

Form ADV Part 2A Appendix 1: Wrap Fee Program Brochure

Advisor Choice Program

Date: October 30, 2012

Regal Investment Advisors LLC

**2687 44th Street SE
Kentwood, MI 49512**

**Telephone: 616-224-2204
Facsimile: 616-458-7402**

www.regalfin.com

This brochure provides information about the qualifications and business practices of Regal Investment Advisors LLC. If you have any questions about the contents of this brochure, please contact us at 616-224-2204. 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 Regal Investment Advisors LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Regal Investment Advisors LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, Regal Investment Advisors LLC will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

Item 3 Table of Contents

Item 1 Cover Page	Page 1
Item 2 Material Changes	Page 2
Item 3 Table of Contents	Page 3
Item 4 Services, Fees, and Compensation	Page 4
Item 5 Account Requirements and Types of Clients	Page 9
Item 6 Portfolio Manager Selection and Evaluation	Page 9
Item 7 Client Information Provided to Portfolio Managers	Page 12
Item 8 Client Contact with Portfolio Managers	Page 12
Item 9 Additional Information	Page 12
Item 10 Requirements for State-Registered Advisers	Page 15

Item 4 Services, Fees, and Compensation

Regal Investment Advisors LLC is a registered investment adviser based in Kentwood, MI. We are organized as a limited liability company under the laws of the State of Michigan. John A. Kailunas, II and Brian D. Yarch are our principal owners.

As used in this brochure, the words "we", "our" and "us" refer to Regal Investment Advisors LLC and the words "you", "your" and "client" refer to you as a client or prospective client of our firm. Also, you may see the term Associated Person in throughout this brochure. Our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

We offer portfolio management services through a wrap-fee program ("Program") as described in this wrap fee program brochure to prospective and existing clients. We are the sponsor and investment adviser for the Program. A wrap-fee program is a type of investment program that provides clients with asset management and brokerage services for one all-inclusive fee. If you participate in our wrap fee program, you will pay our firm a single fee, which includes money management fees, certain transaction costs, and custodial and administrative costs. You are not charged separate fees for the respective components of the total services. We receive a portion of the wrap fee for our services. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the Program.

Prior to becoming a client under the Program, you will be required to enter into a separate written agreement with us that sets forth the terms and conditions of the engagement and describes the scope of the services to be provided, and the fees to be paid.

Client Investment Process

We provide discretionary and non-discretionary portfolio management services in accordance with your individual investment objectives. If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Subject to a grant of discretionary authorization, we have the authority and responsibility to formulate investment strategies on your behalf. This authorization includes deciding which securities to buy and sell, when to buy and sell, and in what amounts, in accordance with your investment program, without obtaining your prior consent or approval for each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and/or through trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

Clients who establish a wrap fee account with Regal Investment Advisors must consent to a clearing/custodying broker-dealer that we have a clearing arrangement with. We have selected the following unaffiliated registered broker-dealers, which are members of FINRA and SIPC, to execute and clear transactions and provide custody services for Advisor Choice wrap fee clients:

- TD Ameritrade Institutional (as cleared through TD Ameritrade Clearing, Inc.), a division of TD Ameritrade, Inc. ("TD Ameritrade")
- Schwab Institutional (as cleared through Charles Schwab & Co., Inc.), a division of Charles Schwab & Co., Inc. ("Schwab")
- Fidelity Institutional Wealth Services ("Fidelity") (as cleared through National Financial Services

LLC)

- Pershing Advisor Solutions ("PAS") (as cleared through Pershing LLC)

We place all transactions associated with wrap fee accounts for execution through these executing broker-dealers. Most client accounts are established with TD Ameritrade although each clearing broker-dealer offers services that include custody of securities, trade execution, clearance and settlement of transactions. Each also provides services that are typically made available to institutional investment managers and generally are not offered to retail customers. These services include duplicate client statements and confirmations, access to block trading (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 and access to mutual funds with no transaction fees.

To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by the broker-dealers listed above and the advisory fees charged by investment advisers.

Changes in Your Financial Circumstances

In providing the contracted services, we are not required to verify any information we receive from you or from your other professionals (e.g. attorney, accountant, etc.) and we are expressly authorized to rely on the information you provide. Furthermore, unless you indicate to the contrary, we shall assume that there are no restrictions on our services, other than to manage your account in accordance with your designated investment objectives. It is responsibility to promptly notify us if there are ever any changes in your financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

The Program Fee

We charge an annual "wrap-fee" for participation in the Program depending upon the market value of your assets under our management. You are not charged separate fees for the different components of the services provided by the Program. Our firm pays all trade expenses of trades placed on your behalf. Our Program fee includes the investment advisory fee we pay to any portfolio manager for their management of your account and account custodian's transaction or execution costs. Assets in each of your account(s) are included in the fee assessment unless specifically identified in writing for exclusion. In special circumstances, and in our sole discretion, we may negotiate a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, dollar amount of assets to be managed, related accounts, account composition, pre-existing client relationship, account retention, etc.).

On an annualized basis, our Program fees are as follows:

Assets Under Management Maximum Annual Fee as % of Portfolio

\$25,000 to \$100,000	2.95%
\$100,001 to \$250,000	2.70%
\$250,001 to \$500,000	2.20%
\$500,001 to \$1,000,000	1.95%
\$1,000,001 to \$2,000,000	1.70%
\$2,000,001 to \$3,000,000	1.45%
\$3,000,001 to \$5,000,000	1.20%
Over \$5,000,001	0.80%

As a client, you should be aware that the wrap fee charged by our firm may be higher (or lower) than those charged by others in the industry, and that it may be possible to obtain the same or similar services from other firms at lower (or higher) rates. A client may be able to obtain some or all of the types of services available through our firm's wrap fee program on an individual basis through other firms and, depending on the circumstances, the aggregate of any separately paid fees may be lower or higher than the annual fees shown above.

Our annual portfolio management fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter. For the initial quarter of portfolio management services, the first quarter's fees will be calculated on a pro rata basis, which means the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

You may withdraw account assets on notice to our firm, and subject to the usual and customary securities settlement procedures. However, we design our portfolios as long-term investments and asset withdrawals may impair the achievement of your specific investment objectives.

We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. Generally, we will receive a duplicate copy of your account statements.

If you receive an invoice and/or billing statement from our firm, we encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information, please call our main office number located on the cover page of this brochure.

Termination of Advisory Relationship

You may terminate the wrap fee program agreement upon written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the wrap fee program agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Upon termination of accounts held at the participating broker-dealer/custodian, they will deliver securities and funds held in the account per your instructions unless you request that the account be liquidated. After the wrap fee program agreement has been terminated, transactions are processed at the prevailing brokerage rates/fees. You become responsible for monitoring your own assets and our firm has no further obligation to act upon or to provide advice with respect to those assets.

Wrap Fee Program Disclosures

- The benefits under a wrap fee program depend, in part, upon the size of the Account, the management fee charged, and the number of transactions likely to be generated in the Account. For example, a wrap fee program may not be suitable for Accounts with little trading activity. In order to evaluate whether a wrap fee program is suitable for you, you should compare the Program Fee and any other costs of the Program with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and other execution costs, and custodial services comparable to those provided under the Program.
- In considering the investment programs described in this brochure, you should be aware that

participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately from other advisers or broker-dealers.

- Our firm and Associated Persons receive compensation as a result of your participation in the Program. This compensation may be more than the amount our firm or the Associated Persons would receive if you paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because our firm and our Associated Persons have a financial incentive to recommend the Program.
- Similar advisory services may be available from other registered investment advisers for lower fees.

Additional Fees And Expenses

The Program Fee includes the costs of brokerage commissions for transactions executed through the Qualified Custodian (or a broker-dealer designated by the Qualified Custodian), and charges relating to the settlement, clearance, or custody of securities in the Account. The Program Fee does not include mark-ups and mark-downs, dealer spreads or other costs associated with the purchase or sale of securities, interest, taxes, or other costs, such as national securities exchange fees, charges for transactions not executed through the Qualified Custodian, costs associated with exchanging currencies, wire transfer fees, or other fees required by law or imposed by third parties. The Account will be responsible for these additional fees and expenses.

The wrap program fees that you pay to our firm for portfolio management services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others.

Brokerage Practices

If you participate in the Program, you will be required to establish an account with one of the broker-dealers/custodians listed above, all unaffiliated SEC-registered broker-dealers. If you do not direct our firm to execute transactions through one of these broker-dealers, we reserve the right to not accept your account. Not all advisers require their clients to direct brokerage. Since you are required to use a broker-dealer which we have an arrangement with, we may be unable to achieve the most favorable execution of your transactions. We believe that the broker-dealers with whom we have relationships with provide quality execution services based on several factors, including, but not limited to, the ability to provide professional services, reputation, experience and financial stability.

Research and Other Soft Dollar Benefits

TD Ameritrade Institutional Program

Regal Investment Advisors participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the Program.

There is no direct link between our firm's participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk

serving our firm's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to our client accounts); the ability to have our advisory fees deducted directly from our clients' 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; and discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by our firm's related persons and may also pay or reimburse expenses (including travel, lodging, meals, and entertainment expenses) for our firm's personnel to attend conferences or meetings relating to the program or to TD Ameritrade's adviser custody and brokerage services generally. Some of the products and services made available by TD Ameritrade through the program may benefit our firm, but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade and are not considered a soft dollar arrangement. As part of our fiduciary duties to clients, our firm endeavors at all times to put the interests of our clients first. You should be aware, however, that our firm's receipt of economic benefits in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

Schwab Institutional

Schwab makes available to our firm other products and services that benefit our firm but may not benefit its clients' accounts. These benefits may include national, regional or specific to our firm, educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of our firm by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Also, there are other products and services which assist us in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of our firm's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to our firm other services intended to help us manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to our firm by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. While, as a fiduciary, we endeavor to act in our clients' best interests, our firm's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to us of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Brokerage for Client Referrals

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Item 5 Account Requirements and Types of Clients

We offer investment advisory services to individuals, banks and thrift institutions, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$25,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

Item 6 Portfolio Manager Selection and Evaluation

We are the sponsor and sole portfolio manager for the Advisor Choice Program. Our firm does not utilize outside portfolio managers. Our firm and our Associated Persons act as portfolio managers for the wrap fee program described in this Wrap Fee Program Brochure.

You will work with an Associated Person of our firm to identify your financial needs, investment objectives, tolerance for risk, and investment time horizon for each account to be established in the Program. Based on information you provide, we will assist you in identifying objectives in accordance with the risk profile that is suitable for the account. Each portfolio is constructed with a view to achieving certain objectives and risk profiles, and we will manage the account's assets to reflect the portfolio selected by you.

Advisory Business

Please see the disclosures above regarding Services, Fees and Compensation, including the Wrap Fee disclosures.

Performance-Based Fees and Side-by-Side Management

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Methods of Analysis, Investment Strategies and Risk of Loss

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

Charting Analysis - involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends.

Risk: Our charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

Risk: The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Cyclical Analysis - a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions.

Risk: The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

Technical Analysis - involves studying past price patterns, trends, and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

Risk: The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Long-Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Risk: Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

Short-Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Risk: Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

Option Writing - a securities transaction that involves selling an option. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller pays the buyer a premium (the market price of the option at a particular time) in exchange for writing the option.

Risk: Options are complex investments and can be very risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Tax Considerations

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Proxy Voting

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder. In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

Item 7 Client Information Provided to Portfolio Managers

The Advisor Choice wrap fee program is managed through the use of asset allocation models and the recommendations of Associated Persons with Regal Investment Advisors LLC. (See "Portfolio Manager Selection and Evaluation" above). Our Associated Persons communicate directly with clients on a regular basis as needed in order to ensure your most current investment goals and objectives are understood and are followed. In most cases, we will communicate such information as part of our regular investment management duties. In addition, you may communicate personal information, instructions, and changes in your investment goals and objectives when market or economic conditions warrant such action directly to an Associated Person of Regal Investment Advisors LLC.

Item 8 Client Contact with Portfolio Managers

You should contact our firm or your advisory representative directly with any questions regarding your Program account.

Item 9 Additional Information

Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

Other Financial Industry Activities and Affiliations

Registration as Broker-Dealer

John Kailunas, II and Brian D. Yarch, Managing Members of Regal Investment Advisors LLC are also owners and executive officers of Regal Holdings of America. Regal Holdings of America is a majority owner of Regulus Advisors, LLC, a Broker-Dealer. Regulus Advisors, LLC is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation ('FINRA'). Regulus has been approved by FINRA to provide recruiting and marketing services for other broker-dealers. No transactions for Regal Investment Advisors are run through Regulus Advisors, LLC, and there are no conflicts of interest.

Registrations with Broker-Dealer

Persons providing investment advice on behalf of our firm may be registered representatives with American Portfolios Financial Services, Inc. ("APFS"), a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. Associated Persons of Regal Investment Advisors LLC may also be investment adviser representatives of American Portfolios Advisors, Inc. ("APA"), an investment adviser registered with the Securities and Exchange Commission, and will receive investment advisory fees for providing investment advisory services in such capacity. Such fees are separate and distinct from advisory fees paid to Regal Investment Advisors LLC.

Arrangements with Affiliated Entities

We are affiliated with Regal Financial Group, LLC through common control and ownership. Therefore, persons providing investment advice on behalf of our firm are licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. Please see the "Fees and Compensation" section in this brochure for more information on the compensation received by insurance agents who are affiliated with our firm.

The referral arrangements we have with our affiliated entities present a conflict of interest because we have a financial incentive to recommend our affiliates' services. While we believe that compensation charged by our affiliates are competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use our affiliates' services and may obtain comparable services and/or lower fees through other firms. However, not all of our Associated Persons are also registered representatives and/or insurance agents.

Recommendation of Other Advisers

We may recommend that you use a third party adviser ("TPA") based on your needs and suitability. We will receive compensation from the TPA for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third party adviser. You are not obligated, contractually or otherwise, to use the services of any TPA we recommend.

Code of Ethics

We have adopted a Code of Ethics that sets the standard of conduct expected to comply with applicable securities laws. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. We adhere strictly to these guidelines. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

Personal Trading Practices

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

Review of Accounts

We monitor client portfolios as part of an ongoing process while account reviews are conducted at least annually. The reviews are designed to ensure that the advisory services provided to you are consistent with your stated investment needs and objectives. Additional reviews may be conducted at your request, or based on various circumstances, including, but not limited to contributions and withdrawals, year-end tax planning, market moving events, security specific events, and/or, changes in your risk/return objectives.

Personnel currently performing reviews are:

- Brian D. Yarch, Chief Compliance Officer, Chief Operations Officer and Managing Member
- John A. Kailunas, President and Managing Member, and
- J. Lawrence Taunt, Chief Investment Officer

The individuals conducting reviews may vary from time to time, as personnel join or leave our firm.

You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

Client Referrals and Other Compensation

Please refer to the *Brokerage Practices* section for disclosures on research and other benefits we may receive resulting from our relationship with executing broker-dealers and custodians.

As disclosed above, some persons providing investment advice on behalf of our firm are licensed insurance agents. In addition, a number of our employees are registered representatives and investment adviser representatives with American Portfolio Financial Services, a securities broker-dealer, member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation and a registered investment adviser.

We directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires. Alternatively, the Solicitor may receive a one-time, flat referral fee upon your signing an advisory agreement with our firm. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We request that our Solicitors disclose to you whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

Block Trades

We may combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

Financial Information

We are not required to provide a balance sheet or other financial information to our clients, because we do not require the prepayment of fees in excess of \$1,200 and six months or more in advance; we do not take custody of client funds or securities; and, we do not have a financial condition that is reasonably likely to impair our ability to meet our commitments to you. Moreover, we have never been the subject of a bankruptcy petition.

Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit. Moreover, we do not determine whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf.

Item 10 Requirements for State-Registered Advisers

This section is not applicable to our firm because we are an SEC registered investment adviser.