



## **Finigan Financial Services, LLC**

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This brochure provides information about the qualifications and business practices of Finigan Financial Services, LLC. If you have any questions about the contents of this brochure, please contact us at 703-790-5999 and/or [john@finigan.net](mailto:john@finigan.net). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Finigan Financial Services, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Any references to Finigan Financial Services, LLC as a Registered Investment Adviser or its related persons as registered Investment Advisory Representatives does not imply a certain level of skill or training.

## Item 2 - Material Changes

At least annually, we're required to tell you about any significant changes to this brochure. Below is a summary of recent changes made to this brochure. This information is accurate as of December 30, 2011.

Changes have been made to the fee schedule and how fees are calculated for Direct Asset Management Services. The account value tier ranges upon which maximum fees are calculated have been increased. They are now \$100,000 to \$500,000 at 2% and \$500,001 to \$750,000 at 1.75%. There is no pro rata fee adjustment for additional assets deposited into or partial withdrawals from the Account after it is opened. Refer to Item 5, Fees and Compensation, Direct Asset Management Services.

Additional language has been added concerning FFS's fiduciary role when offering Financial Planning advice to clients who are participants of retirement accounts subject to ERISA. Refer to Item 5, Fees and Compensation, Financial Planning Services.

Previously we were required to offer you information about our qualifications and business practices annually. We will now give you a new brochure within 120 days of the end of our fiscal year. You may also receive updates at other times if information changes.

You may request a brochure at any time and at no charge by writing to us at Finigan Financial Services, LLC, 8381 Old Courthouse Road, Suite 211, Vienna, VA 22182 or emailing [john@finigan.net](mailto:john@finigan.net). You can also find out more about us and receive our current brochure from the SEC's website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 4 - Advisory Business

Finigan Financial Services, LLC (“FFS” or “We”) is a registered investment advisory firm offering a variety of advisory services customized to your individual needs. FFS was founded in March of 2002 by John Finigan, who is the Managing Member, Chief Compliance Officer and sole owner. He received a BA in Finance from Seattle University in 1972 and a MBA in Business from the Florida Institute of Technology in 1982. John has been in the financial services industry since 1994. Additional business information about John is disclosed in the supplemental brochure attached to this brochure.

FFS offers Direct Asset Management Services and Financial Planning. Each of the services is more fully described below. FFS does not participate in any wrap fee programs. Our services are tailored to your individual needs. You may impose restrictions and/or limitations on investing in certain securities or types of securities/assets. Our investment advisor representatives (“IARs”) are also registered representatives of Royal Alliance Associates, Inc., a registered broker-dealer. This allows FFS IARs to provide brokerage services to clients.

FFS will ask you to complete a fact finder or data gathering questionnaire to assist with obtaining information about your financial situation and history. Additionally, an FFS Advisor will meet with you and conduct an interview and data gathering session to continue the due diligence process. The information gathered by FFS will assist us in providing you with the requested services and customize those services to your financial situation. Depending on the services you have requested, FFS will gather various financial information and history from you including, but not limited to:

- ☐ Net worth
- ☐ Investment experience
- ☐ Retirement and financial goals
- ☐ Investment objectives
- ☐ Investment time horizon
- ☐ Risk tolerance
- ☐ Cash flow analysis; income & debt
- ☐ Cost of living needs
- ☐ Education needs
- ☐ Other applicable financial information required by FFS in order to provide the investment advisory services requested.

Clients engaging FFS can expect the following process:

- The first meeting will consist of an initial consultation, and engagement/data review.
- One or more meetings may be needed to discuss: investment strategy, asset allocation, and legal, tax, insurance, and other planning
- Ongoing periodic reviews as determined by either you and/or your FFS Investment Advisory Representative

## **Direct Asset Management Services**

Upon completing its analysis of your situation, FFS will determine an asset allocation customized to your situation. FFS customizes your portfolio allocation taking into consideration your limitations or restrictions, the market and economy at the time, your financial situation, goals and objectives, risk tolerance, and time horizons.

FFS offers Direct Asset Management Services, to include portfolio monitoring and performance reporting, on a discretionary or non-discretionary basis. Discretionary authority may be granted by you to FFS by execution of the Investment Advisory Agreement. If you grant FFS discretionary authority, FFS may make changes to the allocation as deemed appropriate by them. FFS may determine the securities to be purchased and sold in the account and may alter the securities holdings from time to time, without prior consultation with you. FFS may actively trade securities and hold such holdings for periods of 30 days or less or maintain positions for longer or shorter term periods.

If you elect to have your accounts managed on a nondiscretionary basis, no changes will be made to the allocation of your account without prior consultation with you and obtaining your expressed agreement.

FFS will monitor your account on a continuous basis based upon your specific investment goals, objectives, risk tolerance, and investment time horizon.

In order to have FFS manage or monitor an account you will need to establish an account through Royal Alliance Associates, Inc. ("Royal"), a broker-dealer and member of FINRA/SIPC. For further information concerning Royal, please refer to the disclosures under Item 12, Brokerage Services. Your portfolio may consist of stocks, bonds, CDs, cash, no-load or load mutual funds or other appropriate fee based investment products.

You are advised that transactions in the account, such as account reallocations and rebalancing actions, may trigger a taxable event; with the exception of IRA accounts, 401(k) or 403(b) accounts and other qualified retirement accounts.

## **Financial Planning Services**

FFS will assist you in working toward your financial goals and objectives through planning and consultative services involving savings and debt utilization, investment strategies, risk management tools and products, estate and tax strategies. In matters where FFS recognizes the need for services beyond its general practitioner scope, it may refer you to a specialist in matters of law, tax and accounting, insurance, loans and mortgages, or other personal financial related issue requiring the allocation of resources for which FFS is neither competent, licensed, nor authorized.

Financial plans and investment recommendations are based on your financial situation at the time and are based on financial information you disclose to FFS. You are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way any indication of future

performance. FFS cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to periodically review any plan or investment recommendation and update the plan based upon changes in your financial situation, goals or objectives, or changes in the economy. You are advised that advice or guidance on your other needs may be limited; therefore, you may need to seek the services of other professionals such as an insurance adviser, attorney, tax-specialist, accountant, and/or loan officer.

You are not obligated to implement advice through FFS or its Investment Advisory Representatives (“IAR”). Should you implement the plan with an IAR, commissions or other compensation may be received in addition to the advisory fee paid to FFS.

## **General Information**

You are advised that the investment recommendations and advice offered by FFS are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. You are advised that it is necessary to inform FFS promptly with respect to any changes in your financial situation and investment goals and objectives. Failure to notify FFS of any such changes could result in investment recommendations not meeting your needs. FFS may in its discretion, decline to assist you with the implementation of investment strategies or choices that have not been recommended or that FFS deem not to be in your best interest.

## **Assets Under Management**

FFS has the following assets under management as of January 31, 2012:

- Discretionary Based Accounts: \$51.8 Million
- Non-discretionary Based Accounts: \$1.9 Million

## **Item 5 - Fees and Compensation**

### **Direct Asset Management Services**

The fee schedule for Direct Asset Management Services is outlined below. It represents the maximum flat fee which can be charged for an individual account. The fee is negotiable and consideration of several factors including, the number of planning sessions or meetings you will require, the complexity of the services you requested, the amount of research required of FFS to provide the requested analysis, and the frequency of reviews may apply

You may make additions to and/or withdrawals from the Account, provided the Account continues to meet minimum account size of \$100,000. This minimum may be waived at the sole discretion of FFS. Since fees are negotiable and are established in the written Investment Advisory Agreement with FFS, some clients may pay different fees than those shown below or from each other. FFS may change the fee schedule upon 30 days prior written notice to you.

<b>Account Value</b>	<b>Maximum Annual Fee</b>
\$100,000 to \$500,000	2.00%
\$500,001 to \$750,000	1.75%
\$750,001 to \$1,000,000	1.50%
\$1,000,001 and above	1.25%

Advisory Fees per investment account are calculated based upon the net market value of all assets in the Account on the last trading day of each calendar quarter. In any partial calendar quarter, the management fee will be pro-rated based on the number of days that the Account was open during the quarter. Account assets invested in shares of mutual funds, including money market assets, or other investment companies (“funds”) will be included in calculating the value of the Account for purposes of computing FFS’s fees. No fee adjustments will be made for Account appreciation or depreciation.

The Advisory Fee will be charged to and collected directly from your Account, provided you have given FFS written authorization. You will be provided with a fee invoice notice that identifies the Advisory Fee, the value of the Account and how the fee was calculated. Additionally, you will also be provided with an account statement reflecting the deduction of the advisory fee. If the Account does not contain sufficient funds to pay advisory fees, FFS has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees

At your discretion, Advisory Fees for all Accounts belonging to your household may be aggregated and collected from a single account. While this may serve to facilitate ease of accounting, potential tax deductibility, and preservation from expense for selected Account(s) in the household, the system makes no allowance for pro-ration of the Advisory Fee in any single Account based upon assets deposited to or withdrawn from any single householded Account during the billing period. The Advisory Fee in this case is merely calculated based upon the value of all individual Accounts at the end of the quarter prior to being collected from the designated master billing account for the household. You should be aware that lower fees for comparable services may be available from another source.

In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian’s transaction fee schedule. Additionally, you may pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the Account. Such fees are not charged by FFS but are charged by the product sponsor, broker/dealer or account custodian. FFS does not share in any portion of such fees. Additionally, you may pay your proportionate share of the fund’s management and administrative fees and sales charges as well as the mutual fund adviser’s fee of any mutual fund you purchase. Such advisory fees are not shared with FFS and are compensation to the fund-manager. You should read the mutual fund prospectus prior to investing. See Item 12, Brokerage Practices, for additional information.

Fees are payable in arrears on a calendar quarterly basis. Therefore, advisory fees will be due on the first day of each following calendar quarter based on the net asset value of your account as of the last trading day of the prior quarter. The initial fee will be pro-rated for the first partial quarter if the Account is opened on a day other than the first day of the calendar quarter. Any final fee will be pro-rated for the last partial quarter if an account is to be closed and/or transferred on a day other than the last day of the calendar quarter.

If the account is opened with securities previously purchased through Royal or an FFS IAR, Royal and the IAR may have already received commissions on the purchase. If the account is opened with cash proceeds from the sale of securities purchased through Royal or an FFS IAR, Royal and/or the IAR may already have received commissions on the sale.

As the IARs of FFS are dually Registered Representatives of Royal Alliance Associates, Inc. ("Royal"), they may receive trail commissions (i.e., 12b-1 fees) for a period of time as a result of directing securities transactions through Royal or an investment product firm. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from your assets. 12b-1 fees may be initially paid to Royal and a portion passed to the IARs. The receipt of such fees could represent an incentive for the IAR to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a potential conflict of interest. FFS mitigates this conflict by crediting such fees back to tax-deferred accounts and takes the 12b-1 fee into consideration when determining the advisory fee for non-retirement accounts. FFS may recommend mutual funds that pay 12b-1 fees or no-load funds which do not, based on your particular situation and your stated goals, objectives and risk tolerance.

Other than the 12b-1 fees mentioned above, FFS receives no other commissions for its Direct Asset Management Accounts.

#### Termination Provisions

You may terminate investment advisory services obtained from FFS, without penalty, upon written notice within five (5) business days after entering into the Investment Advisory Agreement with FFS. Thereafter, you may terminate investment advisory services at any time during a quarter, and you will be charged a prorated portion of the advisory fee for the quarter up to the date of termination. You will be responsible for any fees and charges incurred on your behalf from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed as well as Account maintenance, custodial, or termination fees.

#### **Financial Planning Services**

FFS offers financial planning on an hourly fee basis. Fees are negotiable and are based on several factors including, the number of planning sessions or meetings you will require, the complexity of the services you requested, the amount of research required of FFS to provide the requested analysis, and the frequency of reviews.

You will be provided with an estimate of the anticipated cost. An invoice for hourly fees will be sent periodically, based on the time and effort expended by FFS. If ongoing services are required, invoices will be sent periodically. Fees are due upon receipt of the invoice and are payable to FFS. Fees are not charged in advance. The hourly fee may be waived at the sole discretion of FFS.



<b>Hourly Fee Type</b>	<b>Maximum Fee</b>	<b>Payable</b>
Senior Planner	\$235 per hour	Hourly fees will be billed periodically and as agreed upon by client based on time expended by FFS.
Planner	\$215 per hour	
Investment Advisory Representative	\$195 per hour	
Administrative/Account Processing	\$115 per hour	

If such services relate to an employee benefit plan through the provision of non-discretionary advisory services to participants in any form of retirement account subject to ERISA and/or section 4975 of the Internal Revenue Service Code of 1986 as amended, FFS acknowledges that it will render advice as a fiduciary in respect of investment portfolio monitoring, review of accounts, and securities research. FFS may rely on information provided by you or by your employer or plan administrator, shall have responsibility only to advise the individual plan participant, and shall not be compensated by anyone other than you for such service. You will retain and exercise final decision making authority and responsibility for the implementation of any investment plan or strategy, final determination of investment suitability, and selection of investments.

In addition to the financial planning fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. Additionally, you may pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the Account. Such fees are not charged by FFS but are charged by the product sponsor, broker/dealer or account custodian. FFS does not share in any portion of such fees. Additionally, you may pay your proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund you purchase. Such advisory fees are not shared with FFS and are compensation to the fund-manager. You should read the mutual fund prospectus prior to investing. See Section 12, Brokerage Practices, for additional information.

You are advised that fees for financial planning are strictly for planning services provided by FFS. Therefore, you may also pay fees and/or commissions for additional services obtained, such as asset management or the purchase of securities products or insurance.

If you purchase investment recommendations through FFS, members of the firm may receive commissions as Registered Representatives of Royal or as insurance agents in connection with such transactions. Therefore, a potential conflict of interest exists for FFS to recommend specific products through our financial planning services that may result in its IARs receiving additional compensation, rather than based on a client's need. In making investment recommendations, FFS may recommend both load and no-load mutual fund investments or other products that are suitable for your particular situation and that are in-line with your stated goals, objectives and risk tolerance.

You are under no obligation to purchase the recommended products or services from FFS. These products and services may also be purchased through other brokers or agents not affiliated with FFS. Lower fees for financial planning and securities transactions may be available from other sources.

#### Termination Provisions

You may terminate the advisory agreement with FFS within five (5) business days of execution of the advisory agreement. Thereafter, you may terminate the agreement at any time upon FFS's receipt of your written notice to terminate. You will be responsible for payment to FFS for any research or services FFS performed prior to receipt of your written notice to terminate.

#### **Pro Bono**

Asset Management or Financial Planning fees may be waived for pro bono cases or for employees of the firm, at the discretion of FFS.

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

FFS does not charge performance based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). We do not engage in side-by-side management.

### **Item 7 - Types of Clients**

FFS provides financial planning, investment management and insurance services to individuals; trusts; estates; retirement and profit sharing plan participants; and small businesses.

FFS generally requires a minimum amount of liquid assets of \$100,000. However, under certain circumstances, FFS, in its sole discretion, may waive the minimum account size requirement and accept accounts less than \$100,000. Such circumstances may include, but not be limited to, additional assets will soon be deposited, client has several managed accounts, or client or client's immediate family has other accounts with FFS. You are advised that performance may suffer due to difficulties with diversifying smaller accounts and due to risk controls potentially being compromised for lack of asset allocation or investment diversification. Performance of smaller accounts may vary from the performance of accounts with more dollars invested due to fluctuations in the market that may affect smaller accounts more and that the effects of compounding may be greater in larger accounts.

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

FFS conducts fundamental and technical analysis. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure. Technical analysis generally

involves studying trends and movements in a security's price, trading volume, and other market-related factors in an attempt to discern patterns.

FFS utilizes the following resources to conduct research:

- Public subscriptions of financial periodicals and reports (e.g., Barron's, Kiplinger's newsletter).
- Independent financial performance reporting and investment tracking (e.g., MorningStar, Lippers, Standard & Poor's, Schwab Performance Technologies).
- Data sources (Pershing, DST Fan Mail).
- Financial journals (e.g., Bloomberg's, Journal of Financial Planning).
- Quantitative analysis and reporting software packages (MS Excel, Portfolio Center, BetaVest, Merlin, NetX-360, V2020), or other proprietary reports and materials provided by investment management and/or mutual fund companies.
- Resources available through Royal.
- News and financial reporting sites via the Internet (e.g., Investment News, Big Charts).

## **Risk of Loss**

You are advised that investing in securities involves risk of loss, including the potential loss of principal. Therefore, your participation in any of the programs offered by FFS will require you to prepare to bear the risk of loss and/or fluctuating performance and may be subject to the following:

- **Market Risk** — This is the risk that the value of a portfolio, either an investment portfolio or a trading portfolio, will decrease due to the change in market risk factors. The four standard market risk factors are stock prices, interest rates, foreign exchange rates, and commodity prices.
- **Liquidity Risk** – This is the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make the required profit). There are two types of liquidity risk: *Asset liquidity* - An asset cannot be sold due to lack of liquidity in the market - essentially a sub-set of market risk. *Funding liquidity* - Risk that liabilities cannot be met when they fall due, can only be met at an uneconomic price or can be name-specific or systemic.
- **Foreign Securities and Currency Risk** — Risk of rapid and extreme changes in value due to: smaller markets; differing accounting, reporting, or auditing standards; nationalization, expropriation or confiscatory taxation; economic conflict; or political or diplomatic changes. Valuation, liquidity, and regulatory issues may also add to foreign investment risk.
- **Capitalization Risk** — Small cap and mid cap companies may be hindered as a result of limited resources or less diverse products or services and have historically been more volatile than the stocks of larger, more established companies.
- **Interest Rate Risk** — In a rising rate environment, the value of fixed-income securities generally declines.
- **Credit Risk** — Credit risk is the risk associated with a borrower going into default (not making payments as promised). Investor losses include lost principal and interest, decreased cash flow, and increased collection costs. An investor can also assume credit risk through direct or indirect use of leverage. For example, an investor may purchase an investment using

margin. Or an investment may directly or indirectly use or rely on repo, forward commitment, or derivative instruments.

- **Securities Lending Risk** — Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.

FFS does not represent, warrant or imply that the services or methods of analysis used by FFS can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future potential results. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by FFS will provide a better return or result than other investment strategies.

FFS does not primarily utilize a particular type of security in the management of your account. FFS's managed accounts contain a variety of securities types (i.e. mutual funds, ETFs, and individual securities).

## **Item 9 - Disciplinary Information**

Registered investment advisers are required to disclose all legal or disciplinary events that are material in a client's evaluation of FFS.

There is no reportable disciplinary information for FFS or its management persons that is material to your evaluation of FFS, its business, or its management persons.

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

### **Brokerage**

As previously stated, Investment Advisory Representatives are dually registered as an Investment Advisory Representative of FFS and as Registered Representatives of Royal Alliance Associates, ("Royal"). You are under no obligation to purchase or sell securities or products through your IAR. However, if you choose to implement your plan with them, commissions may be earned in addition to any fees paid for advisory services. Commissions may be higher or lower at Royal than at other broker/dealers. An IAR may have a conflict of interest in having you purchase securities and/or insurance related products through Royal in that the higher their production with Royal the greater potential for obtaining a higher pay-out on commissions earned.

Under the rules and regulations of FINRA, Royal has an obligation to perform certain supervisory functions regarding certain activities engaged in by IARs who are also Registered Representatives of Royal. For such supervisory functions, FFS may pay Royal a portion of the investment advisory fees they receive. Royal and FFS are not affiliated.

FFS attempts to mitigate the conflicts of interest with the potential receipt of commissions if recommendations are implemented by providing you with these disclosures. Further, you are encouraged to consult other professionals and may implement recommendations through other financial professionals.

## **Insurance**

Certain FFS IARs are also licensed with various insurance companies and may receive commissions from the sale of various insurance products. As such we may have a conflict of interest due to the economic incentive to sell policies that result in commissions. You are advised that you are under no obligation to purchase any insurance products through FFS or its personnel. Insurance sales do not represent a significant portion of FFS's business.

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

### **Code of Ethics**

FFS has adopted a Code of Ethics ("The Code") that is designed to ensure that all employees adhere to the highest standards of ethical conduct. The Code states that all of our employees must act in your best interest and always place your interests first and foremost. FFS's Code of Ethics establishes FFS's expectation for business conduct. The Code requires, among other things, that employees:

- Submit their personal and related trading accounts to FFS for review
- Refrain from purchasing Initial Public Offerings
- Refrain from trading on insider information
- Get approval prior to purchasing a private placement
- Maintain client confidentiality
- Comply with restrictions on giving and receiving gifts
- Report any conduct that could potentially harm a client

Any employee of FFS who fails to observe the FFS Code of Ethics may be subject to termination. A copy of our Code of Ethics will be provided to you upon request.

### **Related Person Investing in the Same Securities**

FFS and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, FFS and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. Although employees and employee related accounts may receive the benefit of a reduced or waived fee on accounts managed by FFS, those accounts are not given preferential trading treatment. FFS and its associated persons will not put their interests before your interests. FFS and its associated persons may not trade ahead of you or trade in such a way as to obtain a better price for themselves than for you or other clients.

## Agency Cross Procedures

FFS will not affect any principal or agency cross securities transitions for client accounts. It will also not cross trades between client accounts.

## Item 12 - Brokerage Practices

As previously stated, IARs of FFS are Registered Representatives of Royal. As a result they are subject to FINRA Conduct Rule 3040 which may restrict them from conducting securities transactions away from Royal unless Royal provides them with written authorization. Therefore, you are advised that FFS IARs may be limited to conducting securities transactions through Royal and its clearing firm Pershing Investments, LLC, or those broker/dealers approved by Royal.

You are advised that not all investment advisers require you to maintain accounts at a specific broker/dealer. You may maintain accounts at another broker/dealer, however; the services provided by FFS will then be limited to only advice and will not include implementation. If you select another brokerage firm for custodial and/or brokerage services you will not be able to receive asset management services from FFS.

For any account that is subject to investment advisory fees, mutual fund trades are executed at net asset value (without commission), likewise, trades for other securities, such as stocks or bonds, are executed without commission. To the extent FFS would execute a stock transaction; we may be limited or prohibited from obtaining best price execution because of the lack of flexibility to utilize other broker dealers.

There may be an incentive for FFS and its Investment Advisory Representatives to recommend one broker/dealer over another based on the products and services that will be received rather than your best interest. Commissions and fees charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through other full service broker/dealers or on-line discount broker/dealers. Factors that FFS considers in recommending Royal, or any broker/dealer, include:

- Ability to service you
- Staying power as a company
- Industry reputation
- Ability to report to you and to FFS
- Availability of an efficient trading platform
- Products and services available
- Technology resources
- Educational resources
- Execution capability
- Financial responsibility and viability
- Confidentiality and security of your information
- Responsiveness
- Other factors that may bear on the overall evaluation of best price and execution

Although the commissions and/or transaction fees paid by clients of FFS may be higher than another qualified broker-dealer might charge to effect the same transaction, FFS feels that the commission and/or transaction fees are reasonable in relation to the value of the services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services. Therefore, FFS may not necessarily obtain the lowest possible commission rates for client account transactions.

FFS will periodically review transaction costs in light of current market circumstances, available published statistical analysis, as well as other relevant information. No single criteria will validate or invalidate a custodian, but rather all criteria taken together will be used in evaluating the currently utilized custodian.

Royal has a wide range of approved securities products for which they perform due diligence prior to selection. FFS's IARs who are Registered Representatives of Royal are required to adhere to these products when implementing securities transactions through Royal. Royal also provides its IARs, and therefore FFS, with back-office operational, technology, and other administrative support. Other services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. Such services are intended to help IARs and FFS manage and further develop their business enterprise.

Royal and its clearing broker/dealer, Pershing, LLC, also make available to FFS other products and services that benefit FFS but may not directly benefit you. Some of these other products and services assist FFS with managing and administering your accounts. These include software and other technology that provide access to your account data (such as trade confirmation and account statements); facilitate trade execution; pricing information and other market data; facilitate payment of FFS's fees from your accounts; and assist with back-office functions, record-keeping, and client reporting. Many of these services generally may be used to service all or a substantial number of FFS's accounts, including accounts not held through Royal.

Client brokerage commissions are not used to obtain research or other products or services.

### **Soft Dollars**

FFS has no formal soft dollar arrangement and does not use soft dollars to acquire any research services.

### **Trade Aggregation**

The majority of trades effected for FFS clients are mutual fund transactions, which would not receive any benefit from trade aggregation as pricing is done only once a day. Stock and or bond trading is conducted on a per client basis and is specific to that client's account and situation; therefore, there is no opportunity for trade aggregation.

## **Item 13 - Review of Accounts**

If you are participating in the Asset Management Services you will be invited to participate in at least an annual review. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Your Investment Advisory Representative will monitor for changes or shifts in the economy, changes to the management and structure of a mutual fund or investment company in which your assets are invested, and market shifts and corrections.

The following individuals conduct reviews:

- John Finigan, Member, Chief Compliance Officer
- Lanie Nikes, Investment Advisory Representative
- Gregory Norris, Investment Advisory Representative

You are advised that you must notify your Investment Advisory Representative promptly of any changes to your financial goals, objectives or financial situation as such changes may require them to review the portfolio allocation and make recommendations for changes.

You will be provided statements at least quarterly directly from the account custodian. Additionally, you will receive confirmations of all transactions occurring direct from the account custodian. At least annually via the annual review, FFS will provide you with a consolidated report of your managed account. You should compare the report with statements received directly from the account custodian. Should there be any discrepancy the account custodian's report will prevail.

If you are participating in Financial Planning services, FFS recommends you have at least an annual review and update to any plans. However, this is at your discretion and the time and frequency of the reviews is solely your decision. The hourly fee schedule disclosed under the program will apply to any reviews scheduled. Other than the initial plan or analysis, there will be no other reports issued.

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

Product vendors recommended by FFS may provide monetary and non-monetary assistance with client events (e.g. educational tools and other resources). FFS does not select products as a result of any monetary or non-monetary assistance. The selection of an appropriate product for you is first and foremost.

As previously mentioned, FFS Advisors receive commissions on insurance products and/or securities products sold to financial planning clients who choose to implement their financial plan through us. Advisory personnel may also receive 12b-1 fees as a result of placing clients with retail mutual funds (for those clients utilizing our Asset Management services, 12b-1 fees charged in IRAs or other retirement accounts will be rebated)

FFS does not directly or indirectly compensate any person who is not a supervised person of FFS for referrals. Further, FFS does not receive an economic benefit from a non-client for providing investment advice or advisory services to you.



## **Item 15 - Custody**

With the exception of deduction of FFS's advisory fees from your accounts, FFS does not take custody of your funds or securities. Your Account assets are generally maintained at Pershing, LLC. Statements will be sent to you directly from the custodian and are the official record. You should carefully compare the official statement with any statements that are provided by FFS.

## **Item 16 - Investment Discretion**

You may grant FFS authorization to manage your account on a discretionary basis. Discretionary authority will give us permission to buy, sell, exchange, or convert securities in your managed accounts without your prior approval. You may grant such authority to FFS by execution of the Advisory Agreement. You may terminate discretionary authorization at any time by providing written notice to FFS. Additionally, you are advised that:

- 1) You may set parameters with respect to when accounts should be rebalanced, and set trading restrictions or limitations;
- 2) Your written consent is required to establish any separate mutual fund, variable annuity, or brokerage account;
- 3) If you elect to implement any recommendations through your Investment Advisory Representative, FFS requires the use of the broker/dealer with which your Investment Advisory Representative is registered in order to execute sales in commissionable stocks, bonds, CDs, mutual funds, variable annuities, or insurance; and,
- 4) With the exception of the deduction of FFS's advisory fees from your account (if you have authorized automatic deductions) FFS will not have the ability to withdraw funds or securities from your account.

## **Item 17 - Voting Client Securities**

FFS does not accept proxy voting responsibility for client accounts. Therefore, we have no obligation or authority to take action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held by client accounts. We expect clients to expressly retain the authority and responsibility for proxy voting. Unless you suppress them, securities proxies will be sent directly to you by the account custodian or transfer agent. You may contact FFS about questions you may have, however, the act of voting and how you vote the proxies is solely your decision.

## **Item 18 - Financial Information**

Registered investment advisers are required to provide clients with financial information or disclosures about their financial condition under certain circumstances. FFS is financially sound and does not have any financial condition that impairs its ability to meet contractual or fiduciary commitments to clients. We have not been the subject of any adverse proceeding. Therefore we are not required to provide any additional financial statements under this item.

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

Please refer to Item 4, Advisory Business and the Brochure Supplement for formal education and business background information on John M. Finigan, Jr. the FFS Managing Member and Chief Compliance Officer.

Please refer to Item 10, Other Financial Industry Activities and Affiliations and the Brochure Supplement for information on other business activity.

Neither FFS nor its supervised personnel are compensated for advisory services with performance-based fees.

Neither FFS nor its supervised personnel have any reportable events.

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