

SSN Advisory, Inc. |

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## Form ADV Part 2A: Firm Brochure

### **Item 1 – Cover Page**

This brochure provides information about the qualifications and business practices of SSN Advisory, Inc. If you have any questions about the contents of this brochure, please contact us at 800/264-5499. 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. Registration does not imply a certain level of skill or training.

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

July 1, 2015

## **Item 2 - Material Changes**

The following information discusses only material changes since the last annual update of this brochure. The last annual update of this brochure was March 7, 2013.

Multiple items were updated to reflect the wrap program name change from Encompass SMA to Encompass SMA

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## **Item 4 - Advisory Business**

SSN Advisory, Inc. (SSNAI) is an investment advisor registered with the Securities and Exchange Commission ("SEC") since April 2003. SSNAI is owned by a FINRA member introducing broker-dealer firm, Securities Service Network, Inc. (SSN). SSN is a fully disclosed introducing broker-dealer and a wholly-owned subsidiary of Ladenburg Thalmann Financial Services, Inc. (LTFS). LTFS is listed on the NYSE\_MKT under the symbol LTS. Dr. Phillip Frost and related entities Gamma Trust and Nevada Trust are beneficial owners of over 25% of LTFS. More information on SSN and LTFS is available in the following sections:

- Other Financial Industry Activities and Affiliations
- Brokerage Practices
- Custody

As of December 31, 2014, SSNAI manages \$826,083,186 on a discretionary basis and \$495,181,737 on a non-discretionary basis.

A variety of individualized investment advisory services are available through SSNAI. Through meetings and discussions you will provide detailed financial and other pertinent data to your Investment Advisor Representative (hereinafter referred to as "IAR"). Your IAR will help you determine your risk tolerance, investment goals, and other relevant investment guidelines. This information will be used to help you choose the appropriate investment advisory services from among three general categories. You may impose restrictions on investing in certain securities or types of securities. Specific services, related fee arrangements, and all terms and conditions of our client agreement are contained in the SSNAI Investment Advisory Agreement ("Agreement") that is provided for your signature. The three general categories are:

*Service 1: Financial Planning and Consulting Services:* Your IAR may provide financial planning services consistent with your investment objectives, financial and tax status, risk tolerance and time horizon.

Your IAR may, on occasion, provide general non-securities advice on topics that may include budgeting and cash flow analysis, income tax planning, education planning, retirement planning, estate planning, and fringe benefit analysis.

When generating a financial plan, your IAR may:

- a. Consult with you and analyze your financial needs and objectives based upon the information provided by you; or,
- b. Prepare a written financial plan based on your identified financial needs and objectives; or,
- c. Recommend, as part of your financial plan, investment strategies he or she believes are suited for your identified financial needs and objectives; or,
- d. Review the performance of your investment accounts (whether purchased through SSNAI or identified to SSNAI by you for review) in light of your identified needs, objectives, and financial plan on a periodic basis, as specific in the Agreement; or,
- e. Discuss the review with you annually or more frequently as is dictated by the nature of your investment or your request; or,
- f. Recommend either verbally or in writing, generic changes in your investments, strategy, or financial plan in connection with the review of your investments or the identification of new financial needs or objectives by you.
- g. When called for, your IAR may conduct a single-needs analysis to provide research, plan designs, or specific investment advice for you if you do not need or desire the more traditional financial planning process described in parts (a) through (f).

All investment analyses and recommendations will be based upon information provided to your IAR by you. There will be no independent investigation of your background information, nor update of such information, without your express written consent. It remains your responsibility to advise your IAR of any changes in circumstances, e.g. financial needs, objectives, goals and investments held with other firms or any other changes which would impact your financial condition.

Your IAR may provide financial planning services to you on direct participation programs including alternative energy programs, real estate development programs, equipment leasing programs, and only those direct participation programs which have been approved for sale by SSN registered representatives. However, recommendations as to the advisability of purchasing or selling these limited partnership or REIT investments will be made in your representative's capacity as a registered representative of SSN and not as an IAR of SSNAI.

*Service 2: Asset Management Services:* Your IAR may offer an asset management service to you pursuant to an agreement between you and SSNAI. Your IAR will develop an asset allocation strategy consistent with your investment objectives, financial and tax status, risk tolerance and time horizon. Each asset allocation strategy consists of an agreed to percentage mix of fixed income and equity investments. The fixed income allocation may include one or more of the following: (a) cash; (b) money market funds; (c) U.S. government securities; (d) foreign government bonds; (e) U.S. corporate debt; (f) foreign corporate debt; (g) municipal securities; (h) fixed income mutual funds; and (i) any other appropriate fixed income investment. The equity portion of the allocation may include one or more of the following: (a) individual stocks which are exchange listed; (b) individual

stocks which are traded over the counter; (c) individual stocks issued by foreign corporations; (d) equity mutual funds; (e) variable annuity products; (f) securities options contracts (non-discretionary only and limited to purchases of put options where the account is long the underlying security & writing covered calls); (g) interests in direct participation programs; (h) ETFs and (j) any other appropriate equity investment. Recommended mutual funds may be no-load or load-waived.

Once the basic asset allocation strategy is determined, your existing assets may be liquidated (or transferred into the appropriate account) and invested into the investment vehicles chosen by you and your IAR. Reallocation of assets will trigger taxable events except where Individual Retirement Accounts, 401(k) Accounts, 403(b) Accounts, or other qualified retirement plans or accounts are involved.

Asset management services may be provided on a discretionary or non-discretionary basis at your option. If you choose to provide SSNAI with discretion you have empowered your IAR to buy and sell securities without your prior knowledge. All discretionary accounts must be approved in advance by SSNAI. Discretionary accounts will only be approved for non-commission generating accounts.

If you receive asset management services you may contract for quarterly reports that indicate the following information as of the last day of each calendar quarter; (1) all asset class positions; (2) the specific investment vehicles included in each asset class; and (3) the dollar amount invested in each investment vehicle.

**Service 3: Third Party Investment Advisory Services:** Your IAR may assist you in identifying a third-party registered investment advisor from a list of available advisors who will counsel you with respect to your investment funds. Your IAR will provide you with data concerning the investment advisor's past performance, management style, location, minimum account size, assets under management, fees and other information. If you select this service, your IAR assists you in choosing an appropriate third-party investment advisor, but does not offer advice on behalf of SSNAI.

Your IAR will provide you with both SSNAI's Brochure and the third-party investment advisor's Brochure. Upon selection of a third-party investment advisor, you will sign the applicable advisor's Advisory Contract and deposit funds in an appropriate account. Thereafter, your funds will be invested as recommended by the third-party investment advisor. SSNAI and your IARs will not actively participate in the investment selection process.

If the third-party investment advisor's services are furnished with respect to assets in accounts maintained at SSN, in its capacity as a broker-dealer, these accounts are generally carried on a "fully disclosed" basis with a clearing broker-dealer. Please refer to Item 15 - Custody for information about SSN's custody practices.

**Wrap Fee Programs:** SSNAI sponsors the Encompass SMA Wrap Fee Program.

Encompass SMA is a discretionary asset management program, offered through IARs of SSNAI and by other registered investment advisers (collectively referred to as Solicitor or Solicitors). For Encompass SMA SSNAI uses the asset allocation, manager selection, and portfolio construction services of a Sub-Advisor. Current Sub-Advisors are:

- Ibbotson Associates, Inc., a registered investment advisor and wholly owned subsidiary of Morningstar, Inc.
- JA Forlines Global Investment Management

For additional information regarding Encompass SMA please refer to the Encompass SMA Brochure.

**Retirement Plan Services:** SSNAI offers consulting and advisory services for employer-sponsored retirement plans that are designed to assist plan sponsors of employee benefit plans ("Sponsor(s)"). SSNAI may also assist Sponsors with enrollment and/or providing investment education to plan participants and beneficiaries. SSNAI provides these retirement plan services ("Retirement Services") through its independent contractor IARs, and may charge a fee for the Retirement Services, as described below. Retirement Services are either ERISA Fiduciary Services or ERISA Non-fiduciary Services. ERISA Non-fiduciary Services may be performed only so that they would not be considered fiduciary services under the Employee Retirement Income Security Act of 1974, as amended (ERISA). When delivering ERISA Fiduciary Services, your IAR will perform those services to the plan as a fiduciary under ERISA Section 3(21)(A)(ii) and will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. When providing any ERISA Fiduciary Services, your IAR will solely be making recommendations to the Sponsor and the Sponsor retains full discretionary authority or control over assets of the plan.

Sponsor may engage SSNAI to perform the Retirement Services by completing a Retirement Plan Consulting Agreement (Consulting Agreement). The Consulting Agreement describes the terms of the arrangement between SSNAI and the Sponsor, including a description of the Retirement Services and the fees to be charged by SSNAI.

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

Service 1: Financial Planning and Consulting Services: Fees may be fixed or hourly and may be negotiated. There is no maximum rate for fixed fees. Hourly fees are billed at a maximum rate of five hundred dollars (\$500.00) per hour. Fees are estimated by your IAR based upon a preliminary assessment of the complexity of your financial circumstances, the level of skill required to perform the services, and, accordingly, the time likely to be required to perform the services. The fees will be specific in the Agreement.

One-half of the estimated fixed fees may be due and payable upon acceptance of the Agreement by your IAR. In such a case, the balance of the fees will be due and payable upon delivery of the plan, recommendations or otherwise at the conclusion of the services.

Under no circumstances will SSNAI or your IAR require prepayment of a fee more than six months in advance or in excess of \$500.00.

Unless otherwise stated in the Agreement, Agreements are for a period of one year. The Agreement may be terminated at any time at your discretion. The IAR or SSNAI may terminate the Agreement at any time upon 30-days written notice to you. There are no provisions for refunds when services have been rendered.

Service 2: Asset Management Services: The maximum annual fee for participation in the asset management services program is 2.50% and may be negotiated. Fees for this service are paid either in advance or arrears.

Advisory fees due to SSNAI may be either:

- a. Deducted from the client's account, when due: SSNAI will liquidate money market shares to pay the fees and, if insufficient money market shares or cash are available, other investments will be liquidated to pay the fees. The investment(s) to be liquidated will be selected at random by your IAR. Authorization for the automatic deduction of fees from your account(s) is contained in the Agreement.
- b. Paid by check. Fees that are not directly debited from your account should be paid by check. Your check should be made payable to SSN Advisory, Inc. FBO (IAR name).

Fees are calculated on your account(s) in accordance with the Agreement on a monthly or quarterly basis. Unless otherwise agreed to by contract, the fee is calculated based upon either:

- a. the average daily value of your account computed and payable in arrears during the preceding month or quarter; or,
- b. the fair market value of the assets in the account payable in arrears as of the end of the month or quarter

Fee Schedules may be either tiered or linear.

- a. Tiered fee schedule - similar to our current income tax system. Each level of assets is charged its own corresponding percentage rate. For example, a tiered fee schedule might charge 2.5% on the first \$250,000, 1.75% on the next \$250,000 and 1.5% on the next \$250,000, effectively giving you a blended and lower rate than the maximum 2.5%.
- b. Linear fee schedule - as your assets grow and breakpoints are met, fees are decreased. Unlike the tiered fee schedule, once a breakpoint has been met all of the assets back to dollar one is then charged at the new lower percentage rate.

Account value used to calculate advisory fees is based on the "settlement value" of your account. Investors must complete or "settle" their security transactions within three business days. This settlement cycle is known as "T+3," shorthand for "trade date plus three days." T+3 means that when you buy a security, your payment must be received by your brokerage firm no later than three business days after the trade is executed. When you sell a security, you must deliver to your brokerage firm your securities certificate no later than three business days after the sale. For example:

- If a position that settles in three days is purchased, the value of that position will not be included in the account value until the end of the three day settlement period;
- If a position that settles in three days is sold, the value of that position will be included in the account value until the end of the three day settlement period.

Not every security will have the same settlement periods; periods vary between T+1, T+2 and T+3. If you are purchasing and selling positions on the same date with different settlement periods, your account settlement value used for fee calculation purposes may be more or less than other account value calculation methods.

The selection of certain fee calculation combination options as outlined above may cost you more or less than the selection of other fee calculation combination options. You and your IAR may choose to "household" or combine multiple accounts for billing purposes. Householding may allow you to reach higher tiers or breakpoints which may result in lower overall costs than if your accounts are not househanded.

If you are in need of brokerage and/or custodial services, you will have SSN, in its capacity as a broker-dealer, recommended to you. More information on brokerage practices is discussed in Item 12.

SSNAI offers various Asset Management Services; Encompass, which is available on the Pershing and NFS platforms; PRM, which is only available on the Pershing platform; and SRM, which is only available on the NFS platform. Certain representatives affiliated with SSN prior to July 2014 may offer the RM asset management service. SSN has approved a limited number of IARs to maintain client accounts at Fidelity Institutional Wealth Services (FIWS) or TD Ameritrade. Encompass and PRM both have a platform fee that is retained by SSNAI. RM is available on the Pershing and NFS platforms.

- Encompass:
  - The annual platform fee for Encompass is the greater of 0.18% or \$60.00; the platform fee is billed in arrears either monthly or quarterly and is included in the total fee disclosed in the Agreement. Due to the platform fee Encompass accounts may only be householded with other Encompass accounts.
  - The annual platform fee may be increased in the future. If this platform fee increase will cause your total fee to be increased your IAR will have you sign a new Agreement.
  - Certain mutual funds are available on the Encompass platform for no transaction fees. These funds pay SSN revenue sharing and/or 12b-1 fees.
  - All other transactions will bear certain transaction costs which will be fully disclosed. For more information on transaction costs, please refer to Item 12 – Brokerage Practices.
- PRM:
  - The annual platform fee for PRM is of 0.08%; the platform fee is billed in arrears either monthly or quarterly and is included in the total fee disclosed in the SSN Advisory, Inc. Client Advisory Services Agreement. The minimum account size for PRM is \$25,000; accounts below the minimum amount will be charged an additional \$40 annual fee (\$3.33 monthly or \$10 quarterly). Due to the platform fee and minimum account size fee, PRM accounts may only be householded with other PRM accounts.
  - The annual platform fee may be increased in the future. If this platform fee increase will cause your total fee to be increased your IAR will have you sign a new Agreement.
  - Certain mutual funds are available on the PRM platform for no transaction fees. These funds pay SSN revenue sharing and/or 12b-1 fees.
  - All other transactions will bear certain transaction costs which will be fully disclosed. For more information on transaction costs, please refer to Item 12 – Brokerage Practices.
- SRM:
  - There is no annual platform fee or minimum account size for SRM.
  - Certain mutual funds are available on the SRM platform for no transaction fees. These funds pay SSN revenue sharing fees.
  - Certain mutual funds are available for no transaction fees subject to certain limitations; transactions above these limitations bear certain transaction costs which will be fully disclosed. These funds pay SSN 12b-1 fees.
  - All other transactions will bear certain transaction costs which will be fully disclosed. For more information on transaction costs, please refer to Item 12 – Brokerage Practices.
- RM:
  - There is no annual platform fee or minimum account size for RM.
  - Certain mutual funds will pay 12b-1 fees to SSN and/or your IAR.
  - All transactions will bear certain transaction costs which will be fully disclosed. For more information on transaction costs, please refer to Item 12 – Brokerage Practices.
- FIWS and TD Ameritrade:
  - There is no annual platform fee or minimum account size for FIWS or TD Ameritrade
  - Certain mutual funds are available on the FIWS and TD Ameritrade platform for no transaction fees. Neither SSN nor your IAR receive revenue sharing and/or 12b-1 fees.
  - All other transactions will bear certain transaction costs which will be fully disclosed. Transaction fees on the FIWS and TD Ameritrade platforms are typically lower than transaction fees for Encompass, PRM, SRM, and RM. For more information on transaction costs, please refer to Item 12 – Brokerage Practices.

You may be responsible for any and all transaction charges, including standard broker-dealer ticket charges and confirmation fees, wire transfer fees, and other fees which may be assessed to your account. Your IAR may choose to pay broker-dealer ticket charges; however, you are always responsible for additional transaction charges. If your IAR does not pay ticket charges, this may result in higher overall cost to you. You will pay separately for IRA custodial services and may be assessed inactivity fees. All fees paid to SSNAI for investment advisor services are separate from fees and expenses charged to owners of mutual fund shares or variable annuity contracts by the product sponsors. As a result, you may pay two management fees. Variable Annuities often carry higher internal expense ratios than mutual fund investments due to their insurance related features. If you

opt for management of a variable annuity, you will be subject to higher annual fees than if only invested in the variable annuity, as fees paid to SSNAI are separate and segregate from the annuity expenses. Furthermore, you will have the same investment options and could possibly invest in a similar fashion without management services on their own. A complete explanation of the product-related fees and expenses is contained in the prospectus for the particular investment product.

SSN and/or your IAR will, from time-to-time, receive 12b-1 fees, revenue sharing, or trail commissions ("Additional Compensation") from investment companies in connection with the placement of client funds into investment companies. SSN will, from time-to-time, receive a portion of the transaction charges in connection with transactions within certain brokerage accounts. For more information on these practices, please refer to Item 12 – Brokerage Practices.

These practices present a conflict of interest and gives SSNAI or your IAR an incentive to recommend investment products based on the compensation received, rather than on your needs. These conflicts, which are disclosed in this brochure, are addressed through ongoing training, annual compliance meetings, and a review of all transactions by SSNAI's compliance staff.

In the event that your IAR is to receive commission revenues from you in connection with investments purchased in advisory or managed accounts, such commissions shall be "fully disclosed" by your IAR, and/or product prospectus and/or through the distribution of the trade confirmation statement. If as a registered representative, your IAR earns a commission on the sale of a securities product, he or she must wait one (1) year before including that position in the calculation of your advisory fee. Advisory fees may not be reduced to offset these commissions. Illiquid assets (e.g. partnerships, illiquid REITs, savings accounts, CD's) are not included in the calculation of assets under management and advisory fees. Neither SSNAI nor your IAR are compensated on the basis of a share of capital gains or capital appreciation of the funds or any portion of the fund invested by you. Lower fees for comparable services may be available from other sources.

Some registered representatives of Securities Service Network, Inc. may own and operate their own Registered Investment Advisor firms. In certain circumstances, such representatives may receive prior approval to conduct advisory business "away" from NFS or Pershing. Any fee revenue as may be generated by this "away" business must be paid by the approved custodian to SSNAI, which will then pay the fee revenue to the representative.

There are no provisions for refunds when services have been rendered.

Unless otherwise stated in the agreement, asset management services client contracts are for a period of one year and self-renew each year. The advisory agreement may be terminated at any time at your discretion. Your IAR or SSNAI may terminate the advisory agreement at any time upon 30-days written notice to the client.

**Service 3: Third Party Investment Advisory Services:** Fees and their method of calculation, for each third-party investment advisor's services are carefully described in their Form ADV Part 2 Brochure. Fees may be negotiable. Third-party investment advisors generally charge fees that on a periodic basis (usually quarterly) are debited from the client accounts on a schedule pre-approved by you. In most cases, the account debiting arrangements are designed to follow the provisions of Rule 206(4)-2 of the Investment Advisers Act of 1940. You should consult the third-party advisor's Form ADV Part 2 Brochure to determine: (a) if compensation is payable before the service is provided; (b) when compensation is payable; (c) how you may get a refund on any pre-paid fees; and (d) how you may terminate an advisory contract before its expiration date.

A portion of the fees charged to you by the third-party investment advisor is allocated to SSNAI and your IAR for introducing accounts to the advisor. In some cases when a client is introduced by SSNAI, the third party investment advisor may chose to implement securities transactions through SSN within its capacity as a broker/dealer, with compensation to SSN in the form of directed commissions. Such arrangements shall be fully disclosed to the client.

**General Responses:** Your IAR may receive non-cash compensation in the form of due diligence trips or marketing support from product sponsors. Non-cash compensation will not be based on the number or amount of sales, client referrals, or new accounts. This presents a conflict of interest and gives your IAR an incentive to recommend investment products based on the non-cash compensation received, rather than on your needs.

**Wrap Fee Programs:**

The Fee for Encompass SMA varies based upon the Sub-Advisor selected by the client. Please refer to the Encompass SMA Brochure for Fees related to each available Sub-Advisor.

**Retirement Plan Services:** Fees for the Retirement Services ("Fees") are negotiable, and Sponsor may be charged a fee based on a percentage of plan assets, an hourly rate or a flat dollar amount. Sponsor may specify whether to pay the Fees directly or may authorize the plan's recordkeeper or custodian to pay SSNAI from plan assets. The selection of certain fee calculation combination options as outlined below may cost you more or less than the selection of other calculation combination options.

Fee based on a percentage of plan assets are calculated in accordance with the Consulting Agreement on a monthly or quarterly basis. Unless otherwise agreed to by contract, the fee is calculated based upon either:

- a. the average daily value of your account computed and payable in arrears during the preceding month or quarter; or
- b. the fair market value of the assets in the account payable in arrears as of the end of the month or quarter

Fee Schedules may be either tiered or linear.

- a. Tiered fee schedule - similar to our current income tax system. Each level of assets is charged its own corresponding percentage rate. For example, a tiered fee schedule might charge 2.5% on the first \$250,000, 1.75% on the next \$250,000 and 1.5% on the next \$250,000, effectively giving you a blended and lower rate than the maximum 2.5%.
- b. Linear fee schedule - as your assets grow and breakpoints are met, fees are decreased. Unlike the tiered fee schedule, once a breakpoint has been met all of the assets back to dollar one is then charged at the new lower percentage rate.

There is no maximum rate for flat dollar fees and are payable either monthly, quarterly, or annually as indicated in the Consulting Agreement.

Hourly fees are billed at a maximum rate of five hundred dollars (\$500.00) per hour. Fees are estimated by your IAR based upon a preliminary assessment of the complexity of your financial circumstances, the level of skill required to perform the services, and, accordingly, the time likely to be required to perform the services. The fees will be specific in the Consulting Agreement.

If the Consulting Agreement is terminated prior to the end of the billing period, SSNAI will be entitled to a fee, prorated for the number of days in the billing period prior to the effective date of termination, and for asset-based fees, based on the market value of the plan assets at the close of business on the effective date of termination.

Sponsors receiving Retirement Services may pay more or less than a client might otherwise pay if purchasing the Retirement Services separately or through another service provider. There are several factors that determine whether the costs would be more or less, including, but not limited to, the size of the plan, the specific investments made by the plan, the number of locations of participants, the Retirement Services offered by another service provider, and the actual costs of Retirement Services purchased elsewhere. In light of the specific Retirement Services offered by SSNAI, the Fees charged may be more or less than those of other similar service provider.

All fees paid to SSNAI for Retirement Services are separate and distinct from the fees and expenses charged by mutual funds and exchange traded funds to their shareholders. These fees and expenses are described in each investment's prospectus. These fees will generally include a management fee, other expenses, and possible distribution fees. If the investment also imposes sales charges, a client may pay an initial or deferred sales charge. The Retirement Services provided by SSNAI are designed to, among other things, assist the client in determining which Manager(s) are most appropriate to each client's financial condition and objectives and to provide other administrative assistance as selected by the client. Accordingly, the client should review both the fees charged by the funds, the Manager, the plan's other service providers and the fees charged by SSNAI to fully understand the total amount of fees to be paid by the client and to evaluate the Retirement Services being provided.

Your IAR is a registered representative of Securities Service Network, Inc., of Knoxville, Tennessee, a FINRA registered broker-dealer. As such, your IAR is capable of executing securities transactions through Securities Service Network, Inc. As a result, the IAR may from time to time receive commissions and other payments, including 12b-1 fees, generally received with respect to the sale of investment products. Any such indirect compensation received in this capacity will be fully disclosed in the Securities Service Network, Inc. Retirement Plan Services Agreement ("Agreement") and will be used to offset the Fee described in Appendix B of the Consulting Agreement.

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

SSNAI does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of your assets).

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

SSNAI provides investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations or business entities other than those listed above. SSNAI does not have requirements for opening or maintaining an account.

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



Investing in securities involves risk of loss that you should be prepared to bear. Risks associated with the strategies described below include:

- Capital risk – The risk that your investments may lose value.
- Currency risk – If the assets you invest in are held in another currency there is a risk that currency movements alone may affect the value.
- Financial risk – The risk that there may be a disruption in the internal financial affairs of the investment, thereby causing a loss of value.
- Market risk – The risk that the value of a security or portfolio will decrease due to the change in value of the overall market.
- Credit risk – The risk of loss arising from a borrower who does not make payments as promised.
- Interest rate risk – The risk that an interest-bearing asset, such as a bond, will lose value due to variability of interest rates. In general, as rates rise, the price of a fixed rate bond will fall, and vice versa.

Your IAR may use one or more of the following methods of analysis in formulating investment advice or managing assets:

- Fundamental – Analyzes individual investments in relation to expectations regarding the market and international and national economic indicators, such as GDP growth rates, inflation, interest rates, exchange rates, productivity, and energy prices.
- Technical – Analyzes past market data trends, primarily price and volume, in an attempt to forecast the direction of securities prices.
- Cyclical – Analyzes past economic and market cycles in an attempt to forecast the direction of securities prices.
- Computer model – Software programs utilizing statistics and probability, calculus, and econometrics to produce trading signals for the purpose of timing portfolio re-allocations.

Your IAR may use one or more of the following investment strategies in managing your assets:

- Buy and hold (passive management) - A long term investment strategy based on the view that in the long run financial markets give a good rate of return despite periods of volatility or decline. This viewpoint also holds that short term market timing, i.e. the concept that one can enter the market on the lows and sell on the highs, does not work so it is better to simply buy and hold.
- Market timing (active management) - A strategy of making buy or sell decisions of financial assets by attempting to predict future market price movements. The prediction may be based on an outlook of market or economic conditions resulting from technical or fundamental analysis. This is an investment strategy based on the outlook for an aggregate market, rather than for a particular financial asset.
- Momentum investing (active management) – A strategy of buying securities that have had high returns over a specific historical time period (ex. the twelve months), and selling those that have had poor returns over the same period.
- Strategic asset allocation - A strategy that involves the establishment of a long-term target allocation in major asset classes such as stocks, bonds, and cash based on portfolio objective, risk tolerance, and time horizon.
- Tactical asset allocation – A strategy that attempts to overweight those asset classes that are expected to outperform on a relative basis and underweight those expected to underperform. Financial and economic variables (“signals”) are used to predict performance and assign relative short-term asset-class weightings.

The strategies described above may utilize a combination of long term purchases (securities held at least a year), short term purchases (securities sold within a year), trading (securities sold within 30 days), or options contracts (non-discretionary only and limited to purchases of put options where the account is long the underlying security & writing covered calls). Frequent trading in your account can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Investment strategies and recommendations may be based upon consideration of any of the following:

- a. Diversification – for the purpose of balancing risk while maintaining the possibility of gain; or,
- b. Risk Factors – including the risk of capital loss (market risk) and the risk of loss of purchasing power (inflation risk), and the client’s understanding of, and financial ability to bear, such risks; or,
- c. Asset Balance – taking into consideration short and long-term liquidity needs, blending of lesser and greater risk approaches, and combining income, growth, and safety concepts; or,
- d. Discipline – emphasizing commitment and follow through over a reasonable period of time in order to permit the investment plan or recommendations to achieve the intended/pursued result; or,
- e. Income Tax Considerations, but these should not replace the economic benefits as the principal determinant of investment decisions.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SSNAI or the integrity of SSNAI's management.

In March 2015 SSNAI, and our affiliated broker dealer firm SSN, entered into a Consent Order from the State of Missouri. From January 2010 through December 2011 an Investment Advisory Representative/Agent ("IAR") of SSNAI and our affiliated broker dealer firm SSN utilized a market timing strategy for 18 client accounts. The strategy involved two inverse ETF transactions (non-leveraged) and the State of Missouri has alleged that the strategy was not suitable for clients with a moderate risk tolerance. The State further alleges that the Firm failed to supervise the IARs activity. SSNAI and SSN agreed to a Consent Order whereby \$500,000 was paid in restitution, \$35,000 was paid to the State's Investor Education and Protection Fund and \$15,000 was paid for investigative costs.

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

The principal business of SSNAI is the provision of advisory services. SSNAI is owned by SSN, a FINRA member introducing broker-dealer firm. SSN is a wholly-owned subsidiary of Ladenburg Thalmann Financial Services, Inc. (LTFS). SSNAI's executive officers are registered representatives SSN.

Other companies that are owned by LTFS and thus affiliated with SSNAI are:

Ladenburg Thalmann Asset Management, Inc. (LTAM)	100% owned by LTFS
Ladenburg Thalmann Fund Management, LLC (LTFM)	50% owned by LTAM
Ladenburg Thalmann & Co. Inc. (LTCO)	100% owned by LTFS
Ladenburg Capital Agency Inc.	100% owned by LTFS
Triad Advisors, Inc.	100% owned by LTFS
Triad Hybrid Solutions, LLC	100% owned by LTFS
Investacorp, Inc.	100% owned by LTFS
Investacorp Advisory Services	100% owned by LTFS
Premier Trust, Inc.	100% owned by LTFS
Securities America Financial Corporation (SAFC)	100% owned by LTFS
Securities America, Inc.	100% owned by SAFC
Securities America Advisors, Inc.	100% owned by SAFC
Arbor Point Advisors, LLC	80% owned by SAFC
KMS Financial Services, Inc	100% owned by LTFS
HCHC Acquisition, Inc. (HCHC)	100% owned by LTFS
Highland Capital Brokerage, Inc.	100% owned by HCHC

### **Boyar Value Fund and Alternative Strategies Fund**

LTAM owns 50% of Ladenburg Thalmann Fund Management, LLC, ("LTFM"), which is a registered investment adviser. LTFM is an adviser to an open-end registered investment company, the Boyar Value Fund, Inc. This fund is an open-end diversified management investment company. LTCO is the distributor of the fund. LTAM is the investment adviser to the Alternative Strategies Fund (LTAFX). The Alternative Strategies Fund is a closed end interval fund that incorporates quality alternative products and allows clients to access these investments with lower minimums and no accreditation. Your IAR may recommend that you invest in the Boyar Value Fund or in the Alternative Strategies Fund for which LTAM acts as investment adviser, and LTCO acts as distributor.

### **Ladenburg Thalmann High Income Portfolio (UIT)**

LTAM provides a recommended list of securities to First Trust Portfolios, L.P. (First Trust), the sponsor of the Ladenburg Thalmann High Income Portfolio (UIT). The UIT's objective emphasizes income generation through non-traditional yield sources such as Real Estate Investment Trusts (REITs), Business Development Companies (BDC), and Master Limited Partnerships (MLPs). The portfolio is made up of individual securities, closed end funds, exchange traded funds (ETFs) and or BDCs.

SSN will receive a portion of a dealer concession or agency commission in connection with units of the Ladenburg Thalmann High Income Portfolio UIT that are sold by your IAR, if those units are subject to a sales charge. A higher concession percentage will be received if certain total sales levels of the UIT are met, as set forth in the UIT prospectus. Although, SSN will not receive a concession on the sale of UIT units to SSNAI advisory accounts because the sales are not subject to a sales charge, units sold to advisory accounts will count towards these sales levels. Thus, SSNAI has a conflict of interest in recommending sales of the UIT. For a license to use the Ladenburg name and for providing a list of securities, LTAM receives a licensing fee of .10% which is based on assets raised within Ladenburg Thalmann High Income Portfolio (UIT) during the offering period.

*The Ladenburg Total Portfolio Series (Collective Investment Trusts)*

LTAM is the investment adviser to The Ladenburg Thalmann Total Portfolio Series which is a series of Collective Investment Trusts ("CITs"). The CITs are a series of 5 portfolios established for qualified retirement plans, such as 401(k) plans and Profit Sharing Plans. The portfolios are generally comprised of Exchange Traded Funds ("ETF") which closely mimic LTAM's traditional LAMP ETF models. The CITs are maintained by a bank trust, and are offered in 2 share classes, Advisory or Investor.

The CITs may not be utilized if your IAR is acting in an ERISA fiduciary capacity.

Your IAR may recommend Premier Trust to provide trust and administrative services. Premier Trust provides full disclosure with respect to its trust and administrative services and related costs.

LTCO acts as a dealer with respect to certain securities, and as such, may execute transactions for SSNAI clients as principal. As a dealer, LTCO may receive a "mark-up", "mark-down", and/or spread in the net price at which principal transactions are executed. This compensation is in addition to other compensation that client pays to SSNAI and its affiliates. Thus, SSNAI will address this conflict of interest in the following ways: After receiving disclosures about a specific principal transaction with LTCO, clients have the opportunity to reject the transaction before it is completed, to the extent required by applicable law. In addition, SSNAI has policies and procedures in place to assure that clients receive best execution with respect to principal trades, regardless of whether the trade is executed by LTCO or an unaffiliated dealer.

*Conflicts disclosure*

LTCO may share a portion of payments received from a mutual fund, UIT, CIT, or in connection with an initial public offering, a secondary offering, and/or a private placement with your IAR. If available, your IAR will also receive compensation, such as 12(b)-1 or services fees, in connection with the sale of funds or investments, including the Alternative Strategies Fund, Boyar Fund, Ladenburg Total Portfolio Series CITs, and Ladenburg High Income Portfolio UIT. Therefore, your IAR has an incentive to recommend implementing the recommendations made through the consulting services through LTCO. This conflict of interest is heightened when your IAR recommends securities where LTCO acts as underwriter because your IAR typically receives more compensation in connection with these securities than in connection with other types of securities. Your IAR may also have a heightened conflict of interest when recommending funds, CITs, and UITs that pay compensation, including the Alternative Strategies Fund, Boyar Value Fund, the Ladenburg Total Portfolio Series (CIT), or Ladenburg Thalmann High Income Portfolio UIT.

For accounts carried by National Financial Services, Inc. and Pershing LLC, SSN receives transaction costs and charges assessed to its clients' accounts. This gives SSNAI incentive to recommend SSN in its capacity as a broker-dealer if you are in need of brokerage and/or custodial services. Lower fees for comparable services may be available from other sources, including Fidelity Institutional Wealth Services and TD Ameritrade Institutional. This conflict of interest is fully disclosed to you in this brochure. For more information on brokerage services, please refer to Item 12 – Brokerage Practices

SSN owns and operates a full service insurance agency under the name of Network Agency, Inc. SSN also has a number of state specific insurance corporations that conduct insurance business across the country; Network Agency of Alabama, Inc., Network Agency of Ohio, RSB, Inc., SSN Agency of Texas, Inc., SSN Agency, Inc., and SSN Insurance Agency, Inc. Other affiliated entities are Renaissance Capital Corporation, which purchases equipment that is leased to SSN/SSNAI, and Fort Loudon Insurance Co, Ltd., and insurance agency for errors and omissions insurance for registered representatives of SSN.

SSNAI, its IARs, or SSN may receive administrative, investment advisory or other fees for providing support services, administrative support and/or client referrals to other investment advisory firms. If applicable, these arrangements are fully disclosed to you.

Through its Strategic Partner and Vendor Relationship Program SSN receives revenue sharing payments and or marketing reimbursements from certain product providers. Such payments create a conflict of interest in that SSN may receive a higher level of compensation for sales in such products. SSN has negotiated payments from various product sponsors for participation in our Strategic Conference Partner Program. In addition, SSN may also receive revenue sharing payments from other product sponsors or vendors outside of the Strategic Conference Partner Program. We receive payments from mutual fund companies, insurance companies, fixed insurance marketing organizations, registered investment advisory firms and alternative investment sponsors. Payment may be in the form of a fixed dollar fee of up to \$22,000 and/or include a variable component of up to 1.5% of the amount of sales conducted through SSN in the particular product. SSN may also receive revenue sharing payments from our clearing firms, National Financial Services, Inc. and Pershing LLC as well as from the investment products offered on their respective platforms. This may include payments for balances within client money market funds and FDIC insured deposits. Such payments will reduce the yield received by the investor on such accounts. Investors are free to select money market funds that do not pay a 12b-1 or similar fee as described in the prospectus. SSN does not receive any revenue sharing or conference participation payments based upon product sales to ERISA qualified accounts. Additional details of the Strategic

Partner and Vendor Relationship Program are available under the Disclosures section of SSN's website, [www.ssnetwork.com](http://www.ssnetwork.com). This program presents a conflict of interest and gives SSNAI or your IAR an incentive to recommend investment products based on the compensation received, rather than on your needs. These conflicts, which are disclosed in this brochure, are addressed through ongoing training, annual compliance meetings, and a review of all transactions by SSNAI's compliance staff.

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

Pursuant to SEC Rule 204A-1, SSNAI has adopted a Code of Ethics for all access persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the personal securities transactions, trading, confidentiality and privacy, prohibition on insider trading, conflicts of interest, outside affiliations, and fair compensation, among other things. All supervised persons at SSNAI must acknowledge the terms of the Code of Ethics. The firm will provide a copy of our Code of Ethics to any client or prospective client upon request.

SSNAI does not engage in principal transactions as an investment advisor. SSN, as a broker-dealer, may engage in such transactions, however, not for any SSNAI investment advisor account transaction.

SSNAI, as an investment advisor, does not affect transactions for compensation for any investment advisor clients. SSN may do so in its capacity as a broker-dealer. SSN will receive transaction costs and charges assessed to the investment advisor clients.

SSNAI does not affect agency cross transactions for any investment advisor clients. SSN may do so in its capacity as a broker-dealer.

SSNAI does not recommend securities or investment products to its investment advisor clients in which SSNAI has a financial interest other than fully disclosed commissions or referral fees. SSN may do so in its separate capacity as a broker-dealer.

SSNAI will receive a portion of the management and administrative fees charged by the third-party investment advisors. In the event that an IAR is to receive commission revenues from clients in connection with investments purchased in advisory or managed accounts, such commissions shall be "fully disclosed" by the IAR, and/or product prospectus and/or through the distribution of the trade confirmation statement.

SSNAI or individuals associated with SSNAI may buy or sell securities identical to those recommended to customers for their personal accounts. All such orders placed on the same day must be placed in the customers' account prior to being placed in the IAR's account. Additionally, any related person(s) may have an interest or position in certain securities that may also be recommended to a client. As such, transactions are likely to be statistically insignificant in relation to the market as a whole.

SSNAI does not permit the aggregate blocking of personal securities transactions with those of advisory clients.

As these situations may represent a conflict of interest, SSNAI has established the following restrictions in order to comply with its fiduciary responsibilities:

- a. A director, officer or employee of SSNAI shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public upon reasonable inquiry. No director, officer or employee of SSNAI shall prefer his or her own interest to that of the advisory client.
- b. SSNAI maintains a record of securities holdings via account statements for itself, and anyone associated with its advisory practice with access to advisory recommendations. An appropriate officer or manager of SSNAI reviews these statements on a regular basis.
- c. SSNAI emphasizes the unrestricted right of the client to decline to implement any investment advice rendered, except in situations where SSNAI is granted discretionary authority over the client's account.
- d. SSNAI requires that all directors, officers and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
- e. Any director, officer or employee of SSNAI found to have failed to observe the above-listed principles may be subject to internal disciplinary sanctions, which may include termination.

## **Item 12 – Brokerage Practices**

SSN is a fully disclosed introducing broker-dealer. Accounts are carried by National Financial Services, LLC, Member NYSE/SIPC ("NFS"), located at PO Box 77001, Cincinnati, OH 45277 and Pershing, LLC ("Pershing"), located at PO Box 2054, Jersey City, NJ

07303 . Some SSNAI advisory accounts may be carried by TD Ameritrade Institutional ("TD Ameritrade"), located at 4075 Sorrento Valley Blvd, Suite A, San Diego, CA 92121, a wholly owned subsidiary of TD Ameritrade Holding Corporation or Fidelity Institutional Wealth Services ("FIWS"), located at 200 Seaport Blvd, Z2B1, Boston, MA 02210, a wholly owned subsidiary of the Fidelity Investments Group of companies.

If you are in need of brokerage and/or custodial services you will have SSN, in its capacity as a broker-dealer, recommended to you. Although you are not required to select SSN, or one of the approved clearing broker-dealers, for execution and custodial services, SSNAI will not be able to allow you to participate in its investment advisory services if you select another broker-dealer. Not all advisory firms require their clients to direct brokerage to a specified broker-dealer. SSNAI does not have discretion to select the broker-dealer to use for transactions or to negotiate transaction costs.

Due to the nature of SSNAI's business needs, SSNAI's advisory practice does not include negotiating commissions with broker-dealers or obtaining volume discounts. To improve the quality of execution, your IAR may aggregate your transactions with other orders for his or her clients. Allocations of aggregated orders are made under procedures designed to treat all clients fairly. Aggregation of transactions typically occurs only when an IAR is executing a transaction in the same investment in multiple client accounts. If transactions are not aggregated, this may result in higher costs to you than if transactions are aggregated.

The investment advisory services provided by SSNAI may cost you more or less than purchasing similar services separately. You should consider whether or not the appointment of SSN (or an approved clearing broker-dealer) as the sole broker-dealer may or may not result in certain costs or disadvantages to you as a result of possibly less favorable executions. Factors to consider include the type and size of the account, the securities to be bought or sold and the your historical and/or expected size or number of trades.

The following practices present a conflict of interest and give SSNAI or your IAR an incentive to recommend a broker-dealer based on the compensation received, rather than on your needs.

#### Accounts Carried by NFS and Pershing:

- Transactions executed through SSN, in its broker-dealer capacity, as part of services enumerated herein, may be subject to SSN's then current transaction fee and commission schedule. SSN receives a portion of these transaction charges. If applicable, such commissions and fees will be "fully disclosed". SSN has the authority to negotiate transaction costs with NFS and Pershing. If SSN negotiates lower transaction costs you will not receive the benefit of these lower costs.
- SSN and/or your IAR will, from time-to-time, receive 12b-1 fees, revenue sharing, or trail commissions ("Additional Compensation") from investment companies in connection with the placement of client funds into investment companies. SSN will, from time-to-time, receive a portion of the transaction charges in connection with transactions within certain brokerage accounts.
- In certain instances multiple share classes of the same mutual fund may be available for investment, with one share class charging higher ongoing expenses and paying Additional Compensation to SSN and/or your IAR and the other share class charging lower ongoing expenses and not paying Additional Compensation to SSN and/or your IAR. Your IAR may select the fund share class that pays Additional Compensation even when you are eligible to own the lower cost share class.
- The default fund for your cash balances is a money market mutual fund that pays a 12b-1 fee to SSN; this may result in a lower return on your cash investments than if your cash were invested in a money market mutual fund that did not pay a 12b-1 fee.
- Certain IARs have negotiated lower clearance and execution rates for their clients, with the result that those clients may receive similar service(s) at a lower execution cost than the clients of other IARs who have not negotiated lower rates. These costs vary by product and range from \$0 to \$47.95 per transaction. Transactions for certain products also include an additional per share charge.
- Your IAR may choose to pay broker-dealer ticket charges; however, you are always responsible for additional transaction charges. If your IAR does not pay ticket charges, this may result in higher overall cost to you.

#### Accounts Carried by FIWS and TD Ameritrade

- Transactions executed through FIWS and TD Ameritrade are subject to FIWS's and TD Ameritrade's current transaction fee schedule. If applicable, such fees will be "fully disclosed". SSN does not receive a portion of these transaction charges. Neither SSN nor SSNAI have the authority to negotiate transaction costs with FIWS or TD Ameritrade.
- Neither SSN nor your IAR will receive 12b-1 fees, revenue sharing, or trail commissions ("Additional Compensation") from investment companies in connection with the placement of client funds into investment companies.

### **Item 13 – Review of Accounts**

Encompass SMA Wrap Fee Program: Clients participating in Encompass SMA will have their accounts reviewed on a periodic basis,

but no less frequently than each calendar quarter by SSNAI, Sub-Advisor, or Solicitor. If Sub-advisor recommends changes to the Portfolios, such changes will be made to clients' accounts on a discretionary basis. Asset allocations and/or securities in the Portfolios may be adjusted or replaced at any time.

*Third-Party Managed Accounts:* IARs of SSNAI will review the services, reporting and account data provided by the approved third-party investment advisors to clients to ensure consistency with fair and ethical practices. Generally, quarterly and year-end reports will be prepared for each client by third-party investment advisors. These reports will not be prepared by SSNAI. The nature and frequency of the reports will vary depending upon the third-party advisor being utilized by the client. Clients should refer to the third-party investment advisor's Form ADV Part 2 for more information.

*All Other Investment Advisor Accounts:* IARs of SSNAI perform periodic reviews of client accounts. Each individual IAR is responsible for the review of all accounts they maintain. Reviews are performed no less than quarterly. Reviews are also performed when the client informs the IAR of substantial changes to their financial or tax status, investment objectives, risk tolerance or time horizons. Lastly, reviews may occur when fundamental market factors (e.g., inflation rates, interest rates, GDP, etc.) change in a material way.

Clients will be issued trade confirmations for all transactions, monthly account statements (for all months in which a change occurs in the account) and custodial statements.

Some IARs may generate account statements or performance reports for clients. All reports will include a notification urging the client to compare the account statements from the custodian with those from the IAR.

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

*SSNAI as Solicitor:* For information regarding client referrals and other compensation, please refer to Item 5 and Item 10.

*SSNAI's Use of Solicitors:* SSNAI may compensate outside professionals or firms, such as attorneys, accountants, or other broker/dealers and investment advisers, for referring your advisory business to SSNAI. These professionals or firms are known as Solicitors. SSNAI will pay a portion of the advisory fee you pay us to the Solicitor, typically for as long as you maintain an advisory relationship with us, to compensate the Solicitor for the referral. SSNAI will not charge a client who is referred to SSNAI by a Solicitor any amount for the cost of obtaining the client that is in addition to the fee normally charged by SSNAI for its investment advisory services. Such solicitation arrangements are disclosed to clients at the time of the solicitation via execution of a Solicitor Disclosure Statement or similar document that outlines the nature and amount of the compensation we pay to the Solicitor and whether or not the Solicitor is affiliated with or related to SSNAI. Solicitors are required to provide prospective clients with a current copy of SSNAI's Form ADV Part 2 no later than the date on which the client enters into an advisory relationship with SSNAI.

## **Item 15 – Custody**

SSNAI may deduct advisory fees directly from clients' accounts but does not otherwise have custody of clients' funds or securities.

Deduction of advisory fees will be made by the qualified custodian holding your funds and securities. Further, the qualified custodian agrees to deliver a monthly or quarterly account statement directly to you, and never through SSNAI, showing all disbursements from the account. You are encouraged to review all account statements for accuracy. SSNAI will form a reasonable belief that such statements are delivered to you. You may terminate authorization for automatic fee deduction of advisory fees by notifying your IAR in writing. In turn, your IAR will notify the SSNAI home office promptly.

Some IARs may generate account statements or performance reports for clients. You are urged to compare the account statements from the custodian with those from the IAR.

## **Item 16 – Investment Discretion**

*Third-Party Managed Accounts:* Neither SSNAI nor any related person has the authority to determine, without first obtaining specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold, or the broker-dealer to be used for the purchase or sale of securities. Instead, these decisions shall be made according to the terms of the

investment advisory agreement executed by you and your chosen third-party investment advisor. Your chosen third-party advisor may have discretionary authority in your account. You should refer to the third-party investment advisor's Form ADV Part II for more information.

*All Other Investment Advisor Accounts:* If you choose to grant your IAR discretionary authority on your account, discretion will be granted in writing on the Client Advisory Services Agreement. Authority applies to initial purchases and sales, subsequent purchases and sales, re-balancing and reallocation of securities in your account. Discretionary accounts will only be approved for non-commission generating accounts. However, trail fees or 12(b)(1) fees on these discretionary accounts may be paid to SSN and your IAR in his/her capacity as a registered representative.

You have the right to restrict this discretionary authority provided to SSNAI. If applicable, limitations are included in the initial written authority. You may amend any limitation as necessary. SSNAI requires that all amendments be submitted in writing. Changes are effective once they are received and accepted by SSNAI.

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

SSNAI does not vote client securities.

### **Item 18 – Financial Information**

SSNAI has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.