or strategy that CBC may use, or the success of the advisor's overall management of the account. Clients must understand that investment decisions made for client accounts by CBC are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable.

## Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of CBC or the integrity of CBC's management. CBC has no information applicable to this Item.

## Item 10 – Other Financial Industry Activities and Affiliations

CBC is a registered investment advisor and under common control and ownership with Coombe Financial Services, Inc (CFS), a FINRA member broker-dealer and insurance agency licensed with the State of New York. CBC will recommend CFS to its advisory clients in need of brokerage and insurance services if appropriate to the needs of its clients. CFS will recommend CBC to its clients in need of advisory services. There are no referral fee arrangements between CBC and CFS for these recommendations.

Management personnel of CBC are separately licensed as registered representatives with CFS, our affiliated broker-dealer. These individuals, in their separate capacity, can effect securities transactions for which they will receive separate, yet customary compensation.

Management personnel of our firm, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients.

Clients, however, 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.

Clients should be aware that the receipt of separate compensation by CBC 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. CBC endeavors at all times to put the interest of its clients first as

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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**

CBC has adopted a code of Ethics expressing the firm's commitment to ethical conduct for all advisors describing its high standard of business conduct and fiduciary duty to its clients. CBC and its advisors and employees owe a duty of loyalty, fairness and good faith toward 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.

The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition of insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, account reviews, personal securities transactions and other areas where conflicts of interest could exist. All advisors and employees of CBC must acknowledge the terms of the Code of Ethics annually, or as amended.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interest 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 advisors and employees to invest for their own accounts.

CBC advisors and employees 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 which may also be recommended to a client. However, no advisor or employee may purchase or sell any security just prior to a transaction(s) being implemented for an advisory client. This

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policy will prevent such advisor or employee from benefiting from transactions placed on behalf of advisory clients.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts may be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest.

- No principal or employee of CBC may put his or her own interest above the interest of an advisory client.
- No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
- It is the expressed policy of this firm that no person, advisor or employee may purchase or sell any security prior to a transaction being implemented for a client account. This prevents such employees from benefiting from transactions placed on behalf of advisory client accounts.
- CBC requires prior approval for any IPO or private placement investments by related persons of the firm.
- We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations. These holdings are reviewed on a regular basis by CBC's Chief Compliance Officer.
- We have established procedures for the maintenance of all required books and records.
- All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
- Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
- All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

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- CBC requires that each principal and employee provide written acknowledgement of the Code of Ethics upon initial hiring and subsequent revisions of the Code.
  - We have established policies requiring the reporting of Code of Ethics violations to the principals.
  - Any individual who violates any of the above restrictions may be subject to termination.

CBC and individuals associated with our firm are prohibited from engaging in principal transactions, cross agency transactions or cross trades.

Our Code of Ethics includes policies that require advisors and employees and other people associated with our firm to submit on a quarterly basis, a record of securities transactions placed within their own accounts. Upon hire, they must submit an initial list of securities holdings, and an annual list each calendar year-end. CBC principals review these reports regularly. The Code of Ethics also requires the pre-approval of any acquisition of securities in a limited offering or an initial public offering. The Code also provides for oversight, enforcement and recordkeeping provisions.

CBC's Code of Ethics also prohibits the use of material non-public information. While we do not believe that we have any particular access to non-public information, all advisors and employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. Please contact Catherine Bender at (845) 647- 4800 or [cbender@coombefinancial.com](mailto:cbender@coombefinancial.com) to request a copy.

It should be noted that, in addition to the firm's Code of Ethics, the principals of CBC are also Certified Financial Planner practitioners, who are guided by a very specific Code of Ethics established by the Certified Financial Planner Board of Standards, Inc.

## **Item 12 – Brokerage Practices**

We do not have any formal soft-dollar arrangements and do not contract with any broker dealer to receive soft-dollar benefits. This means that we do not receive research or gain access to industry analysts or conferences in return for paying higher commissions for client trades to a particular broker dealer.

### **Brokerage selection**

We do not request or accept the discretionary authority to determine the broker dealer to be used for client accounts. This means that we will not survey or shop the brokerage market place for best execution on a transaction-by-transaction basis.

Clients must direct us as to the broker dealer to be used for all client securities transactions. In directing the use of a particular broker or dealer, it should be understood that we will not have authority to negotiate



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commissions among various brokers, and best execution may not be achieved, resulting in higher transaction costs for clients. For clients in need of brokerage or custodial services, we may recommend the use of either TD Ameritrade , Inc. or Folio Institutional, both of which are unaffiliated broker dealers, member FINRA/SIPC .

CBC participates in the institutional customer program offered by TD Ameritrade Institutional, a division of TD Ameritrade, which offers services to independent investment advisors which include custody services, trade execution, and clearance and settlement of transactions. As an institutional client, we receive some benefits from TD Ameritrade that are not generally available to TD Ameritrade retail investors. These benefits include the following products and services, which are provided at no cost or at a discount:

- duplicate client statements and confirmations;
- research related products and tools;
- consulting services; access to a trading desk serving advisor participants;
- access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts);
- the ability to have advisory fees deducted directly from client accounts;
- access to an electronic communications network for client order entry and account information;
- access to mutual funds with no transaction fees and to certain institutional money managers;
- discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors.

CBC also works with Folio Institutional, a broker-dealer and custodian which offers services to independent investment advisors including custody services, trade execution, and clearance and settlement of transactions. As an institutional client, we receive some benefits from Folio Institutional that may not be available to Folio Institutional retail investors. These benefits include the following products and services, which are provided at no cost or at a discount:

- duplicate electronic client statements, confirmations and tax documents;
- research related products and tools;
- access to a trading desk serving advisor participants;
- access to “window trading” (the ability to execute unlimited trades in twice-daily windows of time, with no commissions, transactions fees or ticket charges);

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- the ability to create model portfolios, to which clients subscribe, allowing advisors to efficiently manage multiple client account portfolios simultaneously;
  - access to pre-assembled investment portfolios representing different industries, sectors, strategies and goals;
  - the ability to have advisory fees deducted directly from client accounts;
  - access to an electronic communications network for client order entry and account information;
  - access to mutual funds with no transaction fees.

Some of the products and services made available by TD Ameritrade and Folio Institutional may benefit our firm but not our client accounts directly. These products or services may assist us in managing and administering client accounts, including accounts not maintained at these institutions. Other services available by these institutions are intended to help us manage and further develop our business enterprise. The benefits received by our firm or its personnel do not depend on the amount of brokerage transactions directed to TD Ameritrade or Folio Institutional.

Clients should be aware, however, that the receipt of economic benefits by our firm or its staff in and of itself creates a potential conflict of interest and may indirectly influence our recommendation of TD Ameritrade or Folio Institutional for custody and brokerage services.

Nonetheless, we have reviewed the services of TD Ameritrade and Folio Institutional and recommend the services based on a number of factors. These factors include the professional services offered, transaction fees, and the custodial platform provided to clients. Clients are not under any obligation to affect trades through any recommended broker.

Because of our business model, CBC will not attempt to negotiate trades among various brokers on behalf of clients. We will, however, periodically attempt to negotiate lower transaction fees for our clients with TD Ameritrade or Folio Institutional. *Not all advisers require their clients to direct brokerage.*

Clients may direct us to place trades through another broker. However, we reserve the right to decline acceptance of any client account for which the client directs the use of a broker if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account.

#### Block orders

CBC will block trades where possible and when advantageous to clients. Block trading is the process of trading aggregate blocks of securities composed of assets from multiple client accounts. The process allows CBC to execute equity trade orders in a timelier, more equitable manner, at an average share price. Transaction costs are shared equally on a pro-rata basis.

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## **Item 13 – Review of Accounts**

### Customized Portfolio Management

CBC reviews the underlying securities of customized portfolios on a continuous and regular basis. We review individual accounts at least quarterly. We review accounts in the context of each client's stated investment objectives and guidelines. CBC will review accounts more frequently to accommodate additions to cash, unusual price movements, and any changes in investment objective by the client. Philip Coombe III, CFP® and Catherine Bender, CFP® conduct client account reviews. Clients will receive monthly or quarterly statements from the custodian/ broker-dealer. CBC will provide quarterly reports, summarizing account performance, balances and holdings. CBC's reports will contain a reminder in the disclosure section of the statement. The clause will remind clients to inform us of any changes in their financial situation or investment objectives, or whether they wish to impose investment restrictions or modify existing restrictions.

### Model Portfolio Management

CBC reviews the underlying securities of model portfolios on a continuous and regular basis. We review individual accounts at least quarterly. We review accounts in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. CBC will review accounts more frequently to accommodate additions to cash, unusual price movements, material changes in the market, political or economic environment, or any material changes in a client's circumstances. Philip Coombe III, CFP® and Catherine Bender, CFP® conduct client account reviews. Clients will receive monthly or quarterly statements from the custodian/ broker-dealer. CBC will send a quarterly letter, apprising clients of economic and market events, any changes to the model portfolios and reminding them to inform us of any changes in their financial situation or investment objectives, or whether they wish to impose investment restrictions or modify existing restrictions.

### Financial Planning and Consulting Services

CBC will review financial planning client accounts and provide reports as contracted for at the beginning of the advisory relationship.

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

### Incoming Referrals

CBC has been fortunate to receive many client referrals over the years. The referrals came from existing clients, estate planning attorneys, accountants, employees, personal friends and other similar sources. CBC does not compensate referring parties for their referrals.

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## Referrals Out

CBC does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Item 15 – Custody**

Custody is defined as any legal or actual ability to access client funds or securities. All assets are held at qualified custodians, and therefore, CBC does not take physical possession of client assets. However, because CBC directly debits client fees from their custodial accounts, we are deemed to have constructive custody of client funds. As part of this billing process, CBC advises the custodian of the amount to debit from each client account.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains their investment assets. CBC urges you to carefully review these statements and compare the holdings and balances to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients should contact us directly if they believe there is an error in their statement.

## **Item 16 – Investment Discretion**

CBC accepts discretionary authority to manage securities accounts on behalf of clients. This discretionary authority is usually granted at the onset of the client relationship. We have the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. Such discretion is to be exercised in a manner consistent with the stated investment objectives and investment restrictions for a particular client account. Clients may change or amend investment objectives and restrictions as necessary. CBC consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been provided by the client.

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

As a matter of firm policy and practice, CBC does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. CBC may provide advice to clients regarding the clients' voting of proxies.

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## **Item 18 – Financial Information**

CBC has no adverse financial conditions that will preclude the firm from meeting contractual commitments to its clients.

CBC is not required to provide financial statements in this section because the firm does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$600 per client, and more than six months in advance of services rendered.

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Item 1- Cover Page



Coombe, Bender & Company, LLC

6872 Route 209

Wawarsing, NY 12489

(845) 647-8993

[www.coombebender.com](http://www.coombebender.com)

Form ADV II B Supplement dated March 16, 2012

This Brochure Supplement provides information about Philip Coombe III, CFP®, Catherine Coombe Bender, CFP® and Lynn A McDonald that supplements the Coombe, Bender & Company LLC Brochure. Please contact Catherine Bender, Chief Compliance Officer, if you did not receive the main brochure or if you have any questions about the contents of this supplement.

Additional information about Coombe, Bender & Company, LLC is available at the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

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## Educational and Business Standards

Coombe, Bender & Company, LLC requires that its advisors and principals have a Bachelor's degree and further coursework demonstrating knowledge of financial planning and investment management. Examples of acceptable coursework include and MBA, a CFP®, a CFA, JD or CPA. Additionally, advisors must have work experience that demonstrates their aptitude for financial planning and investment management.

## Item 2- Educational Background and Business Experience

### **Philip Coombe III, CFP®**

Born: 1960

#### Educational Background

- Cornell University, Bachelor of Science, Education, 1981
- College for Financial Planning, Certified Financial Planner designation, 1986
- College for Financial Planning, M.S. Wealth Management, 1997

#### Business Experience

- Managing member of Coombe, Bender & Company, LLC from October 1998 – present
- President, Registered Principal of Coombe Financial Services, Inc. from April 2001 – present
- Sole Proprietor and Financial Planner, Philip Coombe, III d/b/a Coombe Financial Services from August 1983 to April 2001.
- Partner of Coombe, O'Brien & Company from March 1989 through October 1998
- Registered Representative and Advisory Representative of 1717 Capital Management Company from December 1983 to April 2001

### **Catherine Coombe Bender, CFP®**

Born: 1970

#### Educational Background

- Cornell University, Bachelor of Science, Agricultural Economics, 1992
- College for Financial Planning, Certified Financial Planner designation 1997

#### Business Experience

- Managing member of Coombe, Bender & Company, LLC from October 1998 – present
- Chief Compliance Officer, Registered Principal of Coombe Financial Services, Inc 2001 – present

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- Financial Planning Consultant for Philip Coombe, III d/b/a Coombe Financial Services from May 1994 to April 2001
  - Registered Representative of 1717 Capital Management Company from June 1995 to April 2001
  - Registered Representative of Nationwide Investment Services from June 1995 to August 2000
  - Loan Officer for Farm Credit Banks from June 1992 to May 1995

**Lynn A McDonald**

Born 1954

Educational Background

- Sullivan County Community College, Associate of Science, Business Administration, 1974
- American College, all required courses for Certified Financial Planner certification program 2007

Business Experience

- Registered Representative of Coombe Financial Services, Inc. 2007 – present
- Registered Investment Advisor Representative of Coombe, Bender & Company, LLC, 2010 – present
- Vice President and Business Manager of Provident Bank, 2004 – 2006
- Registered Representative, SWS Financial Services, 2004 – 2007
- Registered Representative / investment advisor, M&T Securities, 2000 – 2004
- Pawling Savings Bank, 1974 – 2000, various positions, ending as Relationship Manager and Assistance Vice President

**Item 3- Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. CBC has no information is applicable to this Item.

**Item 4- Other Business Activities**

Philip Coombe, III and Catherine Coombe Bender are also principals, registered representatives and insurance agents of Coombe Financial Services, Inc. (CFS). Lynn A McDonald is a registered representative of



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Coombe Financial Services, Inc. CFS is a FINRA member broker-dealer and an insurance agency licensed with the State of New York. CFS is under common control and ownership with CBC.

Philip, Catherine and Lynn serve in various board positions for a number of non-profit organizations. They hold these positions on a voluntary basis and are closely monitored to assure that they do not create any conflicts of interest.

### **Item 5- Additional Compensation**

As stated in Item 4 above, Philip Coombe, III, Catherine Coombe Bender and Lynn A McDonald are registered representatives and insurance agents of CFS. CBC may recommend CFS to its advisory clients in need of brokerage and insurance services if appropriate. In their capacities as such representatives and agents, they may receive separate but customary compensation. There are no referral fee arrangements between CBC and CFS.

### **Item 6 - Supervision**

Philip Coombe, III and Catherine Coombe Bender meet regularly to review the advice they provide to their clients. They may be reached at 845-647-8993 or [pcoombe@coombefinancial.com](mailto:pcoombe@coombefinancial.com).