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# FIRM DISCLOSURE BROCHURE

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## ***G. EARL MOWREY & CO, LLC***

*Certified Financial Planner, Registered Investment Advisor*

***4964 Belmont Avenue***

***Youngstown, Ohio 44505***

***(330) 759-3444***

### **DISCLAIMER:**

This *FIRM BROCHURE* provides information about the qualifications and business practices of G. Earl Mowrey & Co, LLC. If you have any questions about the contents of this *FIRM BROCHURE*, please contact him at (330) 759-3444. The information in this *FIRM BROCHURE* has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Addition information about G. Earl Mowrey & Co, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (the CRD number for G. Earl Mowrey & Co, LLC is 120802).

### **NOTE:**

While G. Earl Mowrey & Co, LLC may refer to itself as a "registered investment advisor" or "RIA", Clients should be aware that registration itself does not imply any level of skill or training.

### **MATERIAL CHANGES FROM PREVIOUS VERSION:**

This Firm Brochure has been modified from the previous version to clarify the definition and extent of non-discretionary asset management that the firm obtains from clients. The non-discretionary assets under management values were updated to reflect the prior year end. These changes were made on Page 6 under the section "Non-Discretionary Portfolio Management" and on Page 11 under the section "Investment Discretion".

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# ADVISORY BUSINESS

## INTRODUCTION

**G. Earl Mowrey & Co, LLC** (hereafter "Earl Mowrey"), is a fee-based investment adviser who offers two types of advisory services: *Portfolio Management Services and Financial Planning Services*.

Earl Mowrey is the sole proprietor of G. Earl Mowrey & Co. L.L.C. He graduated from Youngstown State University in 1968 with a major Economics and minors in Math and Business. In 1988, he graduated from the College of Financial Planning and completed all the examinations to become a Certified Financial Planner (CFP). He has subsequently completed Masters level coursework on Investment Management through the same school.

Earl was a Registered Representative with several broker/dealer firms from 1987-2009, and held his Series 7, 24, and 63 licenses which enabled him to sell various securities and investments for commissions. In 1993, he also became a Registered Investment Advisor which enabled him to charge fees for assets under management, rather than commissions. Since 2009, Earl has been a fee-only advisor and is no longer affiliated with a broker/dealer.

The following is from the Certified Financial Planner Board of Standards ([www.cfp.net](http://www.cfp.net)) and provides additional information regarding the CFP designation:

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States. To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

**Education** – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

**Examination** – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;

**Experience** – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and

**Ethics** – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

*Continuing Education* – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and

*Ethics* – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

## ***INITIAL CONSULTATION***

Earl Mowrey will begin by providing the Client a free initial consultation. Earl Mowrey uses the initial consultation to:

- Introduce the Client to his services
- Gather information about the Client's investment objectives, financial condition, and risk tolerance, which Earl Mowrey uses in forming its investment advice; and
- Reach an agreement on the terms of service and compensation arrangements.

The consultation must be completed before Earl Mowrey will make any specific recommendations about the Client's asset allocation or securities to buy or sell.

At the conclusion of the initial consultation, the Client will sign Earl Mowrey's *Investment Advisory Agreement*, which serves as the contract between the Client and Earl Mowrey, specifying the precise nature of services to be rendered by Earl Mowrey and fees to be paid by the Client.

## ***FINANCIAL PLANNING SERVICES***

### **COMPREHENSIVE FINANCIAL PLAN**

Earl Mowrey will review all aspects of the Client's finances to prepare a written financial plan that makes comprehensive recommendations to help the Client meet their financial objectives. These areas of analysis include: overall asset allocation, securities recommendations, insurance needs, mortgage planning, consumer debt, retirement planning, college planning, trust & estate planning, savings & budgeting, and tax planning.

Earl Mowrey will compile this financial information and use it to construct a *Comprehensive Financial Plan* tailored to the Client's specific financial situation.

Clients can execute the *Comprehensive Financial Plan* on their own or Earl Mowrey can assist in implementation. If *Portfolio Management Services* are recommended in the *Comprehensive Financial Plan*, Clients may engage Earl Mowrey for those *Portfolio Management Services* as described below.

## **ANNUAL FINANCIAL PLAN REVIEW**

As financial conditions or objectives change over time, Clients should engage Earl Mowrey to review their financial plan annually. Largely, this review merely confirms the Client's financial information is accurate, evaluates whether the financial plan is reaching its goals, and makes any revisions needed.

However, at this annual review, Clients may also add new objectives or discuss other financial topics of their choice. Also, if Clients experience life-changing events, they may initiate an *Annual Financial Plan Review* earlier than the typical annual time frame.

## **PORTFOLIO MANAGEMENT SERVICES**

If the Client elects *Portfolio Management Services*, the portfolio management is performed on a discretionary basis, meaning Earl Mowrey provides continuous account monitoring and can execute transactions on behalf of the Client with approval. Earl Mowrey will evaluate the Client's financial condition and risk tolerance in order to tailor its securities recommendations to meet the Client's investment objectives and individual needs. Earl Mowrey also allows the Client to impose any restrictions on investing in certain securities or types of securities.

Earl Mowrey will make ongoing recommendations primarily involving mutual funds. Given that the market will affect the value of these securities, Earl Mowrey will monitor Client accounts on an ongoing basis so that he may make any necessary recommendations to Clients. While some Clients may have exchange-listed stocks, these are at the Client's request, and have not been recommended by Earl Mowrey as part of the portfolio, nor are their performance monitored by Earl Mowrey.

Portfolios are typically well diversified on a global basis. Mutual Fund recommendations in most instances are "no transaction fee funds" (NTF), but occasionally mutual funds with transaction charges are purchased or sold. When these fees are involved, Earl Mowrey advises the Client of the costs and that these fees are paid to the broker-dealer/custodian. Earl Mowrey does not receive any compensation from mutual fund fees or commissions.

Earl Mowrey does not provide any "wrap programs" (programs that bundle brokerage and advisory services under a single comprehensive fee) so all securities recommended by Earl Mowrey may include additional transaction charges by the Client's broker-dealer/custodian separate from Earl Mowrey's advisory fees.

## **NON-DISCRETIONARY PORTFOLIO MANAGEMENT**

Earl Mowrey does not manage any discretionary client accounts. For all accounts, the Client will grant Earl Mowrey limited trading authority (but not discretionary authority) in the Client's brokerage account by executing the appropriate documents with the Client's broker-dealer/custodian. This limited trading authority will allow Earl Mowrey to enter securities transactions on the Client's behalf, determining which securities and the amount of securities to buy or sell. **Clients will be consulted for approval prior to any transactions and notified of all transactions by trade confirmations from their broker-dealer/custodian.**

Earl Mowrey will also request the Client provide written authorization to allow Earl Mowrey to automatically deduct its advisory fee from the Client's account (discussed at greater length in the "FEES AND COMPENSATION" section on pages 6 and 7 of this *FIRM BROCHURE*); however, Earl Mowrey will not have the authority to make any other withdrawals from the Client's account(s) under management.

With regard to current non-discretionary accounts, Earl Mowrey had \$31,068,792 and 165 household accounts under management as of December 31, 2011.

Earl Mowrey recommends the Client grant limited trading authority to Earl Mowrey so that he may execute recommendations in a timely fashion, but Clients should always review their brokerage account statements to verify the trading activity and withdrawals that occur in their account(s).

## **FEES AND COMPENSATION**

### ***MANAGEMENT FEE FOR PORTFOLIO MANAGEMENT SERVICES***

Earl Mowrey manages client portfolios for a fee based upon a percentage of assets under management. The percentage to be charged is to be 2% per year or less, and will be negotiated with the client based upon account size and the intensity of management desired. The suggested minimum account value is \$20,000 and a minimum advisory fee of not more than \$200.00 may be charged to cover management costs. Exceptions to the minimum account value and/or fees may be offered to select friends and family.

Clients with the minimum account value of \$20,000 or above will be billed quarterly in arrears, based upon the average value of assets under management during the quarter.

Clients with account values below the minimum may be billed in advance for the annual management fee, not to exceed \$200.00.

Clients may terminate *Portfolio Management Services* within five business days without penalty. As the management fees are charged in arrears, Earl Mowrey does not offer refunds as services have already been performed. For the first quarter a Client engages Earl Mowrey or if a Client terminates *Portfolio Management Services* during the quarter, the fee will be prorated for only those days that Earl Mowrey rendered its services. Any transaction charges related to the purchase, sale or transfer of securities, or other charges necessary to set up or maintain client's accounts are the responsibility of the Client, and are not included in the advisory fee.

For Clients that provide written authorization to their broker-dealer/custodian, Earl Mowrey will arrange to have his advisory fee automatically deducted from the Client's brokerage account. In this case, the Client's broker-dealer/custodian will send statements monthly to the Client that will reflect the advisory fee paid to Earl Mowrey, but the Client should verify the accuracy of fees paid.

Earl Mowrey requests all Clients allow for the direct deduction of fees, but in exceptional circumstances, Earl Mowrey may send directly to the Client an invoice for advisory fees. This

invoice will require payment within thirty days after the mailing date on the invoice.

### ***PLANNING FEES FOR FINANCIAL PLANNING SERVICES***

Earl Mowrey provides written financial plans tailored to a Client's risk tolerance and individual goals as part of his *Portfolio Management Services*. Should the client choose not to proceed with *Portfolio Management Services*, the charges for the Financial Plan will be negotiated, based upon the complexity of the plan, and an advance payment of not more than \$500.00 may be required. Any balance due, and not covered by the advance payment, will be payable in full upon completing the plan and reviewing the plan with the Client. The Client may terminate the *Portfolio Management Services* contract within five business days without penalty. After this time, the Client is responsible for any time involved in the process of developing the Financial plan based upon a pro-rated fee, which is disclosed in the contract signed by the Client and Earl Mowrey.

### ***OTHER COMPENSATION***

Earl Mowrey earns compensation solely from the management and financial planning fees described above.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Earl Mowrey does not charge performance-based fees (fees based on gains) and so none of his Clients' accounts will ever be managed side-by-side any performance-based accounts.

## **TYPES OF CLIENTS**

Earl Mowrey will provide advisory services to various types of Clients, including:

***Individuals:*** The majority of Earl Mowrey's Clients will be individuals seeking financial planning and management services for their personal accounts. While *Financial Planning Services* can be provided regardless of account values, *Portfolio Management Services* will be restricted to individual accounts (or multiple accounts in one household) with a minimum value of \$20,000. Note: Earl Mowrey may waive the minimum for select friends and family. Individual account types may include retirement, taxable, and trusts.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

For *Financial Planning Services*, Earl Mowrey analyzes the Client's financial goals and objectives, income and spending, savings and investments, risks and insurance needs, asset allocation, and tax implications. This analysis seeks to ensure that the Client's needs are addressed while making progress toward their financial goals and objectives.

For *Portfolio Management Services*, Earl Mowrey focuses on the selection of mutual fund Managers to determine the investments in a given portfolio. Earl Mowrey looks for Managers with steady performance who invest in securities that they feel are undervalued and have good long term prospects. Managers chosen typically do not frequently trade fund assets, but instead invest for the long run. Morningstar® Advisor Workstation software is used as the primary screening tool in the selection process for mutual funds. This software allows Earl Mowrey to evaluate at a large amount of criteria in making a selection.

Earl Mowrey also uses Morningstar® Advisor Workstation to monitor portfolio assets. This software provides a Portfolio X-Ray Report™ that indicates risk parameters compared to the mutual fund universe. Using a Risk Scale of 1-100, where 1 is the lowest risk and 100 is the highest risk, Earl Mowrey's portfolios are typically in the high 30's to low 40's (below the average of 50). However, over time, portfolio risk numbers tend to increase and rebalancing is required.

## **DISCIPLINARY INFORMATION**

Earl Mowrey has not had any legal or disciplinary events in his past. Clients and prospective Clients can always view the CRD records (registration records) for Earl Mowrey through the SEC's Investment Adviser Public Disclosure (IAPD) website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or through FINRA's BrokerCheck database online at [www.finra.org/brokercheck](http://www.finra.org/brokercheck) as Earl Mowrey previously was a broker-dealer agent. The CRD number for G. Earl Mowrey & Co., LLC is 120802.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Earl Mowrey does not have any other financial industry activities or affiliations.



## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### ***CODE OF ETHICS***

Pursuant to SEC Rule 204A-1, Earl Mowrey has a Code of Ethics that promotes the fiduciary duty of his business. The Code of Ethics articulates the importance of trust as a foundation to the relationship between an investment adviser and its Clients and establishes policies and procedures to ensure that Earl Mowrey place the interests of the Clients first. The Code of Ethics requires that Earl Mowrey adhere to all applicable securities and related laws and regulations. The Code of Ethics also requires Earl Mowrey to follow industry "best practices" involving: confidential information, suitability of investments, personal trading on the part of Earl Mowrey, outside business activities of IA Reps, and the disclosure of conflicts of interest.

A copy of the Adviser's Code of Ethics is available upon request for any Client or prospective Client.

### ***PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING***

Earl Mowrey may have an interest in Client transactions to the extent that he may personally invest in the same securities recommended to Advisory Clients. These transactions involve a conflict of interest as Earl Mowrey may benefit from an increase in price from subsequent purchases by Advisory Clients. To address this conflict of interest, Earl Mowrey will adhere to the following procedures regarding his personal trading:

- (1) Client transactions will always be placed ahead of those for Earl Mowrey;
- (2) Earl Mowrey will recommend investments that are widely traded;
- (3) Neither Advisory Clients nor Earl Mowrey will have enough funds invested in any given security to move the market in that particular security.

## **BROKERAGE PRACTICES**

Earl Mowrey will recommend TD Ameritrade, Inc to all Advisory Clients using Earl Mowrey's *Portfolio Management Services* and other Advisory Clients that request a recommended broker-dealer and custodian. Earl Mowrey recommends TD Ameritrade, Inc (herein "TD Ameritrade") primarily for its broad selection of mutual funds having no transaction costs, and Earl Mowrey's familiarity with its trading platform.

Clients have no obligation to use TD Ameritrade for the broker-dealer and custodian, but if Clients seek to have Earl Mowrey manage their accounts on a discretionary basis, the Client must choose TD Ameritrade or Earl Mowrey will not have access or trading authority for the account.

### ***RESEARCH AND OTHER SOFT DOLLAR BENEFITS***

While not a factor in Earl Mowrey's recommendation of TD Ameritrade, TD Ameritrade does offer proprietary research tools and publications created by TD Ameritrade to their account holders. Earl Mowrey will have access to these research tools and publications, which may be considered "soft dollar benefits" and constitute a conflict of interest. As Earl Mowrey has accounts at TD Ameritrade, the benefits of the research tools and publications are already available to Earl Mowrey regardless of the Client's decision to invest with TD Ameritrade. Earl Mowrey will use TD Ameritrade's research tools and publications to service all Advisory Clients.

### ***DIRECTED BROKERAGE AND AGGREGATED ORDERS***

Earl Mowrey will rely on TD Ameritrade for the execution of transactions and will not direct trades to specific brokers. As such, Clients may not receive the lowest price possible if they were to have their trades directed to specific brokers.

While Earl Mowrey may make the same recommendations for similarly-situated Clients, Earl Mowrey will not aggregate Clients' orders.

## **REVIEW OF ACCOUNTS**

For Portfolio Management Clients, Earl Mowrey reviews all Clients' account holdings ongoing, but reviews individual Client accounts on a quarterly basis in conjunction with calculating their management fees and compiling quarterly statements. *Portfolio Management* Clients are encouraged to meet with Earl Mowrey at least once per year to review their account as a whole, ensuring that the management aligns with their current financial condition, goals and objectives.

For Financial Planning Clients who are not also Portfolio Management Clients, Earl Mowrey reviews the Client's account in the initial preparation of a *Comprehensive Financial Plan* but does **not** review those accounts again unless contracted by the Client to do so. Financial Planning Clients are encouraged to meet with Earl Mowrey at least once per year to review their account as a whole, ensuring that their financial plan aligns with their current financial condition, goals and objectives.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

Earl Mowrey may at times provide compensation in the form of gift certificates, gift baskets, or other non-cash gifts to existing Clients who have provided a successful referral of a new Client to him. At times he may also provide larger groups (usually pension plan participants) with gifts such as cookies, cakes or other non-cash gifts as a reminder of his gratitude for the plan. The total

value of the gifts is not to exceed \$100 per year per Client, and a log is maintained to track these gifts. At no time are non-clients (including other financial professionals) compensated for their referrals, nor are existing Clients encouraged to provide referrals in exchange for gifts.

## **CUSTODY**

Clients will engage an independent broker-dealer and custodian to maintain their accounts and so Earl Mowrey will not have *physical* custody of Clients' assets, monies, or securities. However, since Earl Mowrey may withdraw advisory fees directly from Clients' accounts (as described in the "FEES AND COMPENSATION" on pages 6 and 7 of this *FIRM BROCHURE*), Earl Mowrey is considered to have custody in a limited capacity. Again, this custody is due solely to the direct withdrawal of fees and does not entail all of the same legal and regulatory requirements as an investment adviser with physical custody of Clients' assets, monies, or securities. Accordingly, Clients will receive account statements from their broker-dealer/custodian.

## **INVESTMENT DISCRETION**

As described in the "ADVISORY BUSINESS" section (pages 3 through 6 of this *FIRM BROCHURE*), Earl Mowrey does not manage any discretionary client accounts. For all accounts, the Client will grant Earl Mowrey limited trading authority (but not discretionary authority) in the Client's brokerage account by executing the appropriate documents with the Client's broker-dealer/custodian. This limited trading authority will allow Earl Mowrey to enter securities transactions on the Client's behalf, determining which securities and the amount of securities to buy or sell. **Clients will be consulted for approval prior to any transactions and notified of all transactions by trade confirmations from their broker-dealer/custodian.**

Earl Mowrey will also request the Client provide written authorization to allow Earl Mowrey to automatically deduct its advisory fee from the Client's account (discussed at greater length in the "FEES AND COMPENSATION" section on pages 6 and 7 of this *FIRM BROCHURE*); however, Earl Mowrey will not have the authority to make any other withdrawals from the Client's account(s) under management.

## **VOTING CLIENT SECURITIES**

For any security that entails a voting right in the underlying company, Earl Mowrey will not have or accept authority to vote Client securities. All voting issues, proxies, and solicitations will be communicated to Advisory Clients through the Client's broker-dealer/custodian. Upon request, however, Earl Mowrey may help explain or answer questions regarding a given voting issue.

## **FINANCIAL INFORMATION**

Earl Mowrey would be required to disclose additional financial information if he were to charge fees of more than \$1,200 in advance, but as described in the "ADVISORY BUSINESS" section (pages 3 through 6 of this *FIRM BROCHURE*), Earl Mowrey charges advisory fees in arrears, upon delivery of a plan, or at the conclusion of a consultation with the exception of accounts valued under \$20,000 where a fee of not to exceed \$200 may be charged in advance. In any case, Earl Mowrey does not have any material financial information (e.g. bankruptcies, liens, judgments) in his background.

## **REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Earl Mowrey currently is an SEC-Registered adviser.